We maintain an awareness that our corporate group is a member of society at large with the duty to fulfill our corporate social responsibility and contribute to society as we develop our business, in addition to fulfilling our financial responsibility of earning adequate profits by providing high quality products through fair competition while maintaining flight safety, which is the core of our business, and providing the finest service to our customers.

Taking this into account, we have established JAL Philosophy in accordance with the JAL Group Corporate Policy, "JAL Group will pursue the material and intellectual growth of all our employees, deliver unparalleled service to our customers, and increase corporate value and contribute to the betterment of society." We will strive to increase corporate value and achieve accountability by establishing a corporate governance structure that results in high management transparency and strong management monitoring, while at the same time engaging in speedy and appropriate management decision making.

The Board of Directors has established corporate governance by adopting the Fundamental Policies of Corporate Governance as a key set of rules subsequent to the Companies Act, relevant laws and regulations and the Articles of Incorporation, and reviews it at least once a year. The directors aim to realize our Corporate Policy by putting JAL Philosophy into practice, and report the progress of implementation of JAL Philosophy at Board of Directors meetings.

【Strengthened Supervision and Checks on Executive Management】

(1) Board of Directors

In order to separate the management monitoring function and business execution function, the Director, Chairman takes the chair at Board of Directors meetings and an appropriate number of two or more external directors with a high level of independence are appointed.

In addition, in order to carry out efficient decision making, the Board of Directors may delegate decision making concerning matters set forth in the Administrative Authority Criteria Table to the Managing Executive Officers Committee, which is comprised of directors and managing executive officers or higher executive officers, pursuant to Regulations for Kessai and Administrative Authority approved by the Board of Directors. Amendment to and abolishment of Managing Executive Officers Committee Regulations are decided by the Board of Directors.
(2) Directors and Corporate Auditors

In order to promote transparent and fair corporate activities and establish corporate governance, the management monitoring function is strengthened through the appointment of an appropriate number of two or more external directors and half the number or more corporate auditors.

Legal considerations are explained to directors to ensure that they are aware of the duties of directors, including the "fiduciary duty of loyalty" and the "duty of care of a prudent manager." Moreover, the term of office of directors is one year in order to confirm their accountability for each fiscal year.

In order to ensure diversity, external directors with vast knowledge and experience in various fields are appointed. In addition, in order to ensure independence, individuals who are not substantially independent under the Company's Independence Standards of External Directors are not appointed as external directors.

Corporate auditors monitor important matters concerning corporate management and business operations and the execution of duties by reviewing important Ringi (internal approval process) documents, as well as participating in Board of Directors meetings and other important meetings.

External corporate auditors are appointed from persons with vast knowledge and experience in various fields. Individuals who are not substantially independent under the Company's Independence Standards of External Directors are not appointed as external corporate auditors. External corporate auditors, together with other corporate auditors, coordinate with the internal audit department and accounting auditors to ensure sound management by conducting audits from a neutral and objective standpoint.

Furthermore, corporate auditors, together with staff members of the corporate auditors' office, carry out an annual audit of each business location, subsidiary and affiliated company and report the results to the Representative Directors. Corporate auditors also share information with the audit department and corporate auditor, hold meetings several times a year with the full-time corporate auditors of subsidiaries to ensure and enhance auditing of JAL Group.

(3) Independence standards for external officers

We have established the following standards to determine independence of external officers of the Company in order to establish a high corporate governance structure that results in high management transparency and strong management monitoring and increased corporate value. (Basically individuals who do not correspond to any of the following items are determined to be independent.)
【Management Transparency and Information Disclosure】

1. Nominating Committee

When submitting a proposal to the general meeting of shareholders concerning the appointment of candidates to the positions of director and corporate auditor, the Board of Directors consults the Nominating Committee in order to make a comprehensive judgment of the personality, knowledge, ability, experience and performance of a candidate, and takes into account the Nominating Committee's report on such matters before passing any resolutions. The Nominating Committee is led by a chairman elected through a mutual vote among no more than five committee members comprising the President and directors appointed with the approval of the Board of Directors. The majority of directors in this committee (other than the President) are external directors.

Independence Standards of External Officers

1. An individual who has executed business (Note) of JAL and JAL Group consolidated subsidiaries at present or in the past ten years.

2. An individual who corresponded to the any of the items a ～ f in the past three years
   a. A business counterpart or a person who executed business of such business counterpart, whose transactions with the Company for one business year exceeded 1% of consolidated revenue of the Company or the business counterpart
   b. A major shareholder or a person executing business of such shareholder having an equity ratio of 5% or more in the Company
   c. A major lender of borrowings of the Company or a person executing business of such lender.
   d. An individual receiving contributions of over 10 million yen a year from the Company or a person belonging to an organization receiving such contributions
   e. An individual receiving remuneration of over 10 million yen excluding director’s remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
   f. In case a person executing business of the Company is assigned as external director of another company, the person executing business of such other company.

3. The spouse or relative within second degree of kinship of individuals corresponding to 1 and 2.

(Note) A person executing business refers to an executive director or executive officer.
2. Compensation Committee

When submitting a proposal to the general meeting of shareholders concerning the total amount of compensation for directors and corporate auditors, setting compensation amounts within the limits approved at the general meeting of shareholders and setting compensation amounts for executive officers, the Board of Directors ensures transparency and fairness in the decision making process by consulting the Compensation Committee, which is comprised of two or more external directors and the President, and taking into account the Compensation Committee's report on such matters before passing any resolutions.

3. Personnel Committee

When appointing or discharging an executive officer, the Board of Directors consults the Personnel Committee and takes into account the Personnel Committee's report on such matters before passing any resolutions. The Personnel Committee is comprised of a maximum of five members, including the President and other directors appointed by approval of the Board of Directors. The majority of directors in this committee (other than the President) are external directors.

4. Officers Disciplinary Committee

Decisions concerning disciplinary action against directors and executive officers are made by the Officers Disciplinary Committee. The Officers Disciplinary Committee is composed of not more than five members, including the President and other directors appointed at a Board of Directors meeting. 'Other directors' consist of a majority of external directors. Any submission of proposals to the general meeting of shareholders concerning the removal of directors requires the approval of the Board of Directors.

5. Information Disclosure

To enable our stakeholders including the customers to easily access JAL Group’s corporate stance, the Fundamental Policies of Corporate Governance is made publicly available at all times.

【JAL Philosophy Education】

The Representative Director, President conducts JAL Philosophy Education for JAL Group directors, including the President, and employees in order to penetrate JAL Philosophy into JAL Group.

Appendix : The Board of Directors decided this Fundamental Policies on APR 30, 2015 and this shall take effect on May 01, 2015.