

# CSR Report 2005



# Corporate Policy of the JAL Group

The Japan Airlines Group, as an overall air transport enterprise, will act as a bridge to bring peoples, their cultures and their hearts closer together and thus contribute to world peace and prosperity.

- (1) We will prioritize safety and quality.
- (2) We will think and act from the standpoint of the customer.
- (3) We will strive to maximize corporate value.
- (4) We will fulfill our responsibility as a corporate citizen.
- (5) We will appreciate hard work and take on a positive attitude.



# The JAL Group Code of Conduct

## —Commitment to Society

The JAL Group set up code of conduct entitled “Commitment to Society” on the occasion of the establishment of the new JAL Group so as to ensure the execution of its Corporate Policy. “The Japan Airlines Group, as an overall air transport enterprise, will act as a bridge to bring peoples, their cultures and their hearts closer together and thus contribute to world peace and prosperity.”

Ensuring the overriding principle of safe flight operation and based on the concept that we should not only fulfill the economic role of providing good products and services to obtain a reasonable profit through fair competition, but also be a business group that fulfills its responsibility as a member of society contributing widely to society. Our code of conduct provides us with the guidelines on how we should behave in relation to society when performing our business activities.

All JAL Group companies and staff hereby declare our commitment to society that we shall always conduct ourselves from the standpoint of society and endeavor to co-exist with society.

### 1. Assurance of Safety in Flight Operations

Safety in flight operations is the very foundation and social responsibility of the JAL Group. To carry out our mission of assuring safety, the management will exert its strong resolve and the employees will bear an awareness of their individual roles and responsibilities, and together we will combine our utmost knowledge and capabilities to ensure the safety and reliable operation of each and every flight. (The JAL Group Safety Charter)

In accordance with the Safety Charter, the JAL Group will take the following approaches to ensure safety.

- We will perform our duties in compliance with regulations, faithfully following the basics.
- We will be sure to make checks, without relying on assumptions.
- We will relay information thoroughly, promptly and accurately, and ensure transparency.
- We will respond to problems and issues quickly and precisely.
- We will maintain a constant awareness of issues, and make necessary reforms without hesitation.

### 2. Creation of Service

We will strengthen and create innovative values for the benefit of our customers through superior service. We will not act as a provider of products and services, but always think and act from the customers’ standpoint and create improved services that satisfy our customers’ wants and needs.

Customer affinity, customer satisfaction and customer loyalty will be our greatest rewards.

### 3. Compliance with Laws and Regulations

We will comply with applicable laws and regulations and social codes in business activities domestically and internationally. Given the broad range of laws and regulations, we will interpret them correctly and understand the proper procedural requirements in our respective field of work. When in doubt, we will seek the advice of managers or the Legal Affairs Department before taking action.

### 4. Sound Business Activities

The business activities of the JAL Group are conducted on a worldwide basis, and are founded on relations with an extensive number of customers, individuals and parties who have dealings with the JAL Group. We will adequately recognize our responsibility to meet their expectations and conduct business activities with good judgment, in terms of:

- (1) Free Competition
- (2) Fair and Transparent Relations with Customers and Business Counterparts
- (3) Relations with Parties Concerned and Business Counterparts
- (4) Management of Confidential Information and Intellectual Assets
- (5) Acting against Various Types of Harassment and Discrimination
- (6) Breaking Ties with Anti-Social Parties

### 5. Symbiosis with Society

We will fulfill the role of a corporate citizen by promoting activities that contribute to the sound development of society.

- (1) Respect the Global Environment
- (2) Creation of a Barrier Free Environment
- (3) Social Activities
- (4) Disclosure of Information
- (5) Respect for Indigenous Cultures

\*Here, we have presented a portion of the JAL Group Code of Conduct.  
The full text is available on our web site.  
<http://www.jal.com/en/corporate/action.html>



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## Editorial Policy

The JAL Group has published an environmental report annually since 1995. This year, we have expanded the reports so that now it has been published as a “CSR Report” (Report on Corporate Social Responsibility).

We hope that this report will make the JAL Group’s CSR activities clear and easy to understand, and that it will make communication with our stakeholders more effective.

To make this report more objective, we have solicited the opinion and advice of Ms. One Akiyama, CEO of Integrex Inc. Her views appear on page 55.

### Scope of organizations covered

Basically the report covers the JAL Group. On occasion, we will limit our discussion to specific Group units, including:

1. Japan Airlines Corporation (holding company; as a single entity)
2. Japan Airlines Corporation, together with Japan Airlines International Co., Ltd. (operating company), and Japan Airlines Domestic Co., Ltd. (operating company)
3. JAL International or JAL Domestic (one or the other as a single entity)

### Period covered

Fiscal Year 2004 (FY2004): April 1, 2004 to March 31, 2005. In some places, we also refer to events before or after this period.

### Reference guidelines

GRI (Global Reporting Initiative) “Sustainability Reporting Guidelines 2002”; “Environmental Reporting Guidelines (2003 Edition)” Ministry of the Environment (Japan)

### Publication of related reports

- We published the “Environmental Report 2004” (covering April 1, 2003 to March 31, 2004) in November 2004.

The above report is also available on the web site.

<http://www.jal.com/en/environment>

- The next CSR report is due to be published in June 2006.

Published by the CSR Committee, Japan Airlines Corporation

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## Company Profile (as of March 31, 2005)

### ■ Holding Company

Company Name:	Japan Airlines Corporation
Date of Foundation:	October 2, 2002
Company Activities:	As the holding company of air transport companies and related businesses, administration of these companies’ operations and support services.
Chief Executive Officer:	Toshiyuki Shinmachi
Head Office:	2-4-11, Higashi-shinagawa, Shinagawa-ku, Tokyo 140-8605, Japan
Paid-in Capital:	¥100,000,000,000
Shares Issued:	1,982,383,250
Number of Stockholders:	302,353

### ■ JAL Group

#### Constituent Companies:

Japan Airlines Corporation, 288 subsidiaries and 96 affiliated companies. The main 13 group companies are listed below.

JAPAN AIRLINES INTERNATIONAL CO., LTD.  
JAPAN AIRLINES DOMESTIC CO., LTD.  
JAL SALES CO., LTD.  
JAPAN ASIA AIRWAYS CO., LTD.  
JAPAN TRANSOCEAN AIR CO., LTD.  
JALWAYS CO., LTD.  
JALEXPRESS CO., LTD.  
JAPAN AIR COMMUTER CO., LTD.  
AGP CORPORATION  
JALPAK CO., LTD.  
JAL TOURS CO., LTD.  
JAL HOTELS CO., LTD.  
JALUX INC.

# Statement from the JAL Group CEO

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## Safety and CSR, the JAL Group's starting point

### *Back to basics with safety and reassurance*

We will not only transport people and goods to their respective destinations safely and on time, but will also bring peoples, their cultures and their hearts closer together as our contribution to world peace and prosperity.

The JAL Group is entrusted with the lives and property of a great many customers. Flight safety is the very foundation and social responsibility of the JAL Group. We have made significant progress in our Group-wide

initiatives throughout all of our companies. Not only have we improved our organizational structure and business procedures, we have reaffirmed the overriding importance of the concept of “Safety First” in intense conversations with management and front-line employees at over 100 locations in Japan and overseas—at over 200 emergency meetings.

In these meetings, I was strongly encouraged by the spirit and passion of our employees.

### ***Implementing our corporate policy—the core of CSR***

Our policy gives direction to our conduct. Its foundation includes our responsibilities and our commitment to society. I believe that by thoroughly pursuing and practicing the five key points of our code, including our commitment to safety, the JAL Group will be reborn as a stronger company and that it will be more deeply respected and trusted. The practice of our corporate policy must be the core of our CSR. This is our primary challenge. We must struggle, doing whatever it takes to succeed.

### ***Safety and CSR: the foundation for sustainable growth***

In March of 2005, we issued our FY2005-2007 Medium-term Business Plan and Long-term Outlook. At present, we are directing maximum effort toward its realization. To make a great leap forward in this severe business climate, we are working to advance the restructuring of both our business structure and cost structure, while transforming our business model itself.

In executing our Medium-term Business Plan, we will respond to the expectations of stakeholders, including customers, stockholders, investors, business partners, employees and their families. We will do this by not only improving our economic value, but also by paying close attention to the needs of society and the environment in the daily conduct of our business.

We have made safety—the precondition for our corporate existence—and CSR the fundamental aims of our medium-term business plan. This will require hard work from each and every employee. Our employees are our indispensable resource. As it mounts a unified effort to achieve reform, the JAL Group must help its employees grow and give full support in nurturing their abilities and energy.

### ***The JAL Group's commitment***

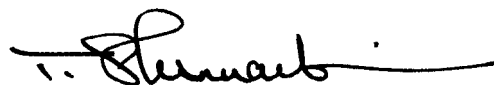
The JAL Group started participating in the United Nations' Global Compact in December of 2004. The Global Compact calls for businesses to implement ten universal principles in the fields of fundamental human rights, labor, the environment, and anti-corruption. By joining, we have pledged to the world that we will bear these social responsibilities.

This report, too, represents a commitment from the JAL Group that we will fulfill our social responsibilities.

By unfailingly keeping these commitments, we will carry out the kind of CSR that only JAL can deliver. We take pride in the fact that, supported by customers, we have pioneered air transport in Japan. Our domestic and overseas network is the embodiment of our history of bringing together customers, their cultures, and their hearts. We will reexamine this long history, promote the hard work that follows from our corporate policy, and serve the cause of peace and prosperity for Japan and the world.

CSR is our starting point. We will continue to report to you so that you may understand the JAL Group's approach to CSR and its concrete initiatives. I call on you to once again extend your guidance and support, and sincerely hope that you will give us your honest opinions.

June 2005



Toshiyuki Shinmachi,  
JAL Group CEO  
Chairman, CSR Committee

# JAL Group CSR

## Safety and CSR

Flight safety is the basis of the JAL Group's existence and its core responsibility. The Group's CSR is constructed on a foundation of flight safety.

Our CSR is nothing other than implementation of the JAL corporate policy. With respect to the economy, society

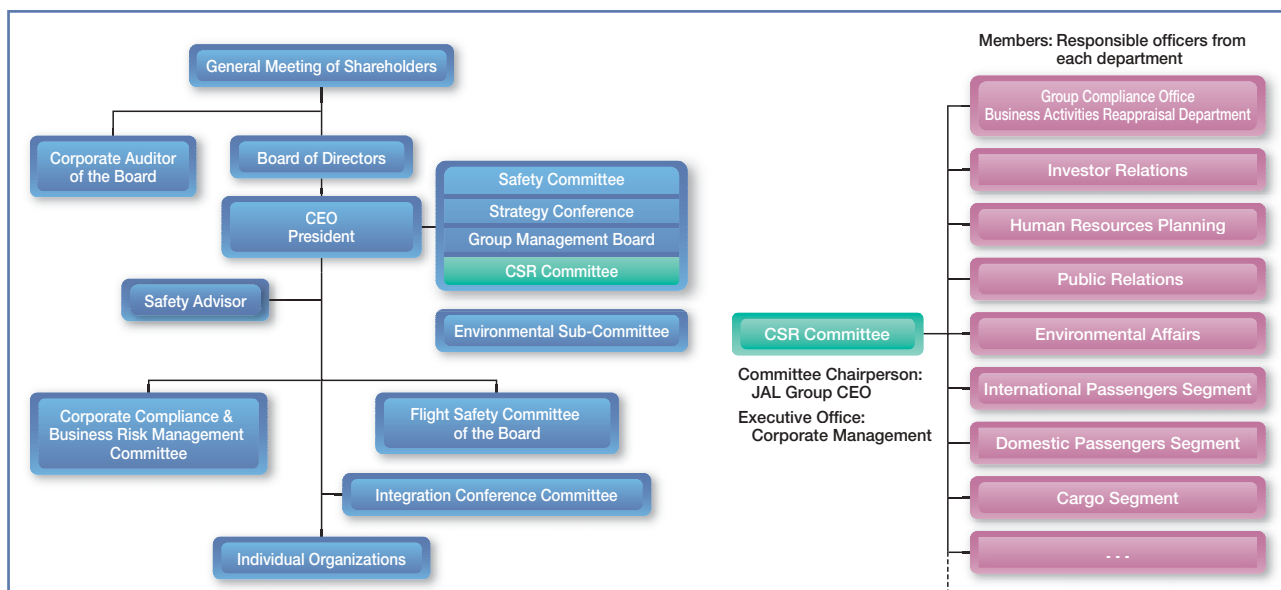
and the environment, we strive to increase the value of our Group's business by promoting conduct that respects all of our stakeholders, including customers, stockholders, investors, business partners, employees and their families. We will develop the kind of CSR that only an air transport group like JAL can deliver.



## The CSR Promotion System

In April of 2004, the JAL Group created a CSR Committee with the Group CEO as Chair. We have had activities in various fields before, but with the formation of the CSR Committee, the Group has united as never before to aggressively promote CSR activities, with the Committee playing a central role.

The committee members are the officers responsible for each division. The executive office is situated in the Corporate Management. We decided not to create a special department as we are working to build in every department their own sense of responsibility for CSR.





# Resolution on Flight Safety

For the JAL Group, a transportation business entrusted with the lives and property of its customers, safety is nothing less than the very prerequisite of its existence.

Strengthening and improving safety technologies, developing procedures and manuals, disseminating the required knowledge, and building and managing safety organizations and systems are all indispensable to maintaining the highest standards of flight safety. However, even more basic is fostering and sustaining consciousness of the ever-present need for safety. The JAL Group has launched an all-out effort for reform in all these areas. Management and front-line workers have united to move ahead. Starting with our CEO, our management team has taken the lead in a determined effort to strengthen our safety systems and ensure the trust of our customers and also the confidence of society as a whole.

# Recovering Trust

## Analysis of Background and Factors Leading to Incidents

### ◆ Incident involving misuse of parts for Boeing 747 cargo aircraft

On December 13, 2004, it was discovered that some 747 landing gear parts for passenger aircraft had been used inappropriately in the landing gear assembly of a 747 cargo aircraft. Subsequently, inquiries were made to the Boeing Company regarding the possible continued use of the parts. It was determined that the parts should not be used, and on January 26, 2005, the parts were changed for regulation ones at Narita Airport.

It took more than one month from the discovery of the problem for corrective maintenance to be conducted due to an insufficient sense of urgency by the department responsible for the problem and a lack of appropriate communication between supervisors and the staff responsible.

### ◆ Incident involving failure to follow Air Traffic Control (ATC) takeoff procedures at Shin-Chitose Airport

On Saturday January 22, 2005, a JAL aircraft started its takeoff run before receiving permission to do so. After receiving instructions from the ATC, the pilot immediately aborted the takeoff. Since the incident was not properly reported within the company, there was a substantial delay in reporting the incident to the appropriate authorities.

### ◆ Incident involving failure to confirm ATC instructions at Incheon Airport

On Friday March 11, 2005, when holding short of runway 33L for takeoff, the pilot mistook repeated instructions to “hold” from the ATC for “enter the runway and hold,” and entered the runway. The ATC instructed another aircraft that was approaching to land on the same runway to go around.

### ◆ Incident involving failure to change exit door mode

On Wednesday March 16, 2005, when departing Haneda Airport, the chief flight attendant closed the doors after all passengers boarded but forgot to set the doors to automatic mode enabling automatic activation of evacuation systems in emergencies, and also failed to instruct other flight attendants to do so. Furthermore, other flight attendants did not notice the problem, and the flight from Haneda to Shin-Chitose operated without changing the doors to emergency mode.

## Background and Factor Analysis

Regarding these incidents, discussions were held with both the front-line employees in charge and the persons in charge of safety for each department with the objective of determining any common factors or background that led to their occurrence. Each incident was examined and analyzed carefully.

### Causes

- (1) Insufficient awareness of safety
- (2) Lack of quick and accurate information-sharing
- (3) Pressure to secure on-time-performance (OTP) combined with pressure caused by time limitations



The types of causes are not unique to the series of problems, but are considered to be the result of the following circumstances.

### Background

- (1) Management has made insufficient efforts to continually emphasize that safety must take priority in all situations and has failed to disseminate this view throughout the company.
- (2) While working to improve OTP, there was a slight drop in the awareness that the major prerequisite for OTP is safety, and workplace attitudes had slackened to the point where safety and OTP were considered routine matters.
- (3) Under the organizational structure of a holding company and two business-specific companies, a sense of distance between management and front-line employees developed, and there was insufficient communication between the various departments.
- (4) There was insufficient communication between top management and front-line employees.

## Management Review and Improvements

### Reemphasizing that safety is a priority

We will make it known within the entire group that safety is always more important than OTP and that efforts to improve service are based on the assumption that safety comes first.

### Independent action by each and every employee

We are promoting efforts to ensure that all employees are able to make independent efforts based on an awareness of safety in all situations.

### Creating a sense of unity between management and front-line staff Creating an open atmosphere at the workplace

To strengthen feelings of unity between management and front-line employees, management has visited work sites and worked vigorously to establish two-way communication and foster an open atmosphere of discussion at the workplace.

# Efforts to Improve Operations

Our background and factor analysis led to the realization that a common factor was human error. The Group decided that it was necessary to precisely respond to the problem, and implemented the following improvement measures.

1. Improved safety awareness with the Group working as a single unit
2. Revised procedures and manuals
3. Conducted a review of the safety system

## Improving Safety Awareness

In order to reconfirm and deepen awareness of the fact that safe flights are the foundation of the JAL Group's existence and our social responsibility, we designated April and May as an "Emergency Safety Awareness Improvement" period and strived to improve safety awareness throughout the company.

### ◆Emergency safety meetings

Beginning with the President, executives visited sites and conducted emergency safety meetings; efforts were also made to not only develop employee awareness of safety, but also to open up lines of communication between management and front-line employees through direct dialogue.

Over 220 meetings involving 5,530 employees were held between April and May at domestic and overseas offices, operating bases, and group companies.



At the meetings, it was stressed that safety is the priority in all situations. Furthermore, looking back on previous accidents, we pledged to not allow accidents to happen again.

## Communication between Management and Front-Line Employees

We are working to open channels of communication by having management actively visit work sites and create an open atmosphere at the workplace.

Employees have responded loudly and clearly by promising to



scrupulously perform all their professional duties in light of harsh public reactions to these problems. They have pledged whole-hearted commitment to their duties to maintain safety.

### Employees' views

We have received numerous opinions and proposals from employees, and would like to share some of them with you.

- "I was involved in an accident in the past, and I am determined not to let it happen again. Safety is more a problem of awareness than knowledge, and I feel the question is whether we will remain aware of safety or not. I would like regular efforts made to ensure all employees are maintaining an awareness of safety and danger, particularly younger employees who have not experienced accidents."
- "I am a member of the younger generation that has not been involved in an accident, but I was reminded of past accidents when I saw videos about them at the meetings. I feel this passing on of experiences is very important."
- "I want both headquarters staff and staff in indirectly related departments to correctly understand the on-site situation in order to improve understanding between departments. I propose job rotations and on-site support from headquarters and indirectly related departments."
- "To eliminate human error, a major change in awareness is necessary. Furthermore, I would like an immediate examination of whether additional hardware, such as facilities and equipment, would be effective as a supplementary measure to eliminate human error."\*



\* In response to the misuse of parts, we will introduce a new computer system in FY2005. In addition, regarding the incident when the door mode was not changed, the new B777 incorporates a function that allows the door mode to be checked from the cockpit. In addition, executives have indicated that they will examine the effectiveness of having the door mode automatically change.

### CEO Shinmachi's Impressions of Emergency Safety Meetings

"Between April and May, we held emergency safety meetings at 102 locations in Japan and overseas. This allowed us to review how safety is assured through serious discussions between management and front-line employees. I was inspired by employees' sincerity and enthusiasm for safety.

"These safety meetings will be held continuously after June. Through these efforts, top management will create a system to continuously gather the opinions of front-line employees."

### Improving Procedures and Manuals

In light of the seriousness of the series of safety problems that led to the business operation improvement order, various measures have been taken, including the following emergency revisions to procedures and manuals.

#### ◆ Responding to the misuse of parts for Boeing 747 cargo aircraft

To prevent incorrect parts being used, a new computer system to continually monitor the appropriate use of parts will be introduced in FY2005. Until then, the correct use of parts will be double-checked. (This improvement effort was completed March 18.)

#### ◆ Responding to the Shin-Chitose and Incheon incidents

The procedures for the captain and co-pilot confirming ATC instructions and for confirming ATC instructions when there is doubt have been clarified. (This improvement was completed April 7.)

#### ◆ Responding to the Shin-Chitose incident

To reduce flight crew workload prior to takeoff, it was clarified that pre-takeoff procedures must be completed before entering the runway. (Internal notification disseminated March 18.)

#### ◆ Responding to the incident in which door mode was not changed

To ensure that flight attendants properly operate doors, only the person in charge of operating the door is allowed to do so. After changing the door mode, the person must point to the door and reconfirm that they have changed the mode by saying so out loud. In addition to this, before aircraft movement, the change in door mode must be reported to the captain. (The procedure revision was completed March 28.)

Furthermore, the period between April and December 2005 was designated as a period for a "Procedure and Manual Review Campaign." Procedures and manuals in all departments were reviewed during the period.

All related personnel, including flight crew, flight attendants, and mechanics, have been thoroughly informed of the above-mentioned manual and procedure revisions and are required to strictly follow them.

### Re-education on Safety Laws, Ordinances, Regulations and Deepening of Safety Awareness

It was recognized that reaffirming the importance of information handling and safety awareness at the management level was indispensable to ensuring proper and quick handling of safety-related information. To accomplish this, the following safety awareness development and educational measures were implemented from the point of view of developing an awareness of safety at the management level.

- Between April and May, management-level meetings for safety awareness development were held in all Headquarters offices and business units.
- All operations division staff including flight crew, mechanics, flight attendants, ground staff, and employees whose work is related to safety at airports, underwent re-education, which stressed the significance of safety at work and the importance of laws, ordinance, and regulations, and the background of these issues.
- Continued measures will be implemented to further all employees' knowledge of compliance with laws and regulations and to deepen their awareness of safety.



External visual inspection of fuselage and engine by flight crew

## Efforts to Improve Operations Review of Safety System

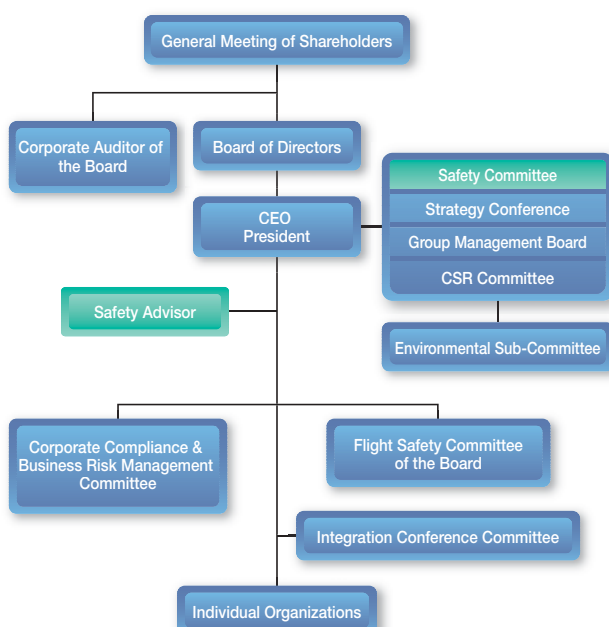
### (1) Creation of Safety Advisor position

To enable top management to precisely and quickly obtain safety information and make appropriate decisions as managers, three officers who report directly to the CEO and President, were appointed as Safety Advisors on April 1, 2005. The advisors are manager-level staff who have a thorough knowledge of on-site work and laws, ordinances, and regulations related to safety.

The Safety Advisors provide the President with safety-related information, including that on JAL Group daily flights and business operations, received from numerous sources, such as operation control centers and the person in charge of safety in each department.

### (2) Safety Committee created

A Safety Committee, which is composed of the President, Executive Vice President, executive directors for safety and executives from flight operations, maintenance, cabin attendants, airport operations and cargo business, was created on March 17, 2005. In addition to its regular meetings, the committee meets in emergency situations to share information related to daily flight safety and to make flexible decisions related to the emergency. Furthermore, the committee examines important safety-related measures for the whole company, and sets basic guidelines.



## Converting to a Single Company

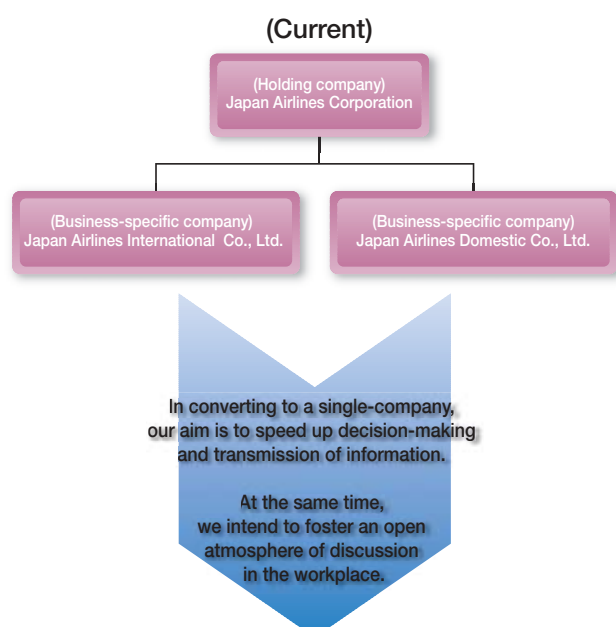
The JAL Group established a holding company when consolidating management in October 2002.

In April 2004, the businesses under the holding company were reorganized based on their field of operation into the present system.

The reasons for the series of recent problems were a lack of communication between departments and a sense of distance between management and front-line staff within the structure of two business-specific companies and a holding company. Based on this, the holding company and business-specific companies will be consolidated into a single company in order to speed up decision-making and transmission of information and to shorten the feeling of distance between management and front-line staff.

The Medium-term Corporate Plan, announced in March 2005, aims for effective integration promoting the elimination of redundant work and integrating the business planning and marketing functions in FY2005. It aims for complete conversion of the business-specific companies and the holding company into a single-company operation, possibly in FY2006.

The Integration Conference Committee, established in April 2005, researches issues related to corporate consolidation, and examines the schedule and scope of integration along with determining the direction of accounting standards related to the merger.





# Safety and Passenger Confidence

Steady and continuous efforts are required to maintain safe flight operations. Various safety measures undertaken up to now will be continued and improved on in the future.

## Efforts to Ensure Safe Flight Operations

To ensure safe flight operations we established an operations policy, together with related regulations and procedures.

On a daily basis, we keep each individual member of the flight crew and all relevant departments well-informed of constant changes in flight operations to ensure that we can guarantee that we always maintain the highest standard of daily flight operations.

With regard to training, the installation of new equipment and the monitoring of daily flights, the following new safety measures have been implemented.

### ◆ Safety Measures based on Training

#### (1) Training on how to deal with abnormal and emergency situations

Flight crews are periodically provided with training using flight simulators. By using flight simulators, we can create any type of weather condition or flight scenario, such as an engine failure, which cannot be covered in training using real aircraft. As a result, flight crews gain much valuable experience learning the skills required to control an aircraft in abnormal and emergency situations.

#### (2) Crew Resource Management (CRM) Training

In addition to regular flight training, crew members also receive Crew Resource Management (CRM) training. This training is used to improve the way in which flight crews perform as a team by ensuring that every available human resource, item of equipment and piece of information is used effectively. The training also covers effective ways of communication in the cockpit, how to make decisions as a team, how to provide leadership in the cockpit and how to effectively allocate duties.

In aviation law, even though a captain has overall authority and responsibility for the aircraft they are in control of, it is essential that all members of the flight crew take part in the decision-making process to ensure that flight safety is always guaranteed. CRM training is based on the concept that all crew members are equals in the decision-making process due to their common objective of ensuring flight safety.

### ◆ Systems Installed to Ensure Flight Safety

The following systems have been installed to support flight crews and ensure flight safety.

#### (1) Traffic Alert and Collision Avoidance System (TCAS)

TCAS is a system used to provide advance warnings to pilots so that they can avoid potential collisions with other aircraft. All JAL Group aircraft are equipped with TCAS.

#### (2) Ground Proximity Warning System (GPWS)

GPWS warns pilots when their aircraft inadvertently get too close to the ground (or water). All JAL Group aircraft are equipped with GPWS. Since 1998 we have been working on the installation of E-GPWS (Enhanced GPWS) on our aircraft. E-GPWS contains global topographical data, including the location of airports and any obstacles nearby. Used in conjunction with GPS, E-GPWS shows the exact location of his aircraft, providing the pilot with warnings of such hazards as mountains.

#### (3) Wind Shear Warning System

The Wind Shear Warning System detects changes in an aircraft's speed due to wind shear—a sudden localized change in wind speed and direction—and provides the pilot with a warning. All JAL Group aircraft are equipped with this system. In 1999 we started equipping our aircraft with a system that uses electrical waves projected ahead of the aircraft to detect wind shear.

### ◆ Safety Measures based on Monitoring Daily Operations

#### (1) Monitoring flight conditions of daily operations

Daily flight conditions are monitored by a system installed on our aircraft which records a variety of data. By analyzing these data and determining if there are any elements of our daily operations that need improvement, we can enhance the quality of operations and ensure flight safety.

#### (2) Monitoring with Reports

When a malfunction happens in daily flight operations, the captain is required to submit a report on the problem. The relevant section in charge will make an investigation into the problem and carry out any necessary action required. Besides the captain's report, a voluntary reporting system has been established for all flight crew members. Flight crew can anonymously make reports on matters that are

not covered in the captain's report. Any reports that are voluntarily submitted are examined by a specially designated committee which takes whatever course of action is required.

## Measures against Terrorism

The JAL Group has its own security measures in force to deal with acts of terrorism in addition to complying with the measures taken by each airport. JAL has completed the installation of reinforced cockpit doors, requested by ICAO. We are currently working on installing a cabin monitoring system on all our aircraft.

## Disclosing Flight Information

Information on JAL Group flights can be found on the internet and includes our actual operation rate, our on-time departure rate, and information on cancelled flights. We decided to disclose such flight information in 1999 so that we could present our company in a more transparent manner.

<http://www.jal.com/en/operate/>

Number of flights		Actual operation rate	
Domestic flights	3958	Domestic flights	99.3 %
International flights	466	International flights	99.9 %
Passenger flights	4366	Passenger flights	99.9 %
Freight flights	457	Freight flights	99.5 %
All international flights	4763	All international flights	99.7 %
All international and	24201	All international and	99.3 %

## Other Measures for Safe Operations

Other measures have been taken to ensure safe flight operations. The details can be found on our web site.

<http://www.jal.com/ja/safety/> (in Japanese only)

The JAL Group ceaselessly strives to ensure that we have safe flight operations. As stated in our corporate policy "flight safety is the very foundation of the JAL Group and our social responsibility."

Our safety charter states that safety in flight operations is the very foundation and social responsibility

of the JAL Group. To carry out our mission of assuring safety, the management will exert its strong resolve and the employees will bear an awareness of their individual roles and responsibilities, and together we will combine our utmost knowledge and capabilities to ensure the safety and reliable operation of each and every flight.



### Climbing Mt. Osutaka

New employees climb Mt. Osutaka, the site of a JAL accident in 1985, after their first year of employment with the company. Through this experience they learn that flight safety is the foundation and social responsibility of the JAL Group.

#### The JAL Group Safety Charter

Safety in flight operations is the very foundation and social responsibility of the JAL Group. To carry out our mission of assuring safety, the management will exert its strong resolve and the employees will bear an awareness of their individual roles and responsibilities, and together we will combine our utmost knowledge and capabilities to ensure the safety and reliable operation of each and every flight.



#### Code of Conduct

- Perform our duties in compliance with regulations, faithfully following the basics.
- Be sure to make checks, without relying on assumptions.
- Relay information thoroughly, promptly and accurately, and ensure transparency.
- Respond to problems and issues quickly and precisely.
- Maintain a constant awareness of issues, and make necessary reforms without hesitation.

All employees in JAL Group receive a card with our "Safety Charter" written on one side and our "Code of Conduct related to Safety" written on the other side.



A cabin attendant reciting the "Safety Charter" before a flight.

# JAL Group Business Activities

The JAL Group, a member of a key industry supporting travel, tourism, and transportation in the twenty-first century, is expanding its network in the skies all over the world, and is contributing to both global peace and prosperity while linking customers, cultures and human hearts.

The JAL Group, which consists of Japan Airlines Corporation, 288 subsidiaries, and 96 affiliates, contributes to society in the fields of international and domestic passenger transport, cargo carriage, and related travel services. It strives to maximize corporate value as an integrated air transportation group.

## ◆ International passenger operations

JAL Group has the largest network of international routes originating from Japan, and operates an average of 1,900 flights a week on 227 routes to 146 cities and 32 countries, including Japan (as of April 2005, and including code sharing). JAL carried 14.74 million passengers in fiscal 2004.

With the opening of Centrair, the airport serving the Chubu or central region of Japan, on February 17, 2005, JAL has aggressively expanded its number of flights and international routes and has made every effort to increase customer convenience. This includes establishing new routes to Paris and Guangzhou.

Within our aircraft, we have introduced our enhanced-comfort "Shell Flat Seats," which won the Good Design Award 2003, in Executive Class - *Seasons* (JAL's own branded business class) on additional routes, bringing the number of aircraft installed with the seats to 25 (as of the end of FY2005). An in-flight internet service using dedicated satellite lines was launched in December 2004 (as of April 2005, available on two routes).

◆ Good Design Award



Shell Flat Seats



JAL In-flight internet access

Furthermore, at airports, procedures have been simplified in various ways, such as introducing automatic check-in machines at four airports (as of April 2005), and expanding e-ticket eligible routes. All of these measures are aimed at increasing customer satisfaction.

## ◆ Domestic passenger operations

The JAL Group has the largest network of domestic routes in Japan, offering an average of 950 flights between 61 airports everyday (as of April 2005). JAL carried 44.71 million passengers in FY2004.

Introduced in June 2004, our affordable deluxe seats "Class J" available for only an extra ¥1,000 provide a new and exciting way in which to relax. "Class J" won the Good Design Award for FY2004 and has been highly praised by customers.

After the opening of the redesigned Terminal 1 at Haneda Airport, waiting time has been shortened through various improvements, such as expanded security gates and being able to board around 90% of flights directly from the terminal, making domestic air travel even more comfortable.

Furthermore, JAL was the first domestic airline to inaugurate "Touch and Go" automatic boarding through the introduction of the JAL IC Check-in system, making boarding even easier and increasing customer convenience.

◆ Good Design Award



Class J

## ◆ Cargo Business

The international cargo division introduced the high-performance B747-400 freighter for the first time to Japan, one in October and one in November 2004. As a result, we expanded our operations to 70 cargo flights a week linking 12 countries with our 12 freighters plus

code-share flights. In November 2004, we launched cargo flights between Narita and Guangzhou in China, a city showing remarkable growth especially in the automobile industry. In February 2005 with the opening of the Chubu International Airport (Centrair), we started the first direct cargo flights to the US from the Chubu or central region of Japan, which is a manufacturing center of many of Japan's leading companies, including a major Japanese automaker. These flights operate three times a week to meet strong demand.

In FY2004 in response to customer demand, we operated 19 international charter flights to carry Formula One racing cars, bulk shipments of Beaujolais Nouveau, and seven domestic charter flights to ship fresh flowers, for the Christmas and New Year holiday season.



A shipment of Beaujolais Nouveau prior to loading on a B747-400 freighter

#### ◆ Travel service operations

In the field of travel services, JALPAK provides international travel products, while JAL TOURS offers domestic travel products. The JAL Group is working to increase customer satisfaction in various ways, including providing individual travel products to customers who want freedom when traveling, and travel planning services with themes such as visiting world heritage sites. We strive to make the most of our international and domestic routes and the largest network in Japan.



YOKOSO JAPAN! Our efforts include the "Visit Japan Campaign," using specially painted aircraft.

#### ◆ Hotel & Resort Business

JAL Hotels Co., Ltd. operates 59 hotels with the brand of "nikko hotels international" (NHI) or "Hotel JAL City" (HJC), with 41 hotels (NHI: 30, HJC: 11) in Japan, and 18 hotels (NHI: 18) overseas offering a total of 19,363 guest rooms as of April 2005.



Hotel Nikko Tokyo

#### ◆ Airport Related Business

AGP Corporation provides electric power and conditioned air to aircraft at airports. JAL ABC, Inc. has been making efforts to improve passengers' convenience as a pioneer in home delivery service from/to airports. Other JAL Group companies also take part in providing important services at airports, such as maintenance of special machinery and vehicles, and planning and management of fire-prevention facilities.

#### ◆ Trading & Distribution Business

JALUX Inc. takes a leading role in this field with the following services.

- Trading & Distribution of aircraft parts, in-flight service items and special vehicles
- Retail sales to passengers at airports and in aircraft
- Insurance, printing, real estate
- Souvenirs and "Sora-ben," handy packed lunches suitable for air travelers sold at JALUX's "BLUE SKY" airport shops win popularity among our passengers



Sora-ben lunchbox



# Corporate Governance

## —Basic Approach, Structure and Policies—

### Basic Approach

The JAL Group aims to maximize corporate value while conducting business openly, soundly and transparently for the benefit of all our stakeholders. We believe that corporate governance, reinforcing internal controls and risk management, compliance, and ensuring transparent operations, are all extremely important. We have implemented the various measures described below.

### Corporate Governance and Internal Control

- (1) We have adopted a structure that divides responsibility for operation of the Group as a whole and management of individual businesses between JAL Corporation, the holding company and JAL International and JAL Domestic, the operating companies. A system has been created in which the holding company supervises management of the operating companies.
- (2) We have introduced an executive management system to expedite decision-making. As of June 28, 2005, Japan Airlines Corporation has 10 directors and 4 executive officers. The directors and the executive officers serve one-year terms, which enables the Company to clarify executive responsibilities for each specific year.
- (3) We are strengthening our auditing system to promote transparent and fair business conduct and enhance our corporate governance system. Two of our six corporate auditors are from outside the Group. We have also appointed three outside directors.
- (4) We have instituted an Executive Compensation Advisory Board with the Group CEO, outside directors and outside auditors as members. This committee reports to the Board of Directors.
- (5) From the perspective of Group management, the two main operating companies are mainly responsible for supervision of other Group companies and affiliates, so that they can manage their operations appropriately under the guidelines established by the holding company. Through this, we aim to clarify the allocation of responsibility, facilitate operations and enhance the Group's corporate governance.

- (6) Working closely with our legal counsel and by contracting with outside attorneys, we are working to strengthen our management of legal risks.
- (7) To further promote our emphasis on results for each fiscal year, we discontinued retirement bonuses for Board members as of fiscal year 2004.
- (8) To reinforce internal controls and checks, we have put into force the following internal audits in addition to those performed by the auditors:
  - **Operational audits (departmental audits)**  
We audit general operations at the department and office level focusing on their business areas.
  - **Operational audits (audits in specified areas)**  
We select a subject area and audit across companies and organizations with respect to policies, institutions and operations of the two main operating companies and other Group companies.
  - **Accounting audits**  
We conduct audits at the departmental level to ensure that procedures for complying with accounting regulations and standards are being followed.
  - **Group audits**  
We audit each Group company to promote business operations based on Group management policies and the operational mission given to each company; and to contribute to the improvement of each company's compliance, internal controls and risk management.
  - **Environmental audits**  
We audit the entire Group, including the operating companies with the objective of promoting business operations based on compliance with environmental regulations and Group policies and rules.

**Holding company**  
(Auditing Division: Business Activities Reappraisal Department)  
Departmental audits: Cover departments of the holding company  
Subject area audits: Cover the entire Group  
Accounting audits: Cover departments of the holding company  
Group audits: Cover all Group companies  
Environmental audits: Cover the entire Group

**Two operating companies**  
(Auditing Division: Business Activities Reappraisal Department)  
Departmental audit: Internal audit by each department  
Subject area audits: Cover the entire Group  
Accounting audits: Company audits its own departments

Group companies



## Risk Management

(1) We have established the following organizations to manage risk:

Holding company: the Corporate Compliance and Business Risk Management Committee, the Flight Safety Committee of the Board, and the Safety Committee

Two operating companies: the Business Activities Reappraisal and Business Risk Management Committee, the Flight Safety Committee of the Board, and the Safety Committee

(2) We divide risk roughly into two categories: risk from engaging in air transport business (operational risk\*) and risk from other business operations (business risk). We assign risk management roles to the various committees of the holding company and the two main operating companies according to this classification and further subclassifications, keeping in mind the special characteristics, such as air transport business, of each company.

\*Operational risk is the risk related to our 3S program = Safety, Security, Sanitariness. Specifically, it refers to risks related to such key areas as flight safety, flight security, and in-flight food poisoning.

■ Corporate Compliance and Business Risk Management Committee (holding company) and Business Activities Reappraisal and Business Risk Management Committee (the two main operating companies)

- Establish general risk management philosophy and policies
- Address business risk

■ Flight Safety Committee of the Board (holding company, the two main operating companies)

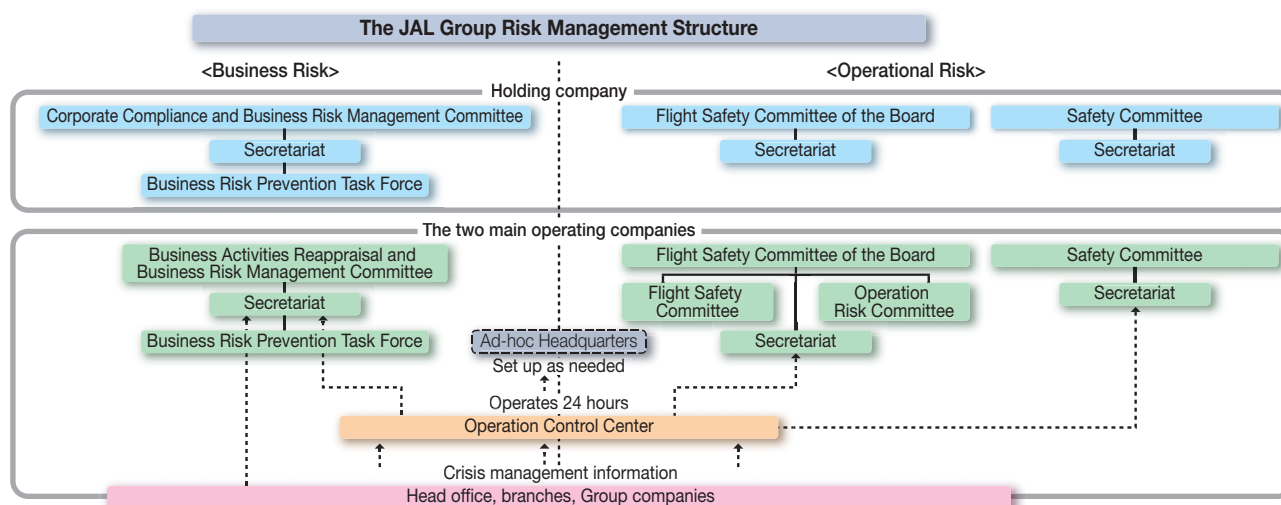
- Establish safety philosophy and policies
- Planning regarding company-wide flight safety
- Address operational risk

■ Safety Committee (holding company, the two main operating companies)

(See list on page 12.)

The information-gathering and reporting pathways for risk management are set up separately for normal and emergency situations within the holding company and two main operating companies. We have established precautionary measures and a structure for quick reporting when problems occur. Separately, we have prescribed high-ranking officers' responsibilities in dealing with emergencies.

(3) We have established a Business Risk Prevention Task Force in the holding company and the two main operating companies as support organizations for the secretariat of the Corporate Compliance and Business Risk Management Committee and the Business Activities Reappraisal and Business Risk Management Committees of the two main operating companies. We have also set up a Flight Safety Committee and Operation Risk Committee in the two main operating companies as subordinate bodies to the Flight Safety Committee of the Board.



# Compliance

## —Initiatives to Fulfill Social Responsibilities and Enhance Corporate Value—

### Compliance at the JAL Group

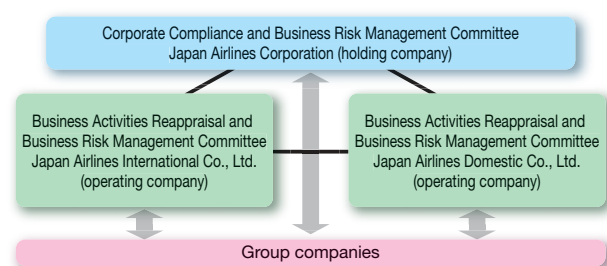
To establish a common concept of compliance for the Group as a whole, the JAL Group has set the definition and content of compliance as described below. We strive to disseminate this repeatedly through various educational and awareness activities, such as issuing newsletters.

#### What does compliance mean to the JAL Group?

Compliance means observing laws and regulations, but it has come to mean conforming to in-house manuals and procedures, common sense in society, agreements or any set of rules.

### Compliance Promotion Structure

We promote compliance by establishing a Corporate Compliance and Business Risk Management Committee in the holding company and Business Activities Reappraisal and Business Risk Management Committees at the two main operating companies. The holding company's committee plans and promotes philosophy and policies on issues that require coherence and unity in the Group's strategy, while the operating company committees implement individual compliance measures based on the philosophy and policies.



### Various Compliance Promotion Activities

#### ◆ Educational activities

- Implement education among various groups as the opportunity arises, including training of newly promoted management staff, training for assignments requiring temporary transfer, training for overseas assignment, and leadership development training for newly hired staff.
- Implement an e-learning-based "Introduction to Compliance" course for domestic Group companies.

#### ◆ Compliance network activities

We have set up an information network with the objective of compliance information sharing, raising awareness, and establishment and reinforcement of compliance promotion

structures. About 100 domestic Group companies have signed up so far.

Main activities:

- Publication of an internal communication magazine (every other month)
- General support of Group company efforts to establish systems and measures to strengthen work
- Responding to questions and consulting with Group companies
- Conducting education programs and providing training materials for Group companies

#### ◆ Implementation of the JAL Group Compliance Month

To promote compliance activities and adherence to the Group Code of Conduct, since fiscal 2001, we have designated one month or more each year as a Group Compliance Month. The program includes self-evaluation check sheets and compliance awareness surveys that target all Group employees.

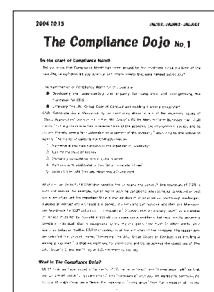
#### ◆ Issuing messages (to all Group employees)

The JAL Group has issued messages on compliance to all Group employees at every opportunity. For example, in fiscal 2003, we distributed 10 issues each between October and March of Compliance Talk, which deals with common issues at the workplace using a question and answer conversation between two characters, and in fiscal 2004, The Compliance Dojo, which discussed issues raised by employees.

#### ◆ Counseling Center

We instituted counseling centers at the holding company and the two main operating companies to discuss general compliance issues. They provide consultation to all Group employees by phone, fax, and e-mail. The Compliance Counseling Centers operate in accordance with the Law for Protection of Informants in the Public Interest. They respect the intentions of the employee and place the utmost priority on privacy protection.

We have also set up a separate specialized JAL Group Legal Counseling Center for use by the entire Group.



Issuing of messages  
Compliance Dojo

# Our Stakeholders

The JAL Group has always promoted initiatives that place high importance on relationships with stakeholders. These include communication with our customers, IR activities that emphasize our thorough accountability to shareholders, social activities that utilize the special characteristics of our company as an air transport business, and implementation of employee systems that respond to the diversification of life plans. We will continue efforts to solidify relationships based on trust, and emphasize meaningful dialogue with stakeholders.





# Our Customers



## Acting from the Customer's Viewpoint

For over half a century, the JAL Group has been supported by and has grown together with its customers. Our customers' satisfaction is of primary importance. Indeed, it is our starting point. We will always adhere to the viewpoint of our customers, be creative and provide a better service—the kind that meets customers' wants and needs.

To ensure that more and more customers choose to fly with the JAL Group, we will listen carefully to each and every customer's voice to create the kinds of service that fulfill their diverse requirements.

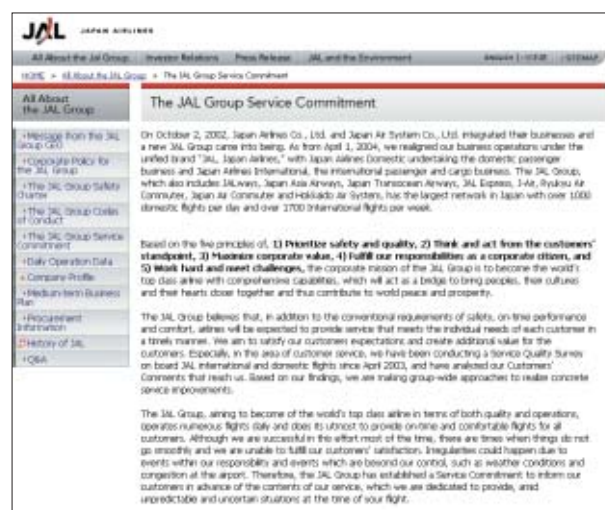
## The JAL Group Service Commitment

At the JAL Group, we will strive to develop an even stronger relationship with our customers by conducting business with them in an honest and trustworthy manner, as set down in The JAL Group Code of Conduct. The JAL "Service Commitment" based on one of the fundamental principles of our company, is to always act in every situation in a fair and transparent way, and is applied to all of the following business activities.

- Offer the lowest appropriate airfare.
- Establishment and purchase time limit of various discount fares
- Provide prompt ticket refunds
- Provide notification of delays, cancellations and diversions
- Baggage delivery
- Baggage liability
- Accommodate customers with special needs
- Overbooking
- Respond to customer comments
- Provide customers with related information
- For a safe and pleasant flight

Details are available on our web site at:

<http://www.jal.com/en/corporate/service/>



## Sensitivity to our Customers' Opinions

Every month, the JAL Group conducts customer surveys on our international and domestic flights, and obtains many specific comments. We analyze each and every one of these in an effort to help us improve our service.

Aside from periodic service surveys, we use these methods to understand our customers' opinions and desires.

### - Customer comment line (toll-free dial)

0120-25-8600 (Mondays through Fridays, 09:00–17:00, except on holidays, not available for international call)

### - Internet (e-mail)

<http://www.jal.co.jp/footer/goiken.html> (in Japanese only)



#### - Comment cards (available on our aircraft)

We respond to the opinions, requirements and complaints that we receive from our customers swiftly and with sincerity. We receive about 38,000 comments from our customers each year. Every e-mail, letter and comment card we receive is read by experienced staff, and responded to almost unfailingly within a week.



### Making our Customers' Suggestions Take Shape

We will continue to utilize our customers' opinions to improve our service. We would like to list some examples of improvements we made last year based on such comments.

#### ■ From one of our customers to the JAL Group

The security gates at Haneda Airport are always terribly crowded, and it takes forever to get through. Can you do something about this situation?

##### ▶ From the JAL Group to our customer

We took advantage of the renovation at Haneda Airport Terminal 1 and its reopening in December 2004 to increase the number of security gates from 22 to 32. As a result of this improvement our customers now are able to get through with little or no wait, even at peak periods.



#### ■ From one of our customers to the JAL Group

Superseats are great, but really expensive. Can you make it possible to enjoy a relaxing flight without paying so much?

##### ▶ From the JAL Group to our customer

In June 2004, we introduced "Class J" on domestic flights, at a cost of an additional ¥1,000. Seats in this class use a new ergonomic design that supports the pelvis more, making travel more comfortable. We also are continually increasing the number of types of our aircraft that have "Class J." We have already introduced the seat on the following aircraft: B747-400s, B777s, A300-600Rs and B767-300s.



#### ■ From one of our customers to the JAL Group

Please keep more detailed information on your web site about canceled flights. You really ought to make your site easier to use.

##### ▶ From the JAL Group to our customer

In addition to existing content, we revised our web site in August 2004 to include information on delays, cancellations, air turn backs and diversions, for whatever reason including weather, natural disasters, or maintenance. Information on scheduled flight changes and refunds are also now available on our web site.

#### ■ From one of our customers to the JAL Group

I hate being forced to eat on overnight flights. Can you just let us sleep?

##### ▶ From the JAL Group to our customer

In November 2004, we introduced our "JAL Good Sleep Service" on overnight flights from Singapore and Bangkok, in First and Business Classes. We have expanded the service subsequently to flights from Jakarta, Denpasar, Hanoi, Ho Chi Minh City, Kuala Lumpur, and Sao Paulo.



#### ■ From one of our customers to the JAL Group

Please improve your service at the Sakura Lounge in Honolulu Airport, and make it easier for customers to use.

##### ▶ From the JAL Group to our customer

On August 1, 2004, we added the Sakura Lounge Luana to the existing lounge. We now can welcome our customers with enhanced facilities such as a "Kids Play Zone" and standing-only bar counter.



Sakura Lounge Luana

We publish service improvements that we have made as a result of our customers' comments in our in-flight magazine, SKYWARD.

SKYWARD, our in-flight magazine





## Initiatives for Information Security and Personal Information Protection

At the JAL Group, we have always approached the handling of information including customer data as a crucial issue, and have included basic policies for this in our Code of Conduct. On the occasion of implementation of the Personal Information Protection Act, we reexamined how we manage data that we possess and are making the following improvements.

### (1) Formulation of the JAL Group Basic Policy for Information Security and Personal Information Protection\*

We first set up a common basic policy for the Group as a whole, on which basis each Group company is working to develop its own framework.

### (2) Formulation of Information Security Regulations and Personal Information Protection Regulations

In line with requirements set down by law, as well as guidelines issued by the relevant government ministries as references, we established our own corporate rules. The company's protection of personal information policy has been laid down in company procedure manuals.

### (3) Employee education

We have conducted briefings at Group companies on the Personal Information Protection Act and educate Group employees using e-learning programs.

\*Our policies and handling of personal information protection can be found on our web site at:  
<http://www.jal.co.jp/en/footer/security.html>

## JAL Mileage Bank Initiatives

JAL Mileage Bank (JMB) is our frequent flyer program (FFP). This allows our customers to exchange frequent flyer miles earned from flying, hotel stays, dining, shopping and so on for many different awards such as tickets for domestic and international flights. As of April 2005, over 17,350,000 customers were enrolled in this program.

We keep our JMB members' personal information, including addresses and phone numbers, secure by using the following procedures.

- (1) We always adhere to the procedure of confirming our customers' identities when handling their calls and reservations.
- (2) A door entry control system has been introduced to departments which handle personal information. The system allows only authorized JMB personnel, and certain other JAL employees to enter these areas.
- (3) We upgraded the system which restricts and manages ID passwords so that we could strengthen the security on computers which contain customers' personal data.
- (4) We have made systematic changes to JMB such as revising our membership agreement\*, reviewing the consignment contract and revising internal manuals.

We will continue to take necessary steps to strictly manage our customers' personal information while improving customer convenience.

\*The membership agreement (rules and conditions) can be found on our web site at:  
<http://www.jal.co.jp/en/jalmile/rules.html>

## At the Reservation Center

When we receive requests for reservation confirmations, reservation changes and cancellations, we are required to confirm each passenger's name, telephone number, flight number, schedule and reservation number; information that only the customer knows. The same procedure is followed when requests are made on behalf of a JMB member by a third party, but additionally we ask the person to confirm the JAL Mileage Bank (JMB) member's number and name. In this way, we can ensure that our customer's personal information is protected.

If asked why we are unable to give out reservation information or boarding information even to a family member, we explain that we are protecting the personal information and privacy of the passenger. We must protect our customers' personal data whilst at the same time always ensuring that our high standards of customer service are never compromised.

It is of the utmost importance that we make customers feel confident and comfortable that we are protecting their personal data.



**Noriko Yamagami**

Section Chief  
Domestic Dept., JAL  
NAVIA Tokyo Co., Ltd.

## Services for Priority Guests

At JAL, passengers with an illness, injury or disability are treated as priority guests. We were the first airline in Japan to open a "Priority Guest Center," a special office dedicated to providing convenient and comfortable services to passengers with special needs. Furthermore, the JAL Group Code of Conduct, "Commitment to Society" declares our commitment to "create a barrier free environment."

### JAL Priority Guest Center

TEL: 0120-747-707

(Open daily 09:00–17:00,  
not available for international call)

FAX: 0120-747-606

(Reservations and information for the hearing and  
speech impaired)

<http://www.jal.co.jp/en/jalpri/>

We provide the following services to our priority guests:

### From reservations to airport arrival

#### - At reservations

The Priority Guest Center makes reservations for customers who have special needs. People residing in Japan who wish to register with JAL as a priority guest can obtain a Priority Guest Card. The card contains details of each priority guest's special requirements, such as wheelchair service or special in-flight meals making it easier for them to make a reservation.



#### - At the airport of departure

At Haneda and Narita Airports, we have an exclusive check-in counter for priority guests. For passengers with hearing and speech impairments, we have a communication board on which to write down messages.

#### - In-flight

Our in-flight services include special meals, information provided in Braille, an on-board wheelchair, accessible lavatory, stretcher and Automated External Defibrillator (AED). Passengers can also travel with an assistance dog (guide dog, hearing dog and service dog). Cabin attendants will assist passengers in making their trip as comfortable as possible.

#### - At the arrival airport

Our airport wheelchair will be waiting for passengers when they disembark from their flight. We will also assist passengers at the baggage claim area, and if passengers are making a flight connection, our airport staff will take care of them in between flights.

### Peanut-free flight

Peanut allergy has become a serious airline service issue. Some people are so sensitive that they may even suffer respiratory problems by ingesting or even just smelling peanuts. For these passengers, we provide meals and snacks which do not contain peanuts, and for people with more severe allergies, we remove peanut products from all snacks and in-flight meals.

We have operated as many as 163 peanut-free flights including 20 flights on Japan domestic routes since 2001.

### Medical transportation

We are ready to provide medical transportation to travelers who have fallen ill or been injured whilst abroad or patients going overseas for organ transplants. We can equip our aircraft with a stretcher or medical oxygen bottles, or install our aircraft with electric power supply

needed for special medical equipment.\* At the JAL Group, we will do our best to provide a safe and comfortable trip for our priority guests, their escorts and families.

\*Transported 13 passengers for organ transplant in FY2004

## JAL Smile Support

The JAL Group provides customer service with a personal touch.

“JAL Smile Support” is available on domestic flights and includes the following services.

### “Mama ‘Odekake’ Support”

(Support services for mothers-to-be)

We put mothers-to-be at ease with priority boarding. We give them our “Mama and Baby ‘Odekake’ In-flight Support Guide,” full of helpful information on safety, related-services and ways to make their flight more comfortable.



“Mama and Baby ‘Odekake’ In-flight Support Guide”

### “Baby ‘Odekake’ Support”

(Support services for babies)

We help our customers with infants (from 8 days old to less than 3 years old) by providing strollers and pre-boarding service, as well as our own baby blanket and the Mama and Baby “Odekake” In-flight Support Guide, once they are on board. We also help prepare the baby's bottle.



Our baby blankets are made from skin-friendly E-WOOL.

### “Kids’ ‘Odekake’ Support”

(Support services for kids)

We take care of children aged 6 and 7 years (and up to 11 at the customer's request), traveling alone from departure to arrival.



Smile Message

We have Smile Message cards that help adults seeing children off on their flights to communicate any special information to our flight crew, such as health conditions that could affect the child's travel.

### “Seniors’ ‘Odekake’ Support”

(Support services for seniors)

We can provide assistance during the flight from departure to arrival for seniors aged 65 years and older, upon request.

## Handling In-Flight Medical Emergencies

### ◆ Making defibrillators available in-flight

Cardiac arrest is among the leading causes of death in developed countries. In Japan alone, thousands of people die from this every year. Cardiac arrest is most often caused by abnormal cardiac rhythm, referred to as ventricular fibrillation. The only known treatment is to remove the fibrillation (i.e., defibrillation) by applying an electric shock. Today, in the US and Europe, many places where people gather, such as stations and auditoriums, are equipped with Automated External Defibrillators (AED). These can be operated easily by non-medical persons and allow an average citizen to perform defibrillation on the spot. This is referred to as Public Access Defibrillation (PAD).

Incidences of cardiac arrest while in flight prompted the JAL Group to begin carrying AEDs on international flights in October 2001. Essentially, the entire fleet now carries AEDs (excluding J-AIR, RAC, JAC and HAC). At first, only medical doctors were permitted to use AEDs. After we began carrying them onboard, working through the Scheduled Airlines Association of Japan we finally received permission from the Ministry of Health, Labour and Welfare for specially trained\* cabin crew to use AEDs in emergencies. This was the beginning of PAD in Japan.

The JAL Group's PAD initiatives, including onboard AEDs, triggered a major change in the emergency medical

care system in Japan. First, starting on April 1, 2003, it became possible for emergency medical technicians to perform defibrillation. Then, the general public was allowed to do so from July 1, 2004. We hope to continue contributing to the establishment and expansion of PAD in Japan through our efforts.



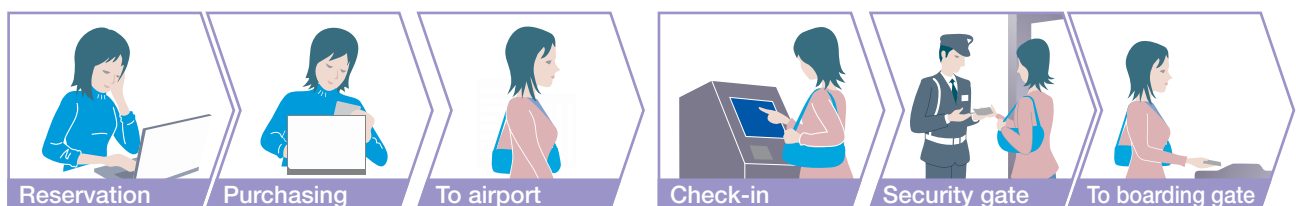
\*We conduct our own training, which lasts about three hours. The training staff consists of American Heart Association certified instructors.

## Our New IC Check-in Service

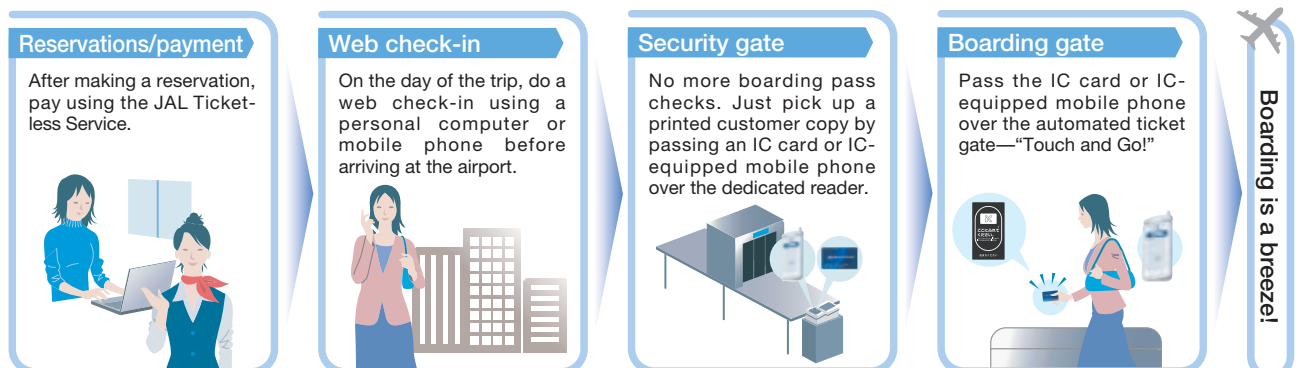
The IC Check-in Service simplifies boarding procedures at the airport, saving our customers valuable time. This ticketless service also contributes to the conservation of paper, a precious resource.

Rather than checking in at the airport, customers can check-in beforehand via our web check-in site by either using their personal computer or mobile phone. By completing check-in before arriving at the airport, the customer is freed from having to use a ticket counter, and can go directly through the security checks and boarding gate and on to the aircraft.

### Conventional



### IC Check-in "Touch & Go" service



The time saved gives the customer more time to get to the airport. This service eliminates the need to print tickets and boarding passes and therefore reduces our impact on the environment.

### Cultivating Regional Development with our Customers

The JAL Group has sponsored and co-sponsored many sports and cultural events. We feel we have contributed to the development of regional sports venues, as well as cultural exchange and mutual understanding. Our employees have participated along with our customers in these events.

The official marathon on Oahu, Hawaii has a proud 32-year history, from the first one held in 1973. Since 1985, we have co-sponsored this event and as a result it is now known as the JAL Honolulu Marathon. Participants can experience Hawaii's natural beauty while running a full marathon, or they can choose distances and courses that fit their own capabilities, such as a full wheelchair marathon or 10km walk. With over 20,000 entrants, this event is among the world's leading non-professional marathons. Runners hailing from countries around the world are supported by the "Aloha" spirit of the volunteers who, man aid stations (water stations) contributing to the friendly atmosphere of the event. JAL Group employees also act as volunteers at this event. Since 2003, we have co-sponsored the Honolulu Century Ride, Hawaii's oldest amateur bicycle tour, and from April 2005, also the JAL Honolulu Triathlon.



The JAL Honolulu Marathon



The Honolulu Century Ride

For the benefit of people studying hula dance in Japan, we have worked with Hawaii's Hula Ho'olauna Aloha hula dance festival since 2002. The warm interaction with the Kumu Hulas (hula masters) helps bring Japan and Hawaii closer together.



Hula Ho'olauna Aloha

Domestically, we support the Chitose JAL International Marathon, held annually in Hokkaido. Participants can enjoy northern Japan's primeval forests as they run the marathon. A special characteristic of this event is the wide choice of races and courses available to all levels of participants.

Other sports events and cultural exchanges that we support across Japan include the Sapporo Snow Festival, the Showa Shinzan International Snowball Fight (Yukigassen) Competition and the Miyakojima Triathlon.





## Our Shareholders and Investors

### Reinforcing Mutual Communication

The JAL Group discloses company information, such as business performance and corporate strategy, to its shareholders and investors in a timely and open manner. Through continued Investor Relations activities, we aim to provide our shareholders and investors with a clear understanding of our company so that they can make a correct assessment of us and ultimately encouraging them to invest in the JAL Group. We will reinforce mutual communication with shareholders and investors by providing management with the many comments and suggestions we receive through results briefings, company briefings, telephone conversations and other avenues.

### About Information Disclosure

We strive to provide timely and fair disclosure of information.

We regularly place up-to-date information for our shareholders and investors on our Investor Relations web page. We produce a shareholder communications package, “COMMUNITY JAL,” to our shareholders that features a business report and Medium-term Business report.



<http://www.jal.com/en/ir/>



COMMUNITY JAL

### Holding Briefings

At the JAL Group, we keep our shareholders and investors up-to-date by holding results briefings for institutional investors and analysts, as well as corporate briefings for individual investors.

We hold briefings for institutional investors and analysts five times a year; briefings on each quarterly results and on our Medium-term Business Plan. Presentation materials distributed at these briefings are available on our web site at:

<http://www.jal.com/en/ir/management/setsumeikai.html>

In FY2004, we also made presentations about the company to individual investors at investment seminars hosted by brokerages and other events.

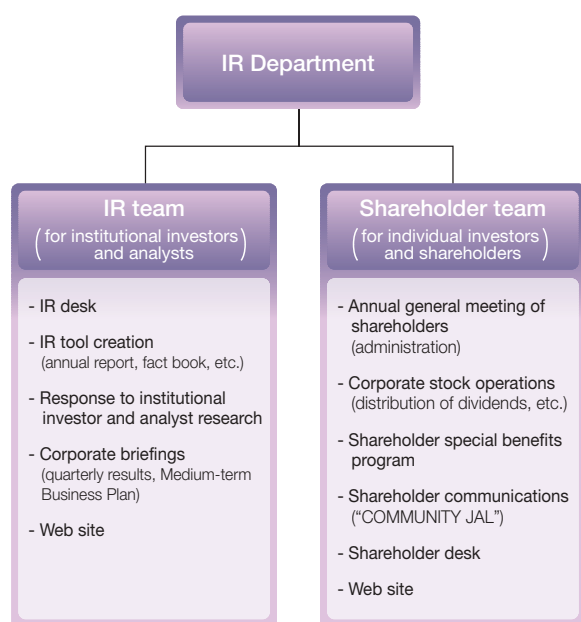


At an investment seminar hosted by a brokerage



## Organization

The JAL Group created a dedicated IR department in September 2001. This is currently established in Japan Airlines Corporation, the holding company. For a fine-tuned response, the IR department is divided into two teams: the IR team handles institutional investors and analysts, while the Shareholder team deals with shareholders meetings and works with individual shareholders.



## Shareholder Events in FY2004

We held some events to better acquaint our shareholders with the JAL Group.

### "Sky Tales" Lectures by Crew Members (held August 20, 2004)

Many shareholders came from all over Japan, from Hachinohe in Aomori prefecture in the north to Fukuoka down south, in order to attend these lectures. A chief pilot spoke during the first half and a cabin crew member during the second. They discussed monthly flight schedules and cabin operations, interspersing their talks with actual in-flight announcements. This helped our attendees understand our business.



### Tour of the Haneda Maintenance Facility (held October 21, 2004)

We held the tour at our maintenance facility at Haneda Airport. After hearing a talk on aircraft maintenance, attendees observed real maintenance operations. Our maintenance facility is on the front lines of flight safety, and by conducting this tour we were able to deepen our attendees' understanding of the JAL Group's initiatives toward flight safety.



## FY2004 Accomplishments

Item	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Account settlement briefing		* (full year results)			* (Q1 results)			* (1 <sup>st</sup> half results)			* (Q3 results)	
Foreign investor visit							→					
Responses to analysts and investors							(as needed)					
Response to telephone inquiries							(as needed)					
Creating accounting supplemental documents	→			→			→			→		
Issuing the Annual Report												* (Semiannual Report)
Issuing the Fact Book					*							
Updating our web pages							(as needed)					
General meeting of shareholders			*									
Individual shareholder events					*		*					
Issuing "COMMUNITY JAL"									*			*



## Our Employees



### Our Employees—An Indispensable Asset

The driving force raising the value of the JAL Group—the source of JAL's value—is its employees. Human resources are the Group's indispensable asset. Employees are a company's most directly involved stakeholders. Their ties to the company are very strong. When businesses and their employees mutually develop together, society is a beneficiary.

The JAL Group supports the personal development of its employees—as members of the company and as members of society—through interaction at work and by helping them to advance within their careers. We also strive to create a workplace in which employees' talents and strengths can be fully expressed, and where employees feel secure and are enthusiastic to work.

### Programs to Further Employees' Careers

The JAL Group constructs employee training based on the following goals:

- Acquiring knowledge, enhancing skills.
- Sharing values such as safety, basic quality from the customer's viewpoint and the importance of quality service.
- Building a strong sense of Group unity through interaction and exchange of information throughout the company.

A special feature of our training programs is our career development plan entitled "Shigoto Genki Program," under which employees are encouraged to proactively create their own career plans in a way that will enable them to make the fullest use of their capabilities as business professionals and as members of society. We also offer mental health training

that helps them manage stress, "Kokoro Genki Program."

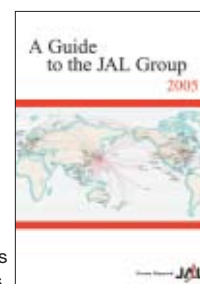
Our employee training and education system is built on three pillars:

- I. A business program to allow employees to acquire the knowledge and skills necessary to perform their tasks as they become needed and as their roles change at each stage of development in their careers.
- II. "Shigoto Genki Program"—a career development program encouraging employees to evaluate their career direction every few years, ranging from developing career awareness when they join the company to planning their lives in anticipation of retirement. The program also helps to develop employees' general awareness by encouraging them to ask themselves what their aims are, what they can do and what is important to them at both work and in their private lives.
- III. A training system centered on correspondence courses in which the Company supports motivated employees as they choose various training programs.

In FY2004, we held 285 training sessions, attended by 5,287 employees.



A management training session overseas



"A Guide to the JAL Group" is used as a training textbook for new employees.

## Support for Both Work and Family

The JAL Group believes that providing support to employees both at work and at home is crucial to the creation of a sustainable society, particularly as in Japan and in many countries around the world populations are aging and birthrates are declining. We believe it should be the social obligation and mission of all companies to provide this type of support to employees.

### ◆ Employee leave to care for infants and family members, and for special circumstances.

We proactively support our employees by granting them leave to care for infants, essential for the development of future generations. In Japan, for example, the law requires businesses to provide leave to an employee up until a baby's first birthday, with six months added in exceptional cases.

So that the company can retain its valuable resource of employees, Japan Airlines International is far more generous, allowing employees to take leave right through to the end of the month of the baby's third birthday. (Over 30% of our employees who have taken infant-care leave have taken the maximum period allowed).

The success of our policy has been proved by the fact that, for example in FY2003, about 80% of the employees who took infant-care leave continued to work for JAL afterwards.

We also provide in Japan more leave than is required by law to employees that have to take care of family members. We allow up to a year and a half, and our employees take good advantage of it.

Additionally we are sensitive to the needs of employees who have families by helping them to moderate the number of working hours they do.

### ◆ Support for Raising the Next Generation

At JAL\*, we believe in balance between work and private life, and support compatibility between work and child rearing. Our objectives in furnishing a good working environment are to enable our employees to exercise their abilities to the fullest, and to contribute to society in a way that only an air transport company can. To meet these goals, we have formulated the following action plan. The implementation period of this plan is the two years between April 1, 2005 and March 31, 2007, after which we hope to become certified for compliance with the "Law for Measures to Support the Development of the Next Generation" by the Japanese government.

### Action plan (overview)

- Within the period, our goal is to encourage men to take leave to participate in the care of their children, and to increase the participation rate of women to 90% or above.
- We will better accommodate the needs of employees bringing up children.
- We will create a work environment that improves productivity, and at the same time enhances personal life and leisure.
- We will increase employee awareness of the importance of childbearing and rearing.
- We will support the raising of the next generation, and increase our contribution to society, using our strengths as an air transport business.

\*Japan Airlines International Co., Ltd., Japan Airlines Domestic Co., Ltd.

### Law for Measures to Support the Development of the Next Generation

The birthrate in Japan has been rapidly declining, and as a result is expected to have a severe effect on the economy. To address this issue, the "Law for Measures to Support the Development of the Next Generation" establishes responsibilities for the central government, local municipalities and businesses. The law requires each entity to formulate and report an action plan in accordance with policies set down by the law. A business can apply to be certified as compliant.

## Maintaining Health in Body and Spirit

To provide service that is safe and satisfies customers, all employees, including flight crews, cabin crews, and ground crews must be healthy in body and spirit. To ensure this, our Office of Health Administration actively supports the maintenance and improvement of employee health.

### A fully developed health management system

The Office of Health Administration is built around a core of staff who are industrial physicians, specialists and nurses. We promote employee health maintenance consciousness through lectures and seminars on health. We provide detailed diagnosis, reexamination and follow-up to help maintain and improve our employees' health and make sure illnesses are detected and treated early.

We also work to prevent lifestyle diseases in cooperation with our health insurance society.

### Mental health care

We promote mental health awareness through education led by psychiatrists and counselors as part of new employee orientation, management-level training and elsewhere. The Company's Office of Health Administration works for early detection and treatment of mental health problems.



### JAL Group Employees—Active in Japan and All around the World

The JAL Group actively recruits people with drive and talent regardless of gender or nationality. We value effort and people willing to rise to a challenge. JAL Group employees are active in workplaces around the world.



**Yoriko Nagata**

Vice President, International Flight & Passenger Department

"Everyday I take the lead in working to ensure flight safety, and the provision of high-quality customer-oriented service at the same time as endeavoring to foster the development of employees."



**Yuko Imai**

Station Manager, Milan Airport, Italy

"There are many women representing companies and organizations at Milan airport. It makes it fun to work hard."



**Miho Ueyama**

Station Manager, Kochi Airport

"As part of my duties, I am responsible for maintaining flight safety and crisis management. It's a tough job, but worth the challenge."



**Ross Leggett**

Director, Interline Development Strategy and Planning

"You learn a lot at headquarters. I'm second to none in accepting new challenges. I give it my all every day."

### Shaping a Dynamic Corporate Culture

Last year, we created the "Dream Skyward Award" to promote understanding of our corporate philosophy, increase the vitality of individuals and the organization, and to help shape a dynamic corporate culture. Employees of the JAL Group and its contractors are eligible for the award.

The first awards were presented in October 2004 at our headquarters to 41 individuals and workplaces at JAL Group companies and overseas branches.

#### Outline of Dream Skyward Award

##### Eligibility:

Awarded annually to outstanding people and organizations that had received recognition for their actions at various times throughout the previous year.

##### Award categories:

Safety & Quality, Customer Service, Good Corporate Citizen, Effort and Challenge



LOVE-WING—A proud recipient of the Good Corporate Citizen award (See article on pages 40, 41.)



First "Dream Skyward Award" Ceremony





## Our Business Partners

### **Social Consciousness at Every Link in the Value Chain**

CSR cannot be handled by a business or a business group on its own. For a company to truly be able to fulfill its corporate social responsibilities, it is crucial that it also develops a strong cooperative relationship with all its business partners in the value chain.

An air transport business has a long and complex value chain with truly varied procurement from aircraft and fuel to food served in-flight.

In order to protect the global environment, the JAL Group has for a long time stressed the importance of

green purchasing and, as a result, we ask our business partners to understand in full our CSR policies. Furthermore, we will ask our partners about their CSR policies, and ascertain if they are taking appropriate measures with respect to their stakeholders.

### **CSR-Aware Procurement Policy**

Each JAL Group company will conduct its purchasing in a fair and transparent manner with CSR in mind, and in line with JAL Group Procurement Guidelines. We will promote green purchasing of everything from aircraft to office supplies, broadening the scope step by step.

### ***Excerpt from the JAL Group Procurement Guidelines***

Article 3: The Procurement Department will closely monitor the market and make purchases using knowledge of available products; use all appropriate methods for procurement including centralized purchasing and joint purchasing; introduce competitive principles such as new supplier development and comparative analysis of competing products; take into account quality, reliability, time to delivery, post-sales support, environmental burden, etc.; and negotiate with the suppliers with an eye to CSR, in order to purchase economically products that meet our requirements. The Procurement Department will comply with laws and respect social expectations.

## Fair and Transparent Relationships with Our Partners

The JAL Group obeys antitrust legislation and strives to build fair and transparent relationships with all of its

business partners. This is clearly set down in the JAL Group Code of Conduct. For at least the past three years, the JAL Group has not received a single judgment or complaint from the Japan Fair Trade Commission.

### Excerpt from the JAL Group Code of Conduct

#### 4. Sound Business Activities

The business activities of the JAL Group are conducted on a worldwide basis, and are founded on relations with an extensive number of customers, individuals and parties that have dealings with the JAL Group. We will adequately recognize our responsibility to meet their expectations and conduct business activities with good judgment.

##### (1) Free Competition

We will conduct fair and transparent business activities in compliance with applicable laws and regulations, such as the Anti-Monopoly Law, based on the principle of free competition with all business parties. At overseas offices, we will fully understand and faithfully abide by applicable laws and regulations regarding competition of the respective country.

##### (2) Fair and Transparent Relations with Customers and Business Counterparts

###### Relations with Our Customers

We will honestly and sincerely represent ourselves in all interactions with our customers and build a relationship of trust. On principle, we will behave in a fair and transparent manner in every situation.

## Disclosure of Procurement Information

The JAL Group established JALUX Inc. to handle all JAL Group procurement except aircraft, parts and fuel and food served on board. Information including conditions for ordering can be found on our web site at:  
<http://www.jal.com/en/corporate/procure/>





## Society



### Using the Unique Characteristics of Our Company as a Bridge to Society

The JAL Group is aware of its responsibilities to society as an air transport business and as a result of its corporate philosophy of contributing to world peace and prosperity, has long been involved in numerous social activities. From the viewpoint of CSR, the JAL Group believes that it will become increasingly important for the Group with the support of volunteer activity by its employees to use its unique characteristics and strengths in working together with society.

The JAL Group created within the Public Relations Department a social activities section dedicated full time to addressing CSR matters. The section works within a framework defined by social conduct guidelines and priority

#### Social Conduct Guidelines

- With the active participation of every employee, the JAL Group will support the following social activities so it can fulfill its responsibility as a corporate citizen as set down in its Code of Conduct, and become a more trusted company people will choose to do business with.
- The JAL Group, as an air transport business with a network that unites the world, will use its unique characteristics to encourage exchange between all members of society, and support cultural and environmental activities.
- As a corporate citizen, the Group will support activities that help the younger generation to develop into leaders of the future assisting those who are in financial or physical difficulty.
- The Group will actively plan and participate in a diversity of social activities, both globally and locally.

fields of activity that were adopted by the Group in April 2003. The social conduct guidelines outline our commitment to encouraging interaction and exchange between all members of society, and our support of cultural and environmental activities. The priority fields of activity that have been established are international exchange between the younger generation, children's education and social welfare, art, culture and the environment.

Our activities are wide in scope and include programs initiated by the Group and supported by employee volunteers; cooperation with UNICEF and other outside organizations; participation in JAL Foundation programs; provision of transport assistance to art exhibitions and humanitarian support worldwide.

#### Priority Fields of Activity

- (1) International exchange between the younger generation
- (2) Children's education and social welfare
- (3) Art and cultural activities
- (4) Natural environment

### Topics for FY2004

#### ◆ Support for Natural Disaster Relief

The JAL Group offered its resources to relief operations in response to a series of major disasters in 2004.

#### Niigata Chuetsu Earthquake

The JAL Group operated additional flights and provided both financial and in kind emergency assistance. Employees also donated their own money. Some of our employees

went to the earthquake-affected area to join corporate volunteer teams organized by the Japan Business Federation (Nippon Keidanren), so that they could provide support directly to victims.

#### Sumatra Tsunami

We assisted the international relief operation by allowing relief personnel and emergency supplies to be transported free of charge on our Asian route network to the disaster areas. This included the transportation of relief personnel from Japanese civilian organizations and goods collected by the Japanese government.

Not only did we donate as a corporation, but also employees from all JAL Group companies worldwide donated money, food and clothing to the victims of the tsunami disaster. Donations were collected at office events organized all over the world.

We also set up a “Child Assistance Mileage” program which enabled JAL Mileage Bank (JMB) members to provide assistance to children affected by the tsunami by donating their frequent flyer miles. At a ¥1 per mile rate, the miles were converted into cash by JAL which then was donated to UNICEF. In total, JMB members the world over donated the mileage equivalent of ¥21,630,000.

#### ◆ Helping the Special Olympics

In February and March of 2005, the 2005 Special Olympics World Winter Games for people with intellectual disabilities was held in Nagano, Japan. We supported the event in many ways such as by dispatching employees to the Games Organizing Committee as early as the preparatory period in December 2003, and by allowing volunteers to use our company facilities for briefings.

We helped spread the word of the Special Olympics in a variety of different ways. We painted the Nagano Games logo on our aircraft; showed a promotional video in-flight on domestic Japan routes; published an article on the games in *SKYWARD*, our in-flight magazine; and showed on international flights “Host Town,” a movie that promotes a greater understanding of the Special Olympics. The



Welcome Center at Hotel Nikko Winds Narita was operated chiefly by JAL Group staff volunteers.

#### ◆ Participation in the “Pink Ribbon Campaign”

In October 2004, we held an event at JAL Headquarters Building entitled “JAL for Pink Ribbon” to coincide with the global Pink Ribbon Campaign. Make-up seminars conducted by cosmetic manufacturers were held together with lectures by breast cancer experts in an effort to deepen employees’ understanding of breast cancer. The event not only helped to increase employees’ awareness of breast cancer, but also helped promote the importance of early detection and treatment. Money collected from employees at the event was donated to breast cancer patient organizations.



#### ◆ Supporting the World Wildlife Fund

The activities of the World Wildlife Fund (WWF) resonated with us so much that the JAL Group decided to provide its support to this worthy organization. WWF directs its conservation efforts toward three global goals: saving endangered species, protecting endangered habitats and addressing global threats such as toxic pollution, over-fishing and climate change. We became a corporate member of WWF Japan in 2004, and our Group CEO has taken a position on its Board of Directors. In FY2004, we placed collection boxes at three locations in the Group’s facilities and have been encouraging our employees to support WWF by donating money. Through such activities as placing announcements in our in-flight magazine, *SKYWARD*, we will help to promote conservation of our natural environment in ways unique to JAL. We hope to help in many other ways in the future.



WWF ad in the March 2005 issue of *SKYWARD*, our in-flight magazine



## Our Main Social Programs

### ◆ Wings of Love (*Fureai no Tsubasa*)

JAL through its “Wings of Love” program invites disadvantaged children from children’s homes across Japan for a two-night, three-day tour of Tokyo. Children are looked after by JAL Group volunteers for the duration of the tour and are allocated their own individual volunteer escort during their stay in Tokyo. The children are able to enjoy each other’s company and that of their escorts while visiting Tokyo. As part of this program, JAL volunteers also go and meet some of the children back at their homes.

The program has been in existence for 18 years already. The themes of this year’s program were “Making New Friends by Talking” and “Discovering Spring in Tokyo by Walking.” Twenty-two children were invited from children’s homes in five cities across Japan.



Schedule	3/27/2005	Children depart from various airports across Japan → Haneda
	3/28/2005	Tour of Tokyo (Mori Art Museum, etc.)
	3/29/2005	JAL Maintenance Site tour Haneda → Children return home

### ◆ KIDS Interview Skills Seminar

In conjunction with the NPO KIDS’ High School Project conducted in Japan, we held a seminar for high school students from children’s homes on interview techniques and skills. In total twenty-five high school students attended the seminar. All of them had either been interns at businesses or had done a part-time job during the summer recess. Cabin crew members were invited to talk about important points to remember during job interviews.

### ◆ Cooperation with UNICEF

The JAL Group supports UNICEF in many ways:

- Supporting UNICEF’s “Change for Good” campaign by encouraging passengers in-flight on London, Paris and New York routes to donate unwanted foreign currency to

help children worldwide. We jointly participate in this program with Nippon Express, JTB, the Mainichi Newspapers, and Sumitomo Mitsui Banking Corporation.

- Transporting coins collected for UNICEF’s “Change for Good” campaign on our network.
- Painting the word UNICEF and the UNICEF symbol on all aircraft in our fleet.
- Selling UNICEF cards in the cabin on all international flights (except short-haul flights).

### ◆ “Sending Books to Children” Campaign

In November 2003, JAL Group started supporting the Shanti Volunteer Association’s “Sending Books to Children” Campaign. As a non-profit organization, one of the Shanti Volunteer Association’s main objectives is to help children of the world as much as possible through educational support. As opposed to simply fundraising, volunteers buy picture books and help to translate them in preparation for distribution to chosen recipient countries. At the same time as they do this, representatives of the association teach volunteers about the situation facing children in these countries. In FY2004, JAL held events in Tokyo (twice), Komatsu and Kagoshima and donated 114 books.



### ◆ Charity Evening Concerts

With the cooperation of a performance volunteer group of music school students and graduates, we held two free evening concerts at the JAL Headquarters Building (June and December 2004). Employees who attended these performances generously donated money to Bangkok Suanplu Disaster Relief as well as to volunteer activities that our employees participate in, such as the “Sending Books to Children” Campaign and “Wings of Love.”

### ◆ Cooperation with International Aid Organizations

We helped with the “Elementary and Middle School Essay Contest on Hunger,” sponsored by the United Nations World Food Program (WFP) by providing air tickets to people attending the award ceremony.

We also assisted the Japan United Nations High Commissioner for Refugees (UNHCR) Association by providing tickets to NGO staff from Japan and Asia attending training programs.

We assisted the Japan Association for Refugees, by providing air tickets to refugees who have settled in Japan and who wished to attend graduate school in Hokkaido, so that they could visit prospective universities.

#### ◆ Meeting to Learn About Fair Trade

To help developing nations achieve sustainable growth, we participate in fair trade activities held jointly by local producers and NGOs. In March we held a “Meeting to Learn about Fair Trade” at the JAL Headquarters Building supported by five international NGOs. Several hundred JAL Group employees attended, purchasing folk crafts and food, and learning about the significance of fair trade and fair trade activities.

#### ◆ Spoiled Postcard Collection Campaign

In 2004, as in 2003, employees throughout Japan were encouraged to hand in any unusable postcards with prepaid postage. In total 1,000 postcards were collected from JAL Group employees which were donated to the Japanese Organization for International Cooperation in Family Planning (JOICFP) who then could convert the prepaid postage into money.

#### ◆ Marunouchi Citizens’ Environmental Forum

Since 1993, the JAL Group, Tokio Marine & Nichido Fire Insurance Co., Ltd. and Mitsubishi Corporation have co-sponsored environmental forums for employees of the sponsoring companies. The forums have been held at Tokio Marine & Nichido Fire’s head office in Marunouchi two or three times a year.

Details for the forums held in FY2004 are:

Times	Month held	Speaker	Theme
38	November 2004	Norihiko Dan, Architect	The new relationship between the environment and architecture
39	March 2005	Takeshi Yoro, Professor Emeritus, Tokyo University	Thinking about the environment right now

#### ◆ JAL Group Young Green Squad

Every year, we invite young employees across the company to become members of the JAL Group Young Green Squad in which they can learn how to get involved in and carry out volunteer activities. In FY2004, 46 members of the

squad representing 37 companies in the Group participated in a wide variety of volunteer activities, ranging from taking intellectually disabled children out for a day at an aquarium, helping to keep children’s playgrounds in good condition to cleaning up seaside areas. More than 600 young people have joined the squad since its establishment in 1992, and many are taking a leading role in community activities in their local areas even after leaving the squad.

#### ◆ Emergency Air Cargo Shipment in Response to the Bay of Alaska Cargo Boat Accident

On December 8, 2004 the *Selendang Ayu*, a 738-foot cargo ship ran aground in the Bay of Alaska resulting in a large oil spill. JAL Cargo flew to Anchorage on one of its air freighters 17 tons of equipment, including pumps, hoses and oxygen tanks from a Dutch sea rescue company in Amsterdam.

The JAL Group did not have the right to fly directly from the Netherlands to the U.S., but due to the urgency and severity of the situation, JAL Cargo staff took the initiative and by appealing to the appropriate authorities and airline companies in both countries were able to obtain the necessary approval within 24 hours. JAL was able to perform the emergency transport and as a result of its quick actions the level of sea contamination in the bay was greatly minimized.

#### ◆ Environmental Donations and Assistance

We donate every year to the following environmental organizations.

- Wild Bird Society of Japan
- Japan National Trust
- Japan Society of Aerospace and Environmental Medicine

Between FY2002 and FY2004, we also made donations to the 2005 World Exposition in Aichi, Japan. As its official airline, we have been boosting the profile of the exposition by, for example, placing its mascots on our fuselages.

Every year, we co-sponsor the Grand Prize for the Global Environment Award with The Nihon Kogyo Shimbun, Ltd. (published by the Fujisankei Communications Group)



Aircraft displaying the 2005 World Expo mascot

## Collaboration Programs with the JAL Foundation

### Scholarship Program

The JAL Foundation operates a scholarship program. Among its objectives is the improvement of mutual international understanding. JAL provides air tickets to 36 students from 11 countries and regions in Asia and Oceania who are invited to participate in the program.

### World Children's Haiku Camp

The aim of this program is to encourage the inclusion of haiku into school curricula around the world in order to spread the joy of creating haiku. We believe this will lead to a deeper understanding of the traditional Japanese culture from which this poetic art form originated, as well as of modern-day Japan. Inviting the top prizewinners of the World Haiku Contest to Japan provides children of the world with an opportunity to experience Japan and mingle with children from Japan. We provided free flights to 20 children from 16 countries and regions who were winners in the competition last year for a Haiku Camp held on July 7, 2004 in the town of Yuwa in Akita Prefecture.

### Fulbright Program

JAL Group supports the JAL Foundation's aid to the Fulbright Japan-US exchange program by providing air tickets to the 44 American Fulbright scholars who come to Japan.

### "Program for Understanding Japan"

JAL provides air tickets to Australian students who participate in Macquarie University's "Program for Understanding Japan" which is supported by the JAL Foundation.

### JALKIDS Environmental Summit Earth Lectures

The JAL Foundation regularly holds a series of Earth Lectures on the theme of environmental protection, and environment summits for children across Japan. To lecture at these events, the foundation invited Dr. Toshibumi Sakata, professor at Tokai University and Chairman and CEO of the Advanced Earth Science and Technology Organization, who is a leading authority on analyzing



The Earth Lecture held  
at Shanghai in  
September 2004

images of the Earth taken from satellites; Professor Makoto Tsuchiya of the University of the Ryukyus, who studies the ecosystem of coral reefs and is dedicated to their preservation; and Mr. Koichi Wakata, a former JAL employee, who is now an astronaut with the Japan Aerospace Exploration Agency (JAXA). The table below provides a summary of the events held in FY2004.

Month held	Location	Speaker	Target
August 2004	Yoron Island, Kagoshima Prefecture	Prof. Sakata	80 elementary, middle and high school students
August	Tokyo JAL Headquarters Building	Prof. Tsuchiya	100 elementary and middle school students
September	Beijing and Shanghai	Prof. Sakata and Mr. Wakata	1,000 people including representatives stationed locally and Japanese students
November	Kumamoto Airport	Prof. Sakata	110 elementary and middle school students
February 2005	Higashijujo Elementary School, Tokyo	Prof. Sakata	200 elementary school students

## Green Concert

In October 2004, JAL Private Resort Okuma and the JAL Foundation held on Okuma Beach, Okinawa, the "Ryoko Moriyama Green Concert." Through the medium of song and in a setting of natural Okinawan beauty, the charity concert was used to highlight the need for people to provide their support in helping to protect Okinawa's ocean and nature. The concert used green power from wind and solar energy, and "Re-use Cups" made of polypropylene which can be washed and reused up to 50 times. About 100 volunteers cleaned up the beach the following day.

JAL Private Resort Okuma conducts its own eco tours taking people into the areas of natural beauty that surround the resort.

The resort's homepage can be found at the web site:  
<http://www.jalokuma.co.jp> (in Japanese only)

You can read more about our cooperation with the JAL Foundation at its web site:  
<http://www.jal-foundation.or.jp/>



Ryoko Moriyama  
Green Concert in Okuma  
Photographer: Hiroshi Oda  
Photo courtesy: Lingkar

## Philanthropy

Using our worldwide network of routes, the JAL Group helps exhibition organizers worldwide to transport art and artifacts for display in Japan. The Group also assists curators and other exhibition-related personnel with their travel arrangements. In FY2004, we assisted 62 exhibitions to come to Japan, which in terms of attendance accounted for 70% of the top 20 foreign art exhibitions held in Japan.

Through “Tokyo Opinions,” a stage arts support group, JAL has supported the Art Sphere Theater in Tennozu, Tokyo. JAL is also a corporate member of the Mori Art Museum at Roppongi Hills, Tokyo, a supporting member of the New National Theater Tokyo Managing Foundation; and supports the operation of art museums and theaters.

### ◆ Major Art Exhibitions Supported by JAL in Japan

JAL supported the Flemish and Dutch Paintings from the Collection of the Kunsthistorisches Museum Wien; Picasso Exhibit; MOMA Collection Special Exhibition; Mucha Exhibition; the Reviving Sichuan Culture Exhibition; Hermitage Museum Exhibition; Matisse Exhibition; Rimpa Exhibition; World Exposition Art Exhibition; COLORS Exhibition; the Kanazawa Meeting of the 21st Century Exhibition; Archi Lab Exhibition; Georges de la Tour Exhibition; and the Emile Gallé Exhibition.

### ◆ Music Programs

The JAL Group has been a major sponsor of the “Otobutai” (Sound Stage) since its inception in 1989. The “Otobutai” is a unique performance of Japanese and Western music annually held in the grounds of Japan’s most historic temples. It is staged at a different temple each year, through the cooperation of the Kyoto Buddhist Association.

### ◆ Cultural Lectures

In Aomori and Hiroshima this fiscal year, we held a series of “JAL Group Charity Talks” featuring a famous Japanese author, Rokusuke Ei. Proceeds collected from these events were donated to local social welfare organizations. JAL sponsored lectures featuring Rokusuke Ei were also conducted in Beijing at schools for Japanese children and at gatherings organized by Japanese associations.

In 2004, to commemorate the 50th anniversary of JAL flights to the U.S., we invited Japanese people residing in the U.S. to commemorative talks by author Jiro Asada. At the events held in San Francisco and Los Angeles, money donated by people who attended was given to remedial Japanese language schools and other such organizations.

## Coexisting with Local Communities

The JAL Group interacts with people from local communities in Japan and abroad, and cooperates in social activities. Our programs include co-sponsoring local cultural events, participating in clean-up campaigns, and participating in and co-sponsoring community activities.

The JAL Group uses its knowledge of the airline industry to conduct aviation classes throughout Japan. Hand in hand with our employees, we actively participate in social activities locally.

### ◆ Santa Claus on the Airplane

In its thirteenth year, “Santa Claus on the Airplane” is a local community program conducted chiefly by Narita-based cabin crew members and maintenance personnel. Members of the program organize charity bazaars and donate the money collected to elderly care facilities, children’s homes and social welfare councils in the Narita area. The bazaars are eagerly awaited by Narita area residents and every year the event is attended by several thousand people. About 100 employees participate in this program. This year, proceeds were also donated to support the Niigata Chuetsu earthquake relief effort.

During the Christmas season, cabin crew and maintenance personnel don Santa outfits and visit places in the Narita area bringing presents and cakes, along with monetary donations.

### ◆ Maintenance Facility Tours and Aviation Classes

JAL’s maintenance facility tours and aviation classes are highly regarded by educators as they help to deepen people’s understanding of air transportation. The tours help to increase people’s awareness of aircraft maintenance, and the classes help students to learn about scientific principles such as how airplanes fly.

The JAL Group has conducted tours of its aircraft maintenance facility at Haneda airport since the 1960s. In all, over 700,000 people have taken the tour. In FY2004 alone, we had around 50,000 guests.

305 aviation classes have been conducted which have been attended by a total of about 42,500 people. The classes were held 37 times in FY2004 with 5,500 people attending. School students and youths from children’s homes are invited to join both the tour and the classes. Lecturers are drawn from staff who are mechanics, cockpit and cabin crew members, or who have experience in related fields. Classes are held



throughout Japan, from Hokkaido to Okinawa and in FY2004, we also held classes in London, Paris and Chicago. Aviation classes and sightseeing flights were also conducted in Yamagata for local children in association with the Yonezawa Shinbunsha Co., Ltd., and in Hong Kong for students at schools for Japanese children.



Aviation Class held at a Japanese school in Paris

#### ◆ LOVE-WING

LOVE-WING is a volunteer group formed in 1995 by JAL Group staff working in different capacities at Kansai airport. In July last year, members visited a children's home and promised to send birthday cards to 70 children. Employees wrote and sent cards on the children's birthdays. In September, LOVE-WING held a charity bazaar at Kansai International Airport. Money collected at the bazaars and other events were donated to children's homes. In November, they set up a JAL booth at a culture festival at a children's home, and later, 168 employee volunteers sent Christmas cards to 271 children. In FY2004, LOVE-WING received a letter of appreciation from the city of Sakai thanking them for the invaluable support.

### Getting Close to the Community through Sports

The JAL Group supports employees' sports and cultural activities. Among the teams growing as bright symbols of the JAL Group are the JAL RABBITS (women's basketball), the JAL WINGS (men's rugby) and the JAL JETS (cheerleaders).

#### ◆ JAL RABBITS

When the JAL RABBITS go into training, they hold basketball-training sessions for students in elementary, middle and high school. The JAL RABBITS play every weekend in different cities in September during the

W League Tournament held by the WJBL (Women's Japan Basketball League Organization).

While on the road, they open up their training sessions to the public, meeting fans, shaking hands and signing autographs after practice.

Two members of the JAL RABBITS played in the Japan national team in the Athens Olympics in 2004, realizing their dream of playing in the world's greatest sporting event. The JAL team won the All Japan Basketball Tournament (Empress Cup) for their first time in 2004. This year, the team coach and manager and three team members were selected for Japan's national squad. This team is truly contributing to the enhancement, popularity and vitality of basketball in Japan.



Interacting with local people at a training camp in Bihoro, Hokkaido



Realizing a long-held dream, the JAL RABBITS win the 71st All Japan Basketball Tournament (Empress Cup) for their first tourney victory.

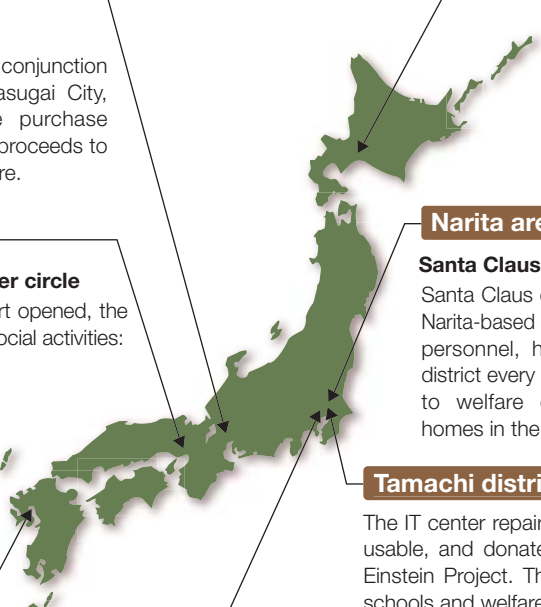
#### ◆ JAL WINGS

The 7th Urayasu Rugby Festival (sponsored by the Urayasu Rugby Association) was held on April 29, 2004 in Urayasu City, Chiba, and the base of operations of the JAL WINGS, JAL's rugby team. A rugby class for children was held that day. Team members participated and enjoyed playing with about 130 youngsters. The festival's rugby class will continue to be held after 2005. We use rugby to help children fulfill their dreams.



A rugby class for children

## JAL Group Employees' Main Social Activities (Domestic)



**Nagoya area**  
**Chubu Division Charity Bazaar**  
 We hold a charity bazaar yearly in conjunction with the Citizens' Festival at Kasugai City, Aichi. Several hundred people purchase goods each year. We present the proceeds to the city to be used for social welfare.

**Osaka area**  
**LOVE-WING, Kansai airport volunteer circle**  
 Since 1995, the year after Kansai Airport opened, the Group has been active in the following social activities:

1. Planning and holding charity bazaars, with proceeds donated to local children's homes each year;
2. Visits to children's homes. LOVE-WING participates in the cultural festival sponsored by the children's home Izumigaoka Gakuin.
3. Sending birthday and Christmas cards.

**Fukuoka area**  
**Tobubai Fukuoka beach cleaning**  
 Every year, Tobubai Fukuoka, the volunteer organization at our Fukuoka Airport branch, participates in various activities such as cleaning beaches.


**Niseko district, Hokkaido**  
 Volunteers from Hotel Nikko Annupuri in Niseko Town, Hokkaido work with the Annupuri Owners Club, a local association of lodging facilities, conducting clean-up campaigns in the local area.

**Narita area**  
**Santa Claus on the Airplane**  
 Santa Claus on the Airplane, conducted chiefly by Narita-based cabin crew members and maintenance personnel, hold a charity bazaar in the Narita district every December. They donate the proceeds to welfare organizations, and visit children's homes in the Narita district dressed as Santas.

**Tamachi district, Tokyo**  
 The IT center repairs used computers that are still very usable, and donates them to an NPO known as the Einstein Project. The donated computers are used in schools and welfare facilities.

**Tennozu district, Tokyo**  
**Swan Bakery—supporting people with intellectual disabilities**  
 We collect from employees at the JAL Headquarters Building orders of bread supplied by the Swan Bakery which is operated by people with intellectual disabilities.

## JAL Group Employees' Main Social Activities (Overseas)



**Bangkok, Thailand**

1. **Donation of blankets and clothing to Thai villages**  
 We donate blankets and clothes to villages in northern and northeastern Thailand.
2. **Donation of used computers**  
 Computers no longer needed due to upgrades at the Bangkok office are donated to elementary schools in the mountainous region of northeastern Thailand.

**Busan, Korea**  
**Visits to Mokpo Gongsangwon**  
 Every year since 1971, volunteers have visited and donated JAL goods and money to the Mokpo Gongsangwon, an institution established in 1928 for orphans and children with disabilities.

**Saipan**  
**Beach area clean up**  
 Employees of our Saipan Office and Hotel Nikko Saipan, together with an organization of Japanese travel-related companies on the island, volunteer to clean up the beaches three to four times a year, to keep the beaches beautiful, as they are Saipan's main tourism resource.

**Japanese speech contests**  
 Some JAL offices overseas support Japanese language speech contests held in their areas, and award air tickets as prizes.

Participating districts (marked with ● on the map)

North America:	U. S. A. Canada
Central America:	Mexico
Europe:	France Germany Spain Switzerland U.K.
Asia:	Indonesia Singapore

# Environmental Report

## Towards an Airline Company Progressively Implementing Medium and Long-term Environmental Plans

Leaving a healthy and bountiful global environment to future generations is our great responsibility. The Kyoto Protocol went into effect in February 2005—yet another sign that environmental protection is moving forward internationally. However, corporations should not wait for outside developments. Coexisting with the environment is both a social responsibility and an important part of the effort to build sustainable operations.

To meet people's expectations we strive to carry passengers safely and more comfortably to their destinations. At the JAL Group, we have pursued our mission as a public transportation organization and have maintained and enhanced the quality and volume of the services we provide. In doing so, we undeniably place a burden on the global environment. Greenhouse gases are emitted by burning aircraft fuel, and we are responsible for noise and air pollution and the discharge of various kinds of waste.

The JAL Group has taken stock of the direct and indirect effects its business activity has on the environment. In 2002, we implemented "Sky Eco [2010]," the basis for our mid- and long-term initiatives to reduce these effects. We have established CSR goals that the JAL Group can take pride in, and each and every Group employee is working with a sense of solidarity and purpose toward realizing them.

### **Basic Environmental Policy (adopted in October 2002)**

The JAL Group, fulfilling its mission as a public transportation organization, generates environmental impacts such as consumption of fossil fuels and noise emission.

We recognize that approaches to the environment are vital management issues, and therefore we will aim for symbiosis with the global environment and strive to contain the environmental load in all our business activities.

### **Environmental Action Guidelines (adopted in October 2002)**

- (1) We will comply with environmental laws and regulations and make proactive approaches to the environment.
- (2) We will promote the efficient use of various energy sources and resources.
- (3) We will promote waste reduction and proper waste disposal and recycling.
- (4) We will select environment-friendly products, materials and the like including aircraft.
- (5) We will enhance environmental awareness and make social contributions.

## Environmental Action Program

### Promotion of Continuous Activity

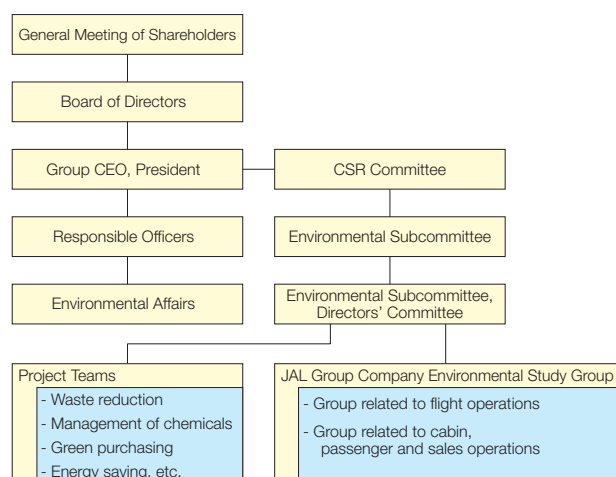
The JAL Group has adopted a basic environmental policy and environmental action guidelines, and is proceeding with environmental protection activities according to mid- and long-term action programs and yearly objectives. We make continuous efforts to support them and ensure that they are appropriate. We have introduced an environmental management system and environmental audits.

### Promotion System of the Group's Environmental Activity

To promote the Group's environmental activities, we have established an environmental subcommittee made up of leading Group officers to work under the CSR committee, which is chaired by the JAL Group CEO. Supplementing this subcommittee is the directors' committee, under which are project teams and study groups of personnel from affiliates. In this manner, we have established a committee structure that cuts across boundaries between Group organizations.

We also promote environmental activity by allocating environmental committees, departments and officers in charge of the environment, specifically to Group companies that exert a relatively high impact on the environment.

Structure of the JAL Group Environmental Committees



### Acquiring Certification for Environmental Management Systems

The JAL Group is promoting the acquisition of ISO 14001 certification, an international standard for environmental management systems, with emphasis on divisions that exert a relatively strong impact on the environment.

By fiscal 2004, we obtained certification for the following eight sites.

- Component Services Business Division (Haneda and Narita, approx. 980 employees)
- Maintenance Business Division Narita (approx. 1,530 employees)
- Repair and Overhaul Division (Narita, approx. 730 employees)
- Dock Maintenance Department (Haneda, approx. 330 employees)
- Aircraft Maintenance Business Division Haneda (approx. 1,400 employees)
- Regional Office Cargo and Mail Narita (approx. 2,500 employees)
- AGP Corporation (entire company, approx. 600 employees)
- Hotel Nikko Tokyo (approx. 750 employees)

We introduced Eco Stage (an environmental management evaluation and support system) into relevant divisions and Group companies with relatively light impact on the environment, as a springboard for creating an environmental management system structure.

### Environmental Auditing

We have performed environmental audits within the Group since fiscal 2002. Through fiscal 2004, we conducted special audits on waste disposal at 29 divisions of 12 companies in the Tokyo and Narita district; 20 offices at our trunk line airports of Shin-Chitose, Nagoya, Itami, Kansai, Fukuoka and Okinawa; and three management companies dealing in waste disposal. In 2005, our plan is to expand the audits to cover the environment comprehensively.



## Environmental Accounting for FY2004

We have been conducting environmental accounting since fiscal 1999 as one of the tools for quantitative evaluation of our environmental activities. In fiscal 2004, the economic benefits included higher transportation efficiency in a situation in which fuel costs had skyrocketed. This maximized the extensiveness of the estimated benefits. Before fiscal 2004, we used e-mail as our main tool for collecting environmental data within the Group. We have since implemented a data collection system on the Group intranet to enhance accuracy and speed.

### (1) Basic concept

Environmental accounting is based on the Ministry of the Environment's Environmental Accounting Guidelines (2002 version) and to some extent internal Group guidelines.

### (2) Scope of data collection

Domestic offices of Japan Airlines International Co., Ltd., Japan Airlines Domestic Co., Ltd., Group airline companies (JAA, JAZ, JTA, JEX, J-AIR, RAC, JAC, HAC, HLQ), and Japan Airlines Corporation.

### (3) Period

April 1, 2004–March 31, 2005

### (4) Typical environmental impacts

CO <sub>2</sub> (10,000 tons)	1,723	Aircraft emissions*1 (1,701), electricity and thermal energy (converted), vehicle emission, etc.
NO <sub>x</sub> (tons)	9,700	Aircraft emissions (9,533), computed value based on ICAO LTO Cycle*2, ground power, vehicle emissions, etc.

\*1: Estimate based on complete combustion

\*2: Estimate based on takeoff, landing, etc. below 915 meters above ground

## Environmental Accounting Data Collection Results

Unit: (millions of yen)

Classification of Environmental Protection Costs		Major Activity	Cost		Economic Benefit		Environmental Benefit
Category	Sub-category		Investment	Expenditure	Real benefit	Estimated benefit	Major Activity and Benefit
1) At operation site	1) Pollution control	Construction to counteract ground settling at Haneda Airport building M1, cost for soil contamination study for demolition of the Haneda Line Maintenance Building, etc.	—	661	—	—	CO <sub>2</sub> (10,000 tons) A. Reduction through introduction of new energy-efficient aircraft (estimate) 109 B. Reduction through use of GPUs instead of APUs (estimate) 15.0  NO <sub>x</sub> (tons) A. Reduction through use of GPUs instead of APUs (estimate) 312
	2) Global environmental protection	Introduction of fuel-efficient aircraft and engines, replacement of the elevator in Narita Hangar No. 1 with an energy-saving model, etc.	507	7,960	—	Reduction 19,366	
	3) Resources recycling	Proper waste management and reduction, recycling costs, etc.	—	1,315	Income 8	Reduction 5	
2) Up- or downstream operation		Change to pneumatic power fuel in the Narita district	—	1	—	—	
3) Management activities		ISO 14001 certification/maintenance and management, education, etc.	—	313	—	—	
4) Research and development		Development related to new tropospheric observation project	—	104	—	—	
5) Social activities		Hosting environmental forums, contribution to environmental action groups, supporting tropospheric observation aimed at analyzing global warming, etc.	—	18	—	—	
6) Environmental damage			—	—	—	—	
Grand total			507	10,372	8	19,371	

Note: GPU: Ground power unit, APU: Auxiliary power unit.

Glossary and Abbreviations regarding environmental report are available on our web site at: [www.jal.com/en/environmental/report/2004/term.html](http://www.jal.com/en/environmental/report/2004/term.html), and [www.jal.com/en/environmental/report/2004/ryakugo.html](http://www.jal.com/en/environmental/report/2004/ryakugo.html)

## Environmental Action Program on Priority Items for FY2004

priority items every year to act on. Below is a summary of the accomplishments in each category for FY2004.

To fulfill “Sky Eco [2010],” our mid- and long-term environmental action program, the JAL Group selects

### JAL Group Results for Priority Items for FY2004

Extent achieved ○: Achieved, △: Partially achieved, ×: Not achieved

Priority items	Summary of results	Extent achieved
(1) Promotion of environmental management		
A. Build environmental management systems	ISO 14001 certification: Repair and Overhaul Division—March 18, 2004, Aircraft Maintenance Business Division Haneda—February 8, 2005.	○
B. Environmental auditing	20 office audit at 6 trunk line airports against waste disposal.	○
C. Environmental accounting	Carried out environmental accounting of all Group airline companies, including JALJ and its affiliated airlines.	○
(2) Global warming Countermeasures		
A. Reduce CO <sub>2</sub> emissions from aircraft	By introducing new aircraft that consume fuel more efficiently, and other concrete fuel reduction measures, reduced CO <sub>2</sub> emissions per ATK in Group aircraft by 11.2% from FY1990 levels.	○
B. Reduce thermal and electric energy consumption	1) Achieved a reduction of 3.1% from the previous year in the Kanto area, our primary place of business, but posted an increase of 0.7% from the previous year in Japan as a whole. 2) Established an environmental data collection system on our intranet, allowing us to understand energy consumption of Group companies.	△
C. Promote use of GPUs	Used mobile GPUs to supply electric power to A300-600 aircraft parked in remote spots at Haneda airport, doubling GPU use from previous year.	○
(3) Prevention of air pollution		
A. Introduce low-pollution, low-emission vehicles	1) Improved air pollution reduction rate to 28% compared to 23% for the previous fiscal year for vehicles registered with the Land Transport Office and owned by Kanto area offices of JALJ and JALJ. 2) Established a system to understand the annual fuel consumption and travel distance of all the vehicles used by the Group. (See (2) B.2 above)	○
(4) Promotion of resource recycling		
A. Reduce waste and promote recycling	1) Recycled fabric from about 180 tons of uniforms. 2) Recycled 28 tons of sludge generated in the Haneda district into artificial lightweight aggregate cement. 3) Recycled 100% of paper collected through sorted collection. 4) Began a program of recycling unloaded newspapers at Haneda. Recycled an average of about 3.6 tons a month. Also began a system of collecting and recycling in-flight magazines at Narita.	○
B. Use resources efficiently	Reduced water consumption by 13% from previous fiscal year, to 695,000 tons.	○
C. Green purchasing	1) Promotion of green purchasing in passenger cabin, cargo, maintenance and other divisions was limited to notification of the promotion itself in Group purchasing guideline. 2) Goods given away to clients such as calendars, and envelopes for mailing shareholder communications are now made from recycled paper or planted tree paper. 3) Revised the criteria for purchasing stationery and office supplies and achieved a green purchase ratio of 74.3% for JALJ and JALJ.	△
(5) Management of chemicals	1) Registered 500 more MSDS cases; completed implementation of a unified MSDS management within the Group through the intranet and the integration of a management system for understanding the amount of chemical transfers. 2) Reduced the total use of PRTR Law-regulated chemicals by 20% and their emission by 42% from FY2001 levels.	○
(6) Environmental communication		
A. Publish an Environmental Report	Included views of flight crew and staff in charge of environment at the Maintenance Business Division Narita in the Environment Report. Also, introduced initiatives of Group companies such as AGP Corporation and Hotel Nikko Tokyo.	○
B. Utilize the internet	1) Enhanced Group environmental data and disclosed it by publishing Environment Report on the Web. 2) Announced 17 activities of the Group as featured articles.	○
C. Utilize the intranet	Conveyed the latest information by adding new content such as “Environmental Information,” “Guide to Symposiums,” “JAL Group Environmental Rating Appraisal” and “Entering and Viewing Environmental Data,” to share environment-related knowledge and information among Group employees.	○
D. Promote environmental education	Conducted lectures and training directed at management and newly appointed management personnel.	○
(7) Promotion of environmental social activities	1) Began supporting NGOs with international track records in natural environment protection. 2) Essentially completed development of new observation devices and began on-board experiments with an eye toward FY2006 commencement of the new Tropospheric Observation Project. 3) Cooperated in the Siberian forest fire prevention project reported 77 fire information in the concentrated observation period from May to July 2004.	○

Note: JALJ: Japan Airlines International Co., Ltd., JALJ: Japan Airlines Domestic Co., Ltd.

## Mid- and Long-term Environmental Action Program—Sky Eco [2010]

Having considered the direct and indirect effect our operations have on the environment, in October 2002 we

implemented “Sky Eco [2010],” our mid- and long-term program to reduce these effects. Under this program, we select priority items each year based on social trends and the progress we have made in implementing the program.

Sky Eco [2010]

Established Oct. 2002, revised March 2005

Items	Action programs
(1) Promotion of environmental management	
A. Build environmental management systems	Promote environmental management systems with the participation of Group companies.
B. Environmental auditing	Carry out environmental audits with the participation of Group companies in terms of performance, systems, and compliance.
C. Environmental accounting	Expand environmental accounting to cover major Group companies.
(2) Global warming Countermeasures	
A. Reduce CO <sub>2</sub> emissions from aircraft	By FY2010, reduce fuel consumption per ATK by 20% or more from FY 1990 levels, by introducing new, more fuel-efficient aircraft, and by efficient operation through use of CNS/ATM, etc. Increase the proportion of traffic volume (ATK) handled by new aircraft to 75% or more of all volume in FY2010 by strictly introducing new aircraft according to plan.
B. Reduce thermal and electric energy consumption	1) By FY2010, reduce thermal and electric energy consumption by 10% or more from FY2001 levels. 2) Study use of new energy sources such as natural energy and fuel cells.
C. Promote use of GPUs	Promote the use of GPUs instead of APUs.
(3) Prevention of air pollution	
A. Reduce aircraft emissions	Pursue adequate compliance with new aircraft emission standards.
B. Reduce vehicle emissions	1) Promote introduction of low-pollution (natural gas, electric, hybrid, etc.) and low emission vehicles to comply with various restrictions by law and ordinance, and to reduce air pollution. By FY2010, 80% or more of registered vehicles should be low-pollution. 2) Replace diesel vehicles with low emission vehicles.
(4) Promotion of resource recycling	
A. Reduce waste	1) By FY2010, achieve zero emission of industrial waste. (Zero emission: recycling ratio of 98% or more, final ratio of waste residue to waste generated of 1% or less) 2) By FY2010, reduce general office waste by 50% from FY2001 levels.
B. Promote recycling	1) Promote reuse and recycling (material, chemical, thermal) and implement result management based on recycling ratio. 2) Establish a mechanism for recycling plastic waste.
C. Use resources efficiently	By FY2010, reduce water consumption by 30% from FY2001 levels.
D. Green purchasing	1) Promote CSR purchasing in line with Group purchasing guidelines and JALI and JALJ purchasing regulations. 2) In accordance with JAL Group green purchasing regulations, promote green purchasing in various fields, including reviewing and selecting proper suppliers. 3) As a general rule, purchase green stationery and office supply items that have less environmental impact. Widen target areas for performance and establish strict standards for green products. Achieve a green purchasing ratio at JALI and JALJ of 50% (based on cost) for stationery and office supply costs by FY2005.
(5) Management of chemicals	1) Strengthen management by using the chemical total management system. 2) By FY2010, reduce the total use and emission of chemicals regulated by the PRTR law by 10% or more from FY2001 levels, without compromising flight safety.
(6) Environmental communication	
A. Publish a CSR Report	1) Disclose efficient, accurate and easy to understand information to our stakeholders from environmental, social and management angles. 2) Disclose environmental information by leveraging the character of CSR Reports and web site.
B. Utilize the internet	Capitalize on the internet to actively disclose environmental data and to communicate information about Group environmental activities.
C. Utilize the intranet	Capitalize on the intranet to share knowledge and information about the environment with Group employees.
D. Promote environmental education	Establish and promote an environmental education program for Group employees.
(7) Promotion of environmental social activities	Promote environmental social activities through the Tropospheric Observation Project, the Marunouchi Citizens' Environmental Forum, natural environmental conservation and other projects.
(8) Aircraft noise reduction	Pursue adequate compliance with new Chapter 4 requirements, and with various regulations of local airports.

Note: JALI: Japan Airlines International Co., Ltd.; JALJ: Japan Airlines Domestic Co., Ltd.

ATK: Available Ton Kilometers

CNS/ATM: Communication, Navigation, Surveillance/Air Traffic Management

## Environmental Protection Activities

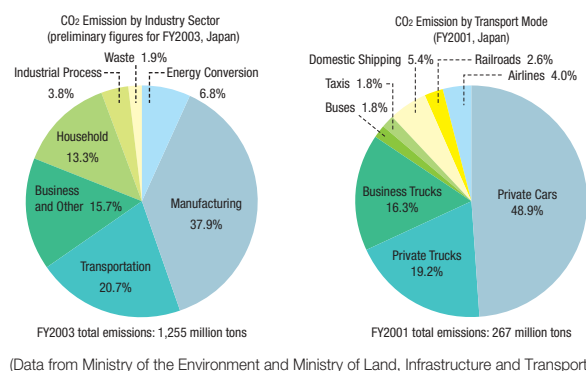
In the following, we report on the JAL Group's environmental protection activities including containment of greenhouse gases, the greatest environmental burden of the Group, as well as noise and air pollution, and emission or discharge of various kinds of waste. We will put even more effort into environmental protection, making sure we use valuable natural resources efficiently and carefully and keep the environment as clean as possible.

### Prevention of Global Warming

#### ◆ Relation between the Air Transport Business and Global Warming

Aircraft engines use fossil fuels. Greenhouse gases such as carbon dioxide (CO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and water vapor (H<sub>2</sub>O) are by-products of burning these fuels.

CO<sub>2</sub> accounts for the majority of the greenhouse gases that cause global warming. The amount of CO<sub>2</sub> emitted by commercial aircraft in Japan is estimated to be approximately 0.8% of total domestic CO<sub>2</sub> emissions. Worldwide, the estimate is 2–3% of the total amount.



#### ◆ Introduction of Fuel-Efficient Aircraft

The amount of CO<sub>2</sub> emitted by aircraft is about proportional to the amount of fuel consumed. Thanks to advanced aircraft technology, fuel efficiency has dramatically improved in the last few decades. The JAL Group continues to minimize fuel consumption by phasing in state-of-the-art fuel-efficient aircraft and accelerating the retirement of conventional aircraft.

#### ◆ Various Fuel-Saving Measures

The following measures are being taken mainly by the Flight Operations Division with the proviso that flight safety is of utmost importance. Among these, use of flight simulators saved 8,400 kiloliters of fuel in FY2004.

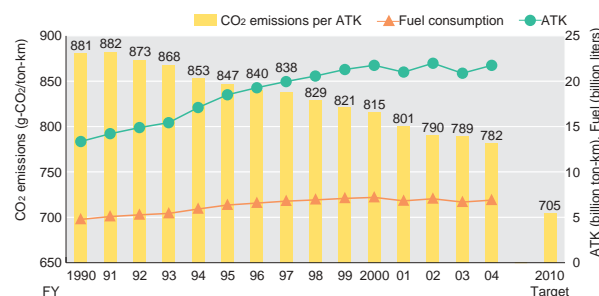
#### Fuel-Saving Measures

Division	Measures
Flight Operations	1 Use of improved cruise performance monitoring system (adopted in all aircraft from FY1994)
	2 Selection of optimal flight altitude, speed and route
	3 Use of auto-landing under low-visibility conditions
	4 Selection of shorter domestic routes, using Area Navigation System
	5 Operation of Communications, Navigation, Surveillance and Air Traffic Management (CNS/ATM)
	6 Optimal control of aircraft center of gravity (4% aft for less drag)
	7 Continuous use of flight simulators in place of aircraft in-flight crew training and screening
	8 Increased use of Ground Power Units (GPUs) for aircraft parked at airports
Others	1 Reduction of volume and weight of goods loaded (weight reduction of cabin service goods, and optimization of quantity of potable water)
	2 Simplification of logistics (local purchase of goods given out in-flight and cargo fittings)
	3 Fuel saving in aircraft maintenance through efficient engine testing
	4 Determination of optimum fuel load in the flight planning phase

#### ◆ Changes in CO<sub>2</sub> Emission from Aircraft

The graph below shows changes in estimated emissions per available ton kilometer (ATK) emitted by commercial operation of JAL Group aircraft, based on fuel consumption. The total CO<sub>2</sub> emissions in FY2004 were 17,008 thousand tons.

#### CO<sub>2</sub> Emissions per ATK



Notes: -For aircraft operated by: JALI, JALJ, JAA, JAZ, JTA, JEX, J-AIR, RAC, JAC, HAC, HLQ  
- ATK is calculated by using the greatest circle distance.

#### ◆ CO<sub>2</sub> Emissions per ATK of Freighters

CO<sub>2</sub> emissions per available ton kilometer (ATK) by commercial B747F and B747-400F freighter operations of the JAL Group are shown in the table below. As the



allowable load of freighters is greater, CO<sub>2</sub> emissions per ATK of a B747 freighter are smaller than those of a passenger aircraft of the same type.

(g-CO<sub>2</sub>/ton-km)

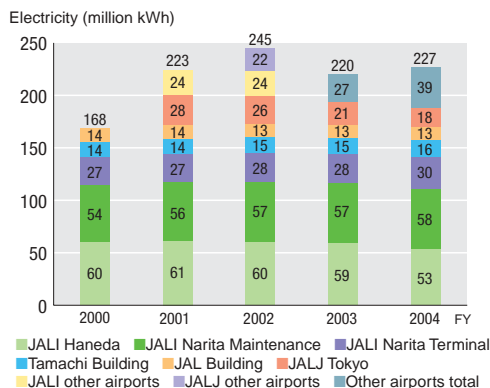
Aircraft	FY2002	FY2003	FY2004
B747F, B747-400F	542	550	537

### ◆ Saving Energy at Offices

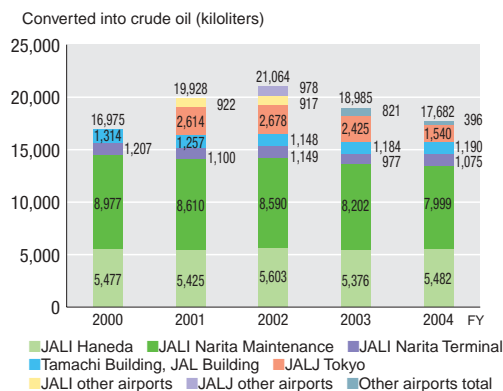
The yearly consumption of electricity, thermal energy and water in domestic offices for Japan Airlines International Co., Ltd. and Japan Airlines Domestic Co., Ltd. for the last 5 years is as shown in the following charts. Total consumption at domestic offices in FY2004 was as follows.

- Electricity: 227 million kWh (an increase of 3.2% from the previous fiscal year)
- Thermal energy (converted into crude oil): 17,682 kiloliters (a decrease of 9.3% from the previous fiscal year)
- Total electricity and thermal energy: 2,918 million MJ (an increase of 0.7% from the previous fiscal year)
- Water: 695 thousand cubic meters (a decrease of 13% from the previous fiscal year)

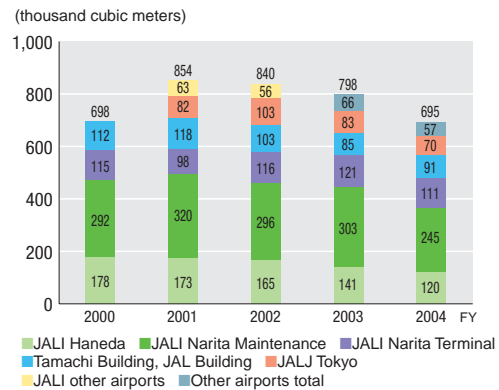
### Electricity Consumption



### Thermal Energy Consumption



### Water Consumption



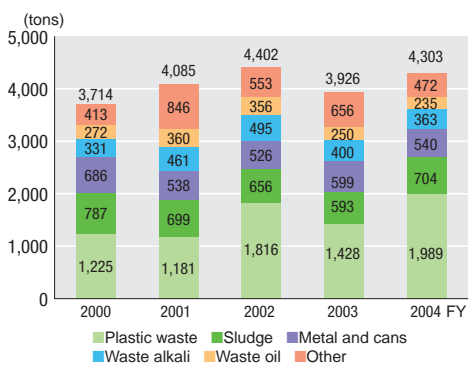
Note: Figures have been rounded off after the decimal point. As a result totals may not exactly add up.

## Waste Reduction and Recycling

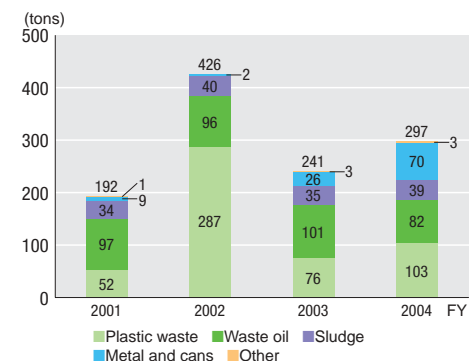
### ◆ Industrial Waste Emissions

Industrial waste emissions in the Tokyo area account for the great majority of waste produced by JAL Group airlines. The amounts are shown in the chart below.

Japan Airlines International Industrial Waste Emissions in the Tokyo Area



Japan Airlines Domestic Industrial Waste Emissions in the Tokyo Area



Note: Figures have been rounded off after the decimal point. As a result totals may not exactly add up.

### ◆ In-Flight Recycling Campaign

Since 1992, cabin attendants on inbound international flights to Narita and Kansai airports have sorted and collected aluminum cans in specially designated bags for delivery to recyclers. This activity has the nickname “Alumi-Can Dream.”



“Alumi-Can Dream” activities

In FY2004, an average of 2.91 and 1.98 tons of cans a month were collected on Narita and Kansai flights, respectively.

Also, on inbound international flights to Narita airport and inbound flights to Haneda airport, cabin attendants sort and collect used newspapers for recycling. In FY2004, a monthly average of 4.59 tons was collected at Narita, and 3.59 tons at Haneda.

### ◆ Recycling of Polyethylene Sheets for Cargo Packing

Polyethylene sheets used to protect cargo from water and dust are collected at both Narita and Kansai airports and recycled (1,415 tons in FY2004). The collected sheets are recycled by contractors into wheel chocks, boundary stakes, and gardening supplies.



Polyethylene sheet used for cargo packing

Styrofoam packing material used to be incinerated. In FY2004, we began to chemically reduce the volume within the Group in order to reduce transportation costs, and to recycle it. We expect to reduce waste by 40–50 tons a year through this effort.

### ◆ Recycling Uniforms

In the past, uniforms were disposed of by incineration for security reasons. As new uniforms were adopted in April 2004, we began recycling old uniforms into noise and heat insulation materials for automobiles. We recycled about 180 tons of uniforms in FY2004.

## Noise Reduction

### ◆ Noise Standards

Airlines from member countries of the ICAO (International Civil Aviation Organization), including Japan, operate their aircraft in accordance with ICAO aircraft noise standards. The Japanese Civil Aeronautics Law has also established

noise standards. All aircraft are inspected for compliance with these standards as part of airworthiness certification on delivery.

### ◆ Adoption of Noise Reduction Flight Operational Measures

In 1975, the Committee on Promotion of Noise Reduction Flight Operational Measures was established jointly by the government authorities and airlines. Based on its studies, we introduced noise reduction flight operation measures. With the proviso that flight safety is of utmost importance, we carried out improvements in such areas as flight operation (technical measures), noise reduction flight operational measures (described below), and compliance with airport operation hours. These measures are being constantly improved to reduce noise levels in airport surrounding areas.

#### Noise Reduction Flight Operational Measures

Operational Measure	Procedure	Effect
At takeoff		
Steepest climb	After reaching a certain altitude, climb at maximum climb angle while maintaining normal climb power.	Very effective
Thrust cutback climb	After reaching a certain altitude, reduce thrust to a lower noise level over noise sensitive areas, and reapply thrust and make a normal climb after passing over those areas.	5 to 10 dB (A) reduction for B737s
At landing		
Reduced flap setting	Landing is made with a shallow flap angle, used only where there is sufficient runway length. Ground noise level is reduced in proportion to thrust decrease due to reduction of aerodynamic drag.	2 to 3 dB (A) reduction
Delayed flap approach	Delay timing of flap extension. Effect similar to the reduced flap setting procedure.	2 to 3 dB (A) reduction

## Prevention of Air and Water Pollution

### ◆ Aircraft Engine Emission Regulation

Aircraft engines emit several air pollutants such as CO (carbon monoxide), SOx (sulfur oxides), HC (hydrocarbons) and NOx (nitrogen oxides).

ICAO (International Civil Aviation Organization) regulates four substances, HC, CO, NOx and soot, that are emitted from aircraft engines through its Emission Certification System and Fuel Emission Certification System.

In Japan, engine emission standards for acquiring aircraft airworthiness certification are established according to the Civil Aeronautics Law (amended in October 1997).

In phasing in new types of aircraft, the JAL Group promotes the selection of low-emission aircraft engines.

#### ◆ Adoption of Unpainted Aircraft

We have operated one aircraft with no paint applied to its exterior as a freighter since 1992. This was done to reduce the volume of paint used on the aircraft's surface, which amounts to approximately 150 kg per aircraft, and also helps to obviate the need for paint remover. However, periodic polishing and destaining of the aluminum surface is required, to prevent corrosion.



No problem has been found with unpainted aircraft in actual commercial operation over an extended period, and its environmental impact is small thanks to fuel-saving. Accordingly, the company has decided to deploy additional unpainted freighters, as surface destaining is easier with these than with passenger aircraft as there are no cabin windows. In FY2004, two B747-400F unpainted freighters were added to the fleet.

#### ◆ Spraying Anti-ice and De-icing Fluid on Aircraft

The amount of fluid (principal ingredient: propylene glycol) used for removing snow and ice from aircraft during the winter varies depending on the amount and quality of snow and frequency of removal. Propylene glycol is also used as a food additive, as a thickener. It must be handled carefully, for when it flows into public water such as lakes and rivers, it leads to eutrophication (nutrient pollution).

Anti-ice and De-icing Fluid Usage unit: kiloliters

Airport	FY2002	FY2003	FY2004
Narita	135	63	120
Haneda	69	78	141
Other domestic airports	1,427	2,044	1,918
Total	1,631	2,185	2,179

#### ◆ Management of Chemicals

In maintaining safe aircraft operations, the JAL Group uses over 2,400 chemicals in aircraft materials, paints, hydraulic oil, etc.

Through information exchange with aircraft maintenance contractors and manufacturers, we are striving to incorporate alternative products that are even more environment-friendly. In FY2004 the JAL Group as a whole reduced use of substances regulated by the PRTR law by 20% and their emission by 42% compared to FY2001 levels.

#### Principal Class 1 Chemicals Regulated by the PRTR Law Used and Emitted by the JAL Group

Chemicals Regulated by PRTR	Application
Xylene	Paint, cleaning
Hexavalent chromium compound	Paint, plating
Toluene	Paint, cleaning
Phosphoric acid tri-n-butyl	Hydraulic oil
Cadmium and compounds	Plating
Dichloro-methane	Paint remover
Trichloroethylene	Degreased cleaning

### Green Procurement

Having adopted green purchasing as one of its Environmental Action Guidelines, the JAL Group purchases and procures environmentally friendly goods. We aim to carry out green purchasing of everything from aircraft to pens, broadening the scope step by step.

#### ◆ Using Recycled and Planted Tree Paper for Printed Materials

The JAL Group prints over two million calendars every year as promotional items. As of 2005, we are using recycled paper and paper made from planted trees, rather than standard paper for the calendars and the envelopes we mail them in. Since FY2004, we have also used recycled paper for publications such as "COMMUNITY JAL" and their envelopes, which we send to our over 300,000 shareholders.

#### ◆ Stationery and Office Supplies

Japan Airlines International has been carrying out full-scale green purchasing of stationery and office supplies since FY2001. In FY2003, this has been extended to Japan Airlines Corporation and Japan Airlines Domestic.

In FY2004, we began promoting awareness of the importance of green procurement by explaining in our training program how to give priority to green products when making stationery and office supplies purchases using the electronic purchasing system.

The electronic purchasing system implemented in FY2005 has allowed easy selection of environmentally-friendly products, thus expanding green purchasing within the Group.

## Environmental Social Activities

### Tropospheric Observations

To help unravel the global warming mechanism, Japan Airlines International Co., Ltd. and JAL Foundation set up a joint project with the Meteorological Agency Research Institute, supported by the Ministry of Land, Infrastructure, and Transport, to observe greenhouse gases. The concentration of greenhouse gases in the troposphere is periodically observed using automatic air samplers installed on our aircraft flying regular international routes. The project, started in April 1993, still carries out observations twice a month, and by the end of March 2005 had made a total of 262 observations.

#### Summary:

Route: Brisbane to Narita

Altitude: 9,000–13,000 meters

Aircraft: Boeing 747–200

Observation Results:

- CO<sub>2</sub> generated at the surface is carried into the troposphere by air convection.
- CO<sub>2</sub> generated mainly in the mid-latitudes in the northern hemisphere moves to the southern hemisphere.

For more details, please see the JAL Foundation web site.

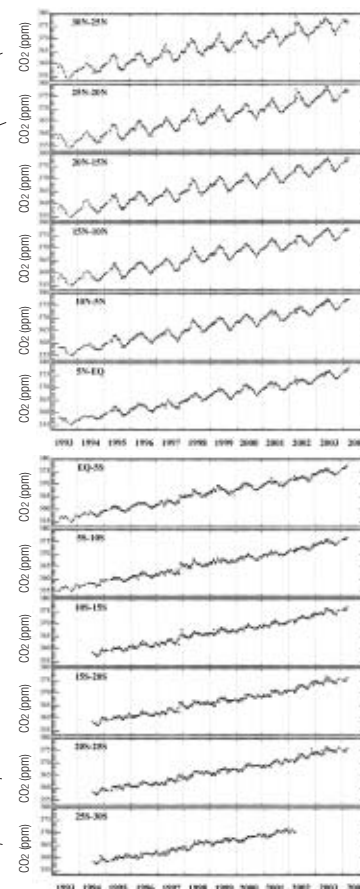
<http://www.jal-foundation.or.jp>

Observation route and points

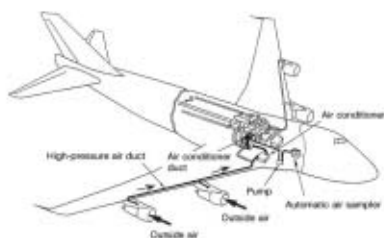


●: Observation points

Changes in CO<sub>2</sub> concentration over time



At all latitudes, the concentration of CO<sub>2</sub> is constantly and steadily increasing. Seasonal variations during single years exist because CO<sub>2</sub> in the atmosphere is absorbed in the summer as a result of photosynthesis by plants on the surface, while plants wither and rot in the winter, discharging CO<sub>2</sub>. Seasonal variation is more conspicuous in the northern hemisphere due to the higher percentage of land area than in the southern hemisphere.



Flow diagram of sampled air



### ◆ New Tropospheric Observation Project

Both aircraft used for the observations are scheduled for retirement around 2006. We are taking this opportunity to start a new Tropospheric Observation Project. Under the new project, we will develop automatic equipment to continuously observe CO<sub>2</sub>, and update the flask sampling equipment, which is currently used for atmospheric observations.

This project aims to set a world standard for monitoring greenhouse gases using civil aircraft. Therefore, it is a vast project going far beyond the existing framework, and we decided to carry it out as a cooperative project between industry and academia, with the acknowledgement of related ministries and agencies. The development of the measuring equipment and the modifications to the aircraft used for the project will be conducted using special coordination funds for promoting science and technology allocated by the Ministry of Education, Culture, Sports, Science and Technology.

Under the plan, the development work will be finished by the end of FY2005. At the beginning of FY2006, the automatic equipment to continuously observe CO<sub>2</sub> will be installed on five JAL Group airplanes, with the flask sampling equipment on two of these.



Automatic equipment for continuous observance of CO<sub>2</sub> under development

### Comparison of the New and Old Measuring Systems

Item	Current Tropospheric Observation	New Tropospheric Observation
Observation structure	<ul style="list-style-type: none"> <li>- JAL Foundation</li> <li>- Japan Airlines International Co., Ltd.</li> <li>- Meteorological Research Institute, Japan Meteorological Agency</li> </ul>	<ul style="list-style-type: none"> <li>- JAL Foundation</li> <li>- Tohoku University</li> <li>- National Institute for Environmental Studies</li> <li>- Japan Aerospace Exploration Agency (JAXA)</li> <li>- Meteorological Research Institute, Japan Meteorological Agency</li> <li>- Japan Airlines International Co., Ltd.</li> <li>- JAMCO Corporation</li> </ul>
Observation method/ number of aircraft	<ul style="list-style-type: none"> <li>- Flask sampling (12 points)/2 aircraft</li> </ul>	<ul style="list-style-type: none"> <li>- Flask sampling (12 points)/2 aircraft</li> <li>- Automatic equipment to continuously observe CO<sub>2</sub>/(5 aircraft + 1 JAXA aircraft)</li> </ul>
Observed substances	<ul style="list-style-type: none"> <li>- CO<sub>2</sub></li> <li>- CH<sub>4</sub></li> <li>- CO</li> </ul>	<ul style="list-style-type: none"> <li>- CO<sub>2</sub> (continuous data)</li> <li>- CH<sub>4</sub></li> <li>- CO</li> <li>- N<sub>2</sub>O</li> <li>- H<sub>2</sub></li> <li>- SF<sub>6</sub> etc.</li> </ul>

### Siberian Forest Fire Reporting

Forests are believed to absorb carbon dioxide and thus put a brake on global warming. However, frequent large-scale fires in Siberia in recent years have resulted in an increase of carbon dioxide emissions, melting of the permafrost and release of methane gas. As a result, there are fears that global warming will proceed further.

The Boreal Forest Fire Control Initiative Project, centered at Hokkaido University and consisting of the University of Alaska, Tokyo University, Seoul National University, Korea Aerospace Research Institute, and the Russian Academy of Science, conducts research using satellites for the early detection and prevention of the spread of fires.

In April 2003, following a request from Professor Masami Fukuda of Hokkaido University for the provision of forest fire information from scheduled flights over Siberia, the JAL Group decided to cooperate with this project, placing the Flight Operations Division at the center of this effort for the prevention of global warming.

During the summer observation period between May and July 2004 (the second year of cooperation), JAL made 77 reports. We are continuing our cooperation in FY2005.

## Environmental Communications

The JAL Group uses every opportunity to enhance communication in order to widely disseminate our initiatives on environmental protection to the public, and to receive valuable feedback that we use to make our environmental activities more effective. To encourage each and every JAL Group employee to work proactively on environmental protection, we are committed to environmental education and awareness raising through various training programs, distributing the “We Are Residents of the Earth” leaflet to all employees in Environment Month and on other occasions.

### Disseminating Environmental Information to Customers

#### ◆ Environment-related web site

We release the latest information on the environmental activities of the JAL Group and our environmental reports on the JAL web site.



Web site	Address
JAL and the Environment (English version)	<a href="http://www.jal.com/en/environment/">http://www.jal.com/en/environment/</a>
JAL TV-Company Information (Japanese version)	<a href="http://www.jal.co.jp/broadband/">http://www.jal.co.jp/broadband/</a>

#### ◆ Participation and Presentations at Symposiums and Exhibitions

As part of our dissemination of information to our customers in FY2004, we participated in such events as the Chiba Symposium 2004 for Environmental Education and Environmental Protection, and the 29th Energy and Environment Exhibition (ENEX2005). We made presentations on our activities and contributed exhibits. Responding to requests from junior high schools and vocational colleges, we explained our environmental activities to the students who visited our office.

### JAL Group In-house Environmental Education and Awareness

#### ◆ Environmental Education Program

Environmental education is carried out within the JAL Group with emphasis on education of new employees, departmental education, and education at sites that have acquired ISO certification.

We are now preparing to use our intranet and electronic media to conduct education throughout the JAL Group.

#### ◆ Environmental Seminars for Group Officers

We held a lecture on environmental management for JAL Group officers in February 2005. Titled “Environmental Problems and Business Operations in the 21st Century,” it was given by an outside lecturer (a chief inspector at the certification organization). It was the first time we conducted an environmental seminar for officers. We plan to hold more of these in the future.



### Activities with Other Organizations

We participate as a member in the following organizations.

1	Environment Safety Committee of the Japanese Business Federation (Keidanren)
2	Environmental Special Committee of the Japan Federation of Freight Industries
3	Subcommittee on Environmental Measures of the Society of Japanese Aerospace Companies Inc.
4	Committee for Atmospheric Environment of the Airport Environment Improvement Foundation
5	Environmental Subcommittee of the Scheduled Airlines Association of Japan
6	Environmental Task Force (ENTAF) of the International Air Transport Association (IATA)
7	Environmental Working Group (EWG) of the Association of Asia Pacific Airlines (AAPA)
8	Committee on Aviation Environmental Protection (CAEP) Working Group 5 (Market-Based Options for Emissions Reduction) and Steering Group of International Civil Aviation Organization (ICAO) (cooperation with the Japanese government, which is a member)

#### ◆ Freight Industry Environmental Grand Prix

In June 2004, Japan Airlines International Co., Ltd. was awarded the Freight Industry Environmental Grand Prix by the Japan Federation of Freight Industries. The prize was awarded for “comprehensive, multidisciplinary promotion of environmental activity.” We were recognized for being an early adopter of Group-wide comprehensive environmental initiatives in the air transport industry; and for having worked to minimize our impact on the environment not only in air transport operations, but also in our day-to-day business.



# Feedback from Society Concerning JAL Group's CSR Activities

To ensure that the JAL Group's CSR activities are more meaningful, we must lend our ears to outside opinions and objective evaluations, and incorporate these into our operations on an ongoing basis. Below, we give a brief outline of the First Citizens' Conversation Forum, which is one way we get such feedback, and of the 2004 Sustainable Management Rating.

## The First Citizens' Conversation Forum—Environmental and Social Activities and JAL

On May 13, 2005, we held the First Citizens' Conversation Forum—Environmental and Social Activities and JAL. In attendance were about 40 people from the environmental and social activities divisions of organizations and businesses we cooperate with.

### ◆ Maintenance Factory Tour, Initiatives for ISO 14001

After the tour of Haneda aircraft maintenance facility, a factory officer explained our initiatives for environmental management, including quality management based on acquiring ISO 14001 certification.

### ◆ Flight Crew Initiatives for Reducing CO<sub>2</sub> Emissions



One of our chief pilots reported on initiatives for reducing CO<sub>2</sub> emissions during the flight.

### ◆ JAL Group Environmental Initiatives

A representative of the JAL Environmental Affairs talked about our environmental initiatives. To the question, "Can you reduce the total amount of CO<sub>2</sub> emissions?," we answered that fuel consumption has not increased while traffic volume has increased, and that we are working at using fuel more efficiently through measures such as replacing aircraft with better fuel-efficiency models.

### ◆ Niigata Chuetsu Earthquake Volunteer Participation

A cabin crew member who responded to the Japanese Business Federation's calls for assistance at the Niigata Chuetsu Earthquake site, talked about her experiences of volunteer activities in Niigata.

### ◆ JAL Group Social Activity Initiatives

A public relations manager gave a talk on our social activity initiatives, including rescue support operations after the Niigata Chuetsu and Sumatra earthquakes and

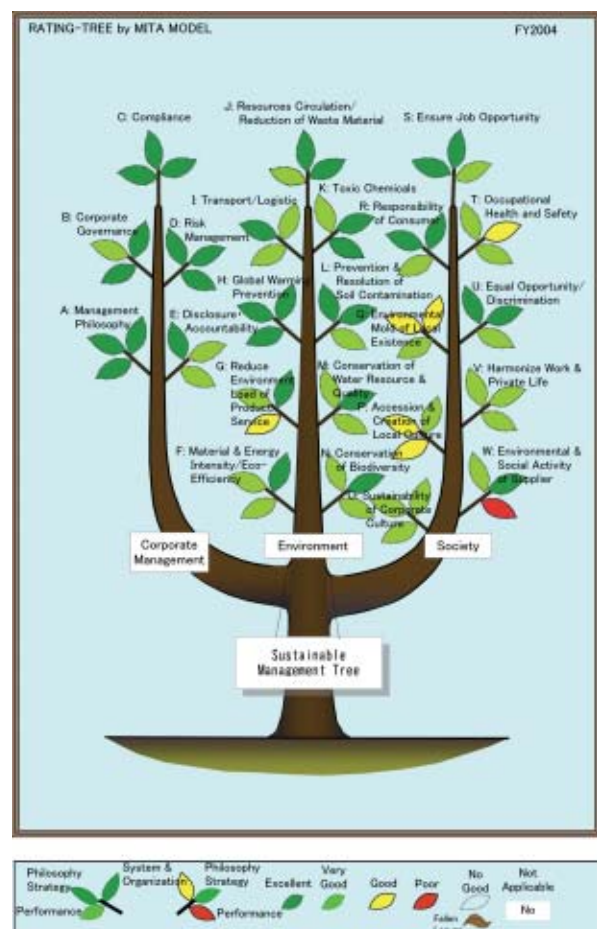
nature conservation activity, where we started to cooperate with the World Wildlife Fund (WWF) this year.

To the question, "In addition to humanitarian aid, do you have any initiatives toward building a sustainable society?," he replied that we hope to address this through awareness programs and other measures.

We will incorporate the attendees' opinions into our approach to environmental and social activities.

## Participation in Sustainable Management Rating

To have the JAL Group's CSR initiatives evaluated objectively, and as a good opportunity to review our activities, we participated in the 2004 Sustainable Management Rating promoted by the Sustainable Management Rating Institute. By preparing for evaluation and from the evaluation results, we came to understand the relative level of the JAL Group's CSR initiatives within industry. We will work to further improve the CSR initiatives of the entire Group by using these results in our plans for FY2005 and in the future.



# Third-party Opinion

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“Corporate Policy of the JAL Group” is reproduced at the beginning of this report. The CEO clearly declares: “The practice of our corporate policy must be the core of our CSR. This is our primary challenge. We must struggle, doing whatever it takes to succeed. ”

I would like to discuss, from a “PDCA” perspective, the following three things the JAL Group should be able to establish by conscientiously implementing the Corporate Policy as stated in the declaration. “PDCA” means that the Corporate Policy is expressed so that it is easy to understand (Plan), practiced responsibly (Do), evaluated with integrity by the stakeholders (Check), and reviewed and updated (Act).

1. Trust: Be a business that is trusted through delivering honest and highly transparent business practices.
2. Respect: Be a business that is respected by society (by a diversity of stakeholders).
3. Pride: Be a company that people are proud to work for.

## 1. Is the company trusted?

This report was prepared amidst unprecedented turmoil for the firm. The Minister of Land, Infrastructure and Transport had issued a Business Improvement Order Concerning the Ensuring of Safety for Air Transport to the Company (March 2005). The result is a heartfelt report. The Company earnestly reviewed its policy starting with the basics (Act); it established concrete implementation objectives (Plan); and reported on the implementation plan (Do). Fundamentally, CSR activity must begin by reviewing and reaffirming the Corporate Policy. I can say that this is a worthy document that squarely addressed the issue of CSR.

“Statement from the JAL Group CEO” begins with an apology for the series of safety problems that occurred,

asserts the Company’s resolve to implement its Corporate Policy that is based on flight safety, and commits to it. The text, entitled “Resolution on Flight Safety,” details and does not hide the facts about the incidents that led to the issuance of the business improvement order, analyzes the causes and background, expresses regret and explains the reform of business operations (Plan) based on all of these. The most important agenda for becoming a trusted business is to execute this plan responsibly (Do) and to evaluate it with integrity (Check).

## 2. Is the company respected?

“Our Stakeholders” discusses the initiatives taken to become a business that is respected. It reflects an emphasis on dialogue by showing customer input and improvements implemented based on them; it also includes feedback from employees who use company benefits. “Society” and “Environmental Report” have rich content. I got from them a sense of the history and breadth of the JAL Group’s social and environmental activities both domestically and abroad. There are limits to the amount of information that a report can hold. This report helps the reader by including Web addresses where the reader can learn more about specific topics.

To become a respected business, it is important to carefully prioritize the “Plans” and “Dos” in regard to each stakeholder, and it is equally important to “Check” results from stakeholders’ points of view, by standing in their shoes and being more aware of their needs than before.

## 3. Is it a company with pride?

As stated in this report, “Employees are company’s most directly involved stakeholders. Their ties to the company are very strong.” Employees are the ones who put



Corporate Policy into practice. To meet CSR obligations, it is crucial to create a workspace where each and every employee adheres to the policy and can work with pride. To do this, it is important to know what the employees really think about what needs to be done and how they evaluate the actual plans, and then it is important to respond to them.

It is easy to evaluate such measures as top management personally going to work sites and talking with employees and constantly hearing their opinions. We can also see that specific opinions are in the report. But I have questions on whether the diverse workers of the JAL Group share an awareness of CSR, that is, of the concreteness and practicability of “Plan” and “Do.” I believe there needs to be a commitment from the middle management to assume specific roles in promoting CSR, and for a personnel evaluation system that emphasizes CSR. To become a workplace employees can be proud of, it is important to create an open corporate culture where all employees, not just some, can practice the Corporate Policy with confidence.

We can say that this document is a CSR Report that reevaluates the JAL Group Corporate Policy and makes the required actions explicit, and that its content is comprehensive and honest. However, I would like to make two suggestions to help get the most out of it.

First, the CSR Report’s commitment is not just to shareholders, but to all stakeholders. This commitment should be reinforced by disseminating the Group CSR to the employees of the entire Group. These are the people who have contact with the stakeholders day in and day out.

Second, the company should be aware that this report was created in urgent circumstances, and that it can only be truly evaluated after the “Checks” and “Acts”

pertaining to the “Dos” are honestly reported in next year’s report.

I am looking forward to seeing the JAL Group, based on its Corporate Policy, achieve the type of CSR goals that only it can achieve, and to continue to be a trusted, respected business group that is full of pride.



**Ms. One Akiyama**  
**Integrex Inc.**  
**President**

Ms. Akiyama is a co-founder and President of Integrex Inc., an independent research company specializing in Socially Responsible Investment. Prior to that, she worked as a foreign bond trader for US investment banks. She received a BA in Economics from Keio University in 1983 and a MS in Finance from Aoyama Gakuin University in 1998. She is a member of the Study Group on Corporate Management and Reporting, the Ministry of Economy, Trade and Industry (METI); Member of the TSE-Listed Company Award Committee; and Board Director of Social Investment Forum Japan (SIF-Japan).

**Publications:** *What is Socially Responsible Investment?* ; published by Japan Productivity Center for Socio-Economic Development; and co-authored *Basics of Socially Responsible Investment*; Iwanami Active Shinsho

# Participation in the UN Global Compact

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The JAL Group has participated in the United Nations' Global Compact since December of 2004.

Kofi Annan called for the Global Compact in January 1999. Officially inaugurated in July 2000, the Global Compact calls for businesses to implement ten principles in the areas of human rights, labour, the environment and anti-corruption.

The JAL Group will use its participation in the Global Compact as an opportunity to more thoroughly entrench corporate responsibility in our day-to-day operations.

## The Ten Principles

### Human Rights

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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 Standards

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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

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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

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Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

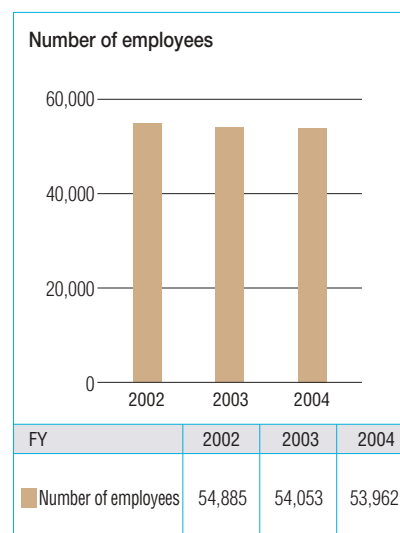
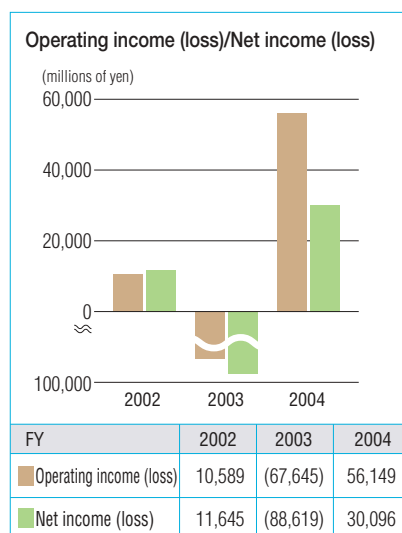
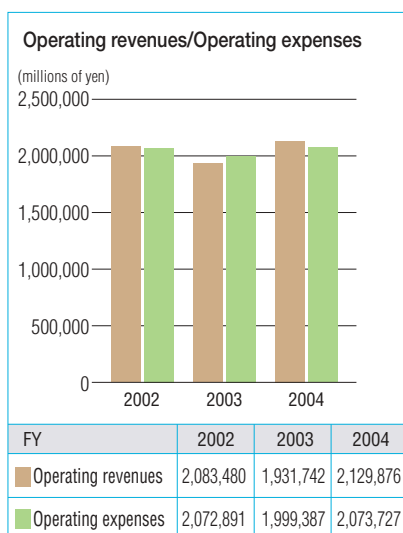


In December 2004, after the JAL Group entered into the Global Compact, United Nations Information Centre, Tokyo, General Manager Akio Nomura (left) spoke with former JAL Chairman Isao Kaneko (right).

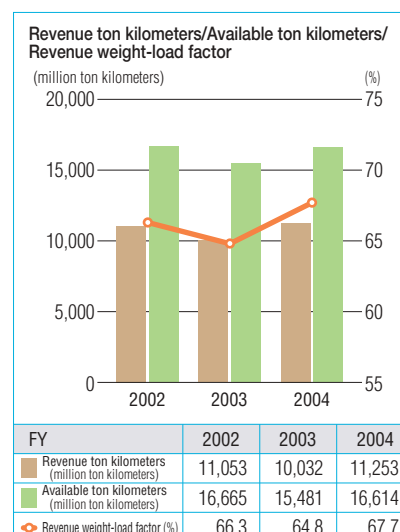
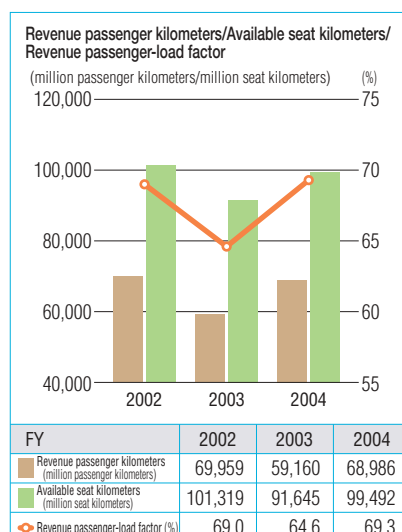
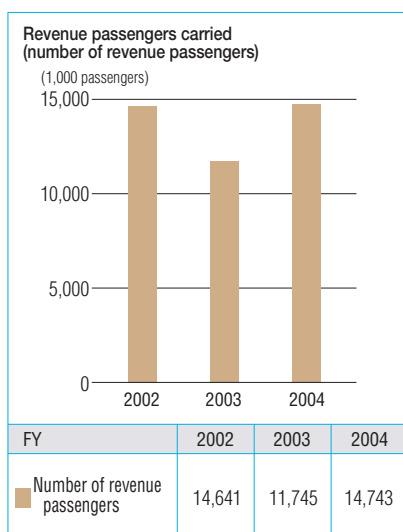
Nomura: "Both our New York headquarters and Global Compact office are excited that the JAL Group has joined the Global Compact (GC). You are the first Japanese airline to do so."

Kaneko: "Approximately 60 million people use our services every year. We feel that one of our strengths is that we have contact with customers from many countries at many locations: in flight, at airports and elsewhere. We hope we can make distinctive contributions to GC initiatives."

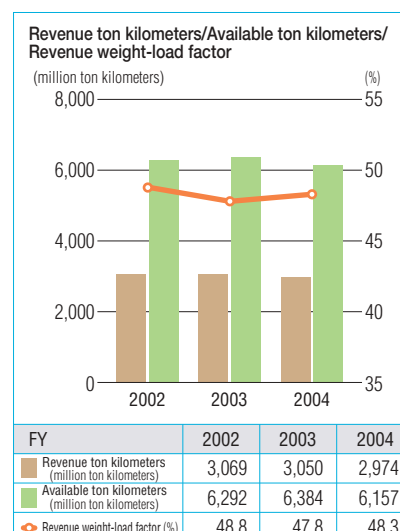
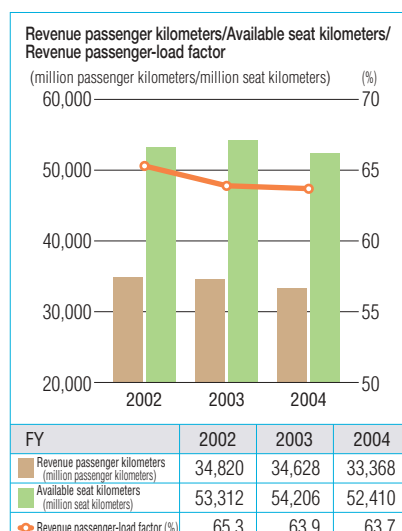
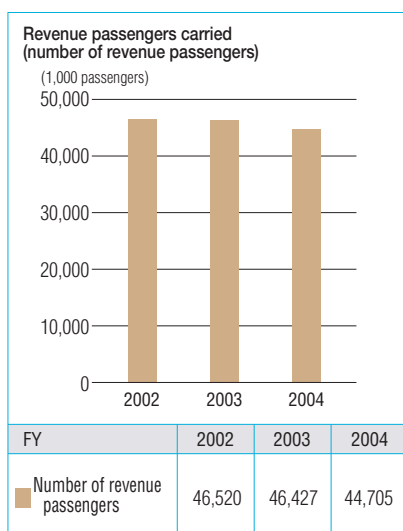
# Operating Results and Traffic Statistics



## Traffic Statistics International



## Traffic Statistics Domestic





JAL participates in Team -6% with our Eco-Sky project.



Let's stop global warming together

Team -6%

