

## A safe and secure society and a sustainable future created by diverse human resources

Originally, air transportation developed with **a spirit of challenge** to open uncharted routes. Given the major unprecedented changes in the business environment, now is the time to apply the spirit of challenge we inherited from our predecessors and the strengths we have developed over the years, that is, our human resource base, customer base and financial base. In particular, our human resources are our greatest assets. Our **diverse workforce, including the young generation of the future and female employees**, will drive initiatives toward “JAL Vision 2030.” Even amidst large-scale flight reductions and suspensions due to the pandemic, we saw every one of our 36,000 employees voluntarily do “what we can do now,” which reaffirmed my belief in the underlying strength of our human resources.

With this strength, I am confident that we can take the lead in finding solutions to social issues and promoting reforms, and contribute to the betterment and development of society. I will provide opportunities for **every employee to demonstrate their abilities**, give words of encouragement, “You can do it, let’s do it together,” and together, take on new challenges.

The JAL Group will continue to move forward to become **“the world’s most preferred and valued airline group”** of all our stakeholders.

We look forward to your continued support and patronage.



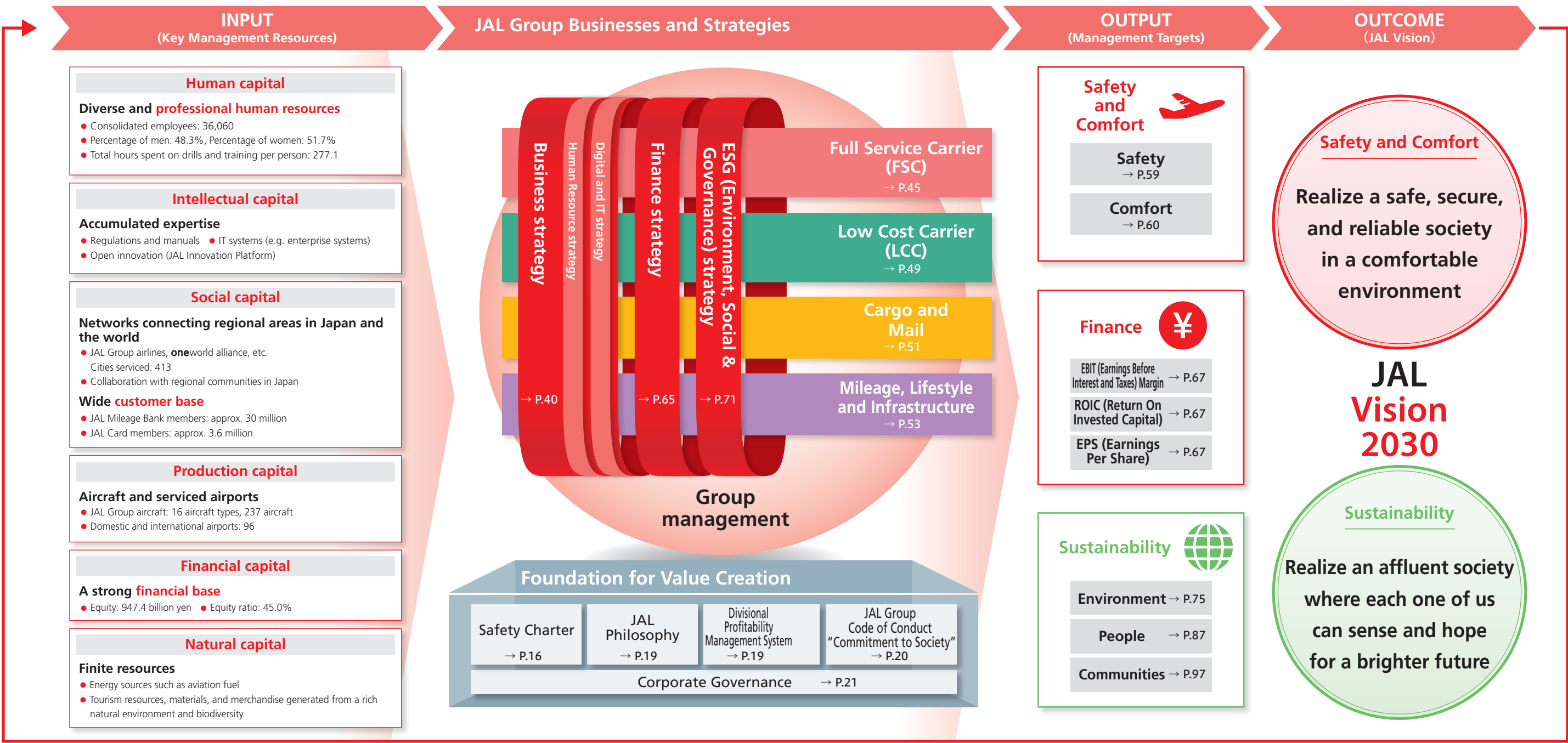
# chapter 01

## The JAL Group Value Creation Story



The Value Creation Process

The JAL Group aims to contribute to the betterment and development of society as set forth in the Corporate Policy, and create social value along with economic value through business activities utilizing our management resources, with safety as the basic foundation of business continuity. We will base our actions on the JAL Philosophy, the divisional profitability management system, the JAL Group Code of Conduct "Commitment to Society" and corporate governance.



Changes in the business environment	Airline Industry / JAL	Market	Society
	Severe damage on business Air travel demand in 2020: reduced by approx. 70% (YoY)* <small>* vs 2019: Statistics of IATA (International Air Transport Association)</small>	Structural changes in air travel and consumer behavior	Growing social awareness to achieve the SDGs

Stakeholders					
Customers	Regional communities	Business partners	Administration	Shareholders	Employees

## ► 70 Years of Challenge and Innovation

This year marked the 70th anniversary of the foundation of the JAL Group. We would like to reflect on our history from the founding of the company as the first post-war private airline in Japan to the present, together with episodes of challenge and innovation.

Leaping into the age of mass transportation through the establishment of a flight operation system and management base

### 1951 – 1970s

JAL started business by borrowing aircraft from another airline and outsourcing operations and maintenance, but we eventually realized our dream of independent operations with our own aircraft and expanded our route network.

Growing into one of the world's leading airlines and driving globalization

### 1980 – 2000s

With the liberalization and deregulation in the aviation sector, we entered an era of intensifying competition. We grew into a global airline by improving quality and differentiating ourselves from other airlines.

To become “the world's most preferred and valued airline group”

### 2010 – Present

After JAL went into bankruptcy in January 2010, we achieved revitalization through business optimization and awareness reform. Now that we face an unprecedented crisis due to the COVID-19 pandemic, we will utilize the strengths we have cultivated through history to overcome it and strive to realize “JAL Vision 2030” through the combined efforts of all our employees.

Management in General

1951: Founding of Japan Airlines (former company)  
1959: Birth of the Tsurumaru (Japanese crane) logo



The first Tsurumaru logo



1987: Full privatization  
2002: Merger of Japan Airlines and Japan Air System  
Establishes the Corporate Policy, Safety Charter, Code of Conduct



The second Tsurumaru logo

2010: Files petitions for reorganization proceedings  
Reorganizes route network and withdraws from freighter business  
2011: Establishes a new **Corporate Policy and the JAL Philosophy**  
Introduces the **divisional profitability management system** and returns to the Tsurumaru logo



The third Tsurumaru logo

2012: Relists on the Tokyo Stock Exchange  
Enacts the **Fundamental Policies of Corporate Governance**  
2019: Revises the **Safety Charter** and enacts a new **Code of Conduct**  
2021: Establishes “JAL Vision 2030”



**JAL Vision 2030**



Cumulative total  
1.5 billion people

Business Activities

#### ■ Route Network and Partnership

1952: Starts domestic independent operations  
1954: Opens the first international flight on the Tokyo-Honolulu-San Francisco route  
1967: Opens the round-the-world route

1983: Records the world's top passenger and cargo traffic according to International Air Transport Association (IATA) statistics (for five consecutive years until 1987)  
2007: Joins the **oneworld** alliance

#### ■ Products and Services, and Customer Base

1965: Launches sales of JALPAK, Japan's first overseas package tours  
1970: Establishes JAL Global Club (JGC), a frequent flyer membership club

1982: Issues JALCARD  
1993: Launches a mileage program  
2004: Introduces Class J, a top tier class of service on domestic flights

Cumulative total  
1 billion people

#### ■ Aircraft

1970: Starts operations of the Boeing 747 (jumbo jet)



2004: Starts operations of the Boeing 777-300 ER. Participated in development as a launch customer.



#### ■ Safety

1970: Commences installation of inertial navigation system (INS) for long-haul flights  
Installs metal detectors at domestic airports to strengthen aviation security  
1974: Releases flight information management system “JALFOS”  
1978: Installs ground proximity warning system (GPWS) on all aircraft  
1997: Completes installation of anti-collision warning system (TCAS) on all aircraft

2002: Begins revamp of reinforced cockpit doors  
2004: Acquires IOSA (IATA Operational Safety Audit) certification  
2006: Establishes the Safety Promotion Center  
Introduces Safety Management System (SMS)  
2007: Starts new precision navigation (RNAV) operations

Cumulative total  
500 million people

#### ■ ESG

1975: Launches the JAL Scholarship Program for students from the Asia-Oceania region

1984: Launches the CONTRAIL Project of atmospheric observations (regularized in 2005)  
1993: Opens the Priority Guest Center  
2009: Operates the world's first test flight using biojet fuel

Cumulative passenger traffic  
(total on international and domestic flights)

#### ■ Route Network and Partnership

##### • Promotion of joint business in major markets

2011: American Airlines (American routes)  
2012: British Airways (European routes)  
2014: Finnair (European routes)  
2016: Iberia Airlines (European routes)  
2020: Malaysia Airlines (Southeast Asia routes)

##### • Expansion of LCC business

2011: Establishes Jetstar Japan in collaboration with Qantas Group of Australia  
2018: Establishes an international medium- to long-haul LCC (ZIPAIR Tokyo)  
2021: Makes Spring Airlines Japan a consolidated subsidiary

#### ■ Products and Services, and Customer Base

2013: Introduces a new international seat “SKY SUITE”  
2017: Renews passenger service system (PSS)

2018: Receives 5-star rating in SKYTRAX World Airline Star Rating  
2020: Launches JAL SMART AIRPORT with redesigned airport facilities

#### ■ Aircraft

2012: Starts Boeing 787 operations



2019: Starts Airbus A350 operations



#### ■ Safety

2016: Begins aircraft fault prediction using big data

2019: Expands and improves Employee Wellness Program  
2020: Co-develops a mechanism to minimize the impact of turbulence.

#### ■ ESG

2010: Certified as an Eco-First company  
2011: Launches regional revitalization project “JAPAN PROJECT”

2020: Announces net zero CO<sub>2</sub> emissions by 2050

1951

1977

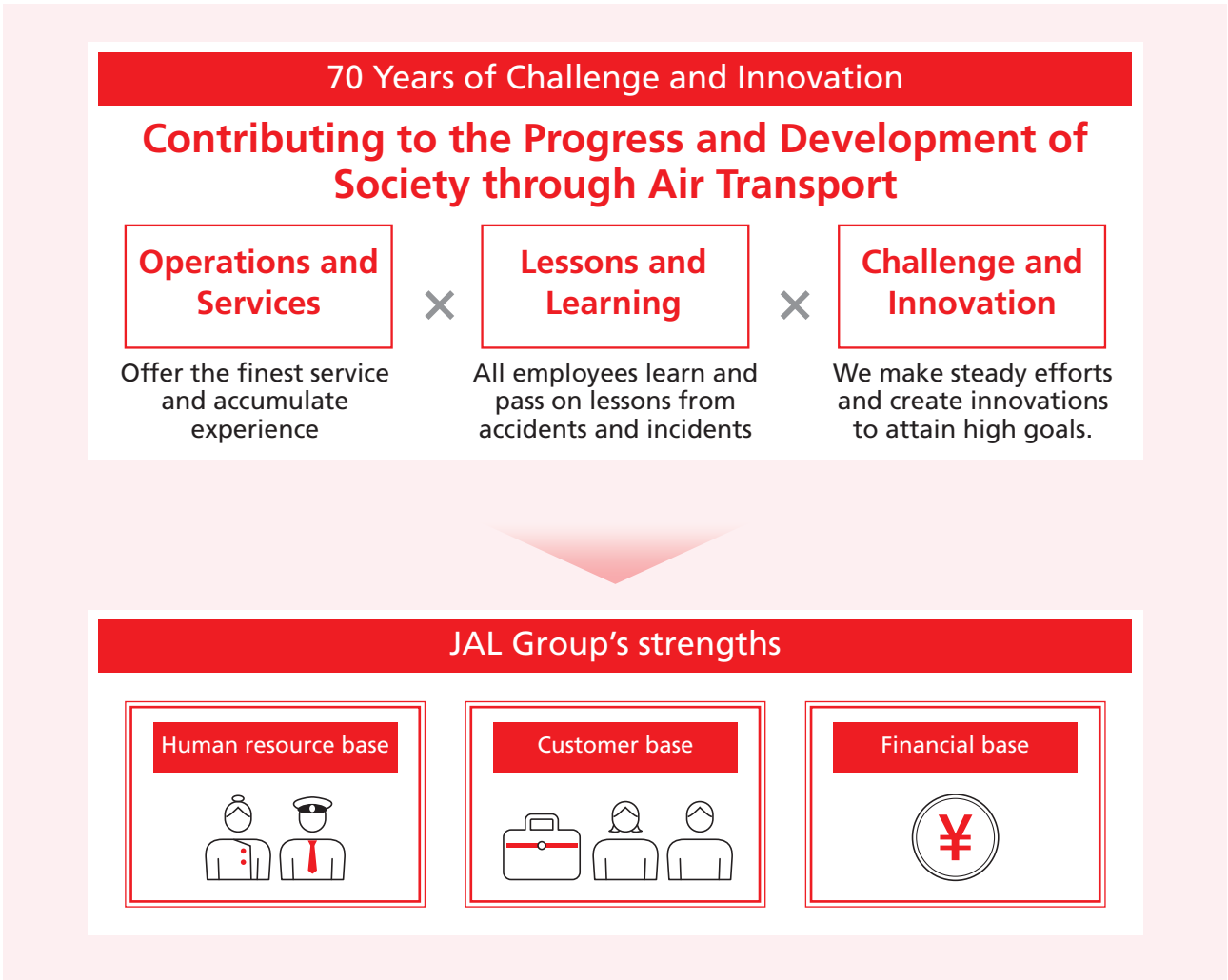
1995

2006

2021

# ► JAL Group's Strengths

Three strengths cultivated through 70 years of history



## Human resource base

Human resource base is a collective term for every employee who belongs to the JAL Group, corporate policies, the corporate stance and corporate culture such as the JAL Group Corporate Policy and the JAL Philosophy. Air transportation requires advanced expertise and precision. Therefore, the JAL Group has continuously improved human skills, while accumulating knowledge and experience in flight operations and everyday work, and passing on skills from veteran employees to the next generation including lessons learned from the past. Human resources who practice the JAL Philosophy and act autonomously and voluntarily are the greatest strengths of the JAL Group.

## Customer base

Customer base refers to everything related to customers such as our mileage program, membership organizations, data accumulated over the years and relationships with customers who have used the JAL Group to date. The JAL Mileage Bank has more than 30 million members. We aim to improve customer satisfaction and preference and attract even more customers by reviewing problems identified through assessments and customer feedback and by making improvements each day.

## Financial base

Financial base collectively refers to the financial position of the JAL Group, strict financial discipline on resource allocation and cost management, communication with our stakeholders, and other financial matters. After our bankruptcy in 2010, we have built a solid financial base, which stands out amongst global airlines, through steady and sound management focused on profitability rather than size. Despite the financial damage caused by COVID-19, we have maintained a sound financial position, enabling stable business operations.

# ► Foundation for Value Creation/Safety Charter

Basic Stance on Safety

## Safety Charter

The JAL Group has established a Safety Charter based on its Corporate Policy in order to indicate in greater detail its fundamental policy regarding safety. It clearly states, "Safety: the protection of lives," to ensure that decisions and actions are aimed at protecting lives with a shared awareness among all organizations that safety is the basic foundation of our business. All JAL Group staff carry a Safety Charter Card printed with the Safety Charter and abide by it as professionals on a daily basis.

## Safety Management System

We have established a safety management system (SMS), which is a systematic framework including the organizational structure, responsibilities, policies, and operational procedures necessary for safety management.

[System]

Under the overall management of the General Safety Manager, who is appointed pursuant to the Civil Aeronautics Act, senior management executives, the Corporate Safety and Security Division, and each division operate their respective safety management cycles, which are organically linked, and make continuous improvements. Management regularly reviews achievement outcomes of safety initiatives and safety targets, and gives necessary instructions to improve the SMS, and the need for safety investment and resources.

- For the Safety Management Organizational Chart SMS, click here.

■ PDCA Cycle of the Safety Management System



[Risk Management and Corrective Action]

Safety is maintained by accurately grasping the actual status of daily operations, monitoring the SMS based on information on incidents and other data, and continuously implementing necessary improvements. In order to grasp the actual status, it is essential for employees to report unsafe situations that they experienced or discovered and the resulting events ("unsafe events"). We have therefore created an environment to facilitate and encourage reporting. Reports from employees are managed in real time in an integrated safety database, and risk assessment of each report is performed. Necessary measures are formulated and implemented for high priority risks in order to reduce risks, using risk assessment and human error analysis methods in the process. In addition to reports from employees, flight data recorded during flight are analyzed to provide information for risk management.

[Human Resources]

Employees are educated and trained on skills, knowledge and abilities necessary to ensure proper implementation of the SMS. We also conduct education and activities to raise safety awareness and develop human resources to equip them with necessary skills, knowledge and abilities.



## A safety culture

A safety culture is an organizational culture and a shared awareness of safety of members in an organization. Recognizing that “Safety: the protection of lives. It is the basic foundation of business continuity for the JAL Group,” we are taking steps to cultivate a safety culture in which every employee acts on the basic foundation of safety at all times. Safety cannot be increased immediately by simply doing something particular. The accumulation of multifaceted efforts is needed to proactively prevent accidents. The JAL Group uses the term “safety layers” to describe its broad range of safety initiatives and is making unwavering efforts to accumulate our safety layers.

## A culture of reporting

Reporting hazards is essential to safety management. Therefore, we have introduced a voluntary reporting system to avert emerging safety problems. Even minor human errors are reported and used to establish preventive measures. In 2007, JAL became the first airline in Japan to introduce a non-punitive reporting policy to inform employees that they will not be punished for human errors if the Company deems that they occurred even though every precaution was taken. In this way, we have created an environment to encourage employees to report spontaneously without hesitation.

## A culture of decision-making and challenge

The JAL Group aims to achieve sustainable growth and development by adapting to the rapidly changing environment. As it is extremely important from the viewpoint of safety for employees to make decisions within their authority and responsibility, we are reviewing and improving the decision-making process to ensure smooth and prompt decision-making. These improvements will not only accelerate decision-making but will also increase employee motivation and serve as the basis for activities to accumulate safety layers.

## A culture of communicating with one another

The JAL Group is promoting communication and creating opportunities for employees to verbally share and convey information face-to-face. One such activity is the Communication Leader Meeting (CLM), which has been running since 2006, where employees across divisions meet and revitalize the organization. We also employ “verbal confirmation” as a means of interactive communication to ensure thorough checks, and instill this practice in workplaces.

## A culture of improving manuals

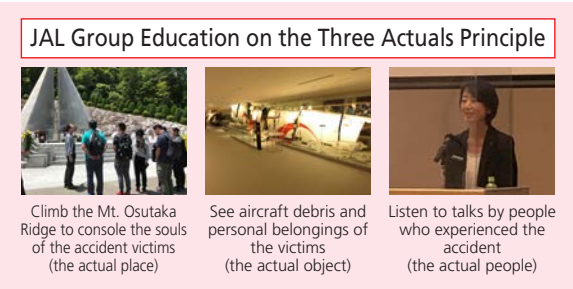
In the aviation industry, many protocols and regulations are linked to safety and an accurate understanding of their true meaning is vital. All JAL Group employees always ask themselves, “Why is this procedure necessary?” to grasp its true meaning. We have manuals to follow specific rules but also to make changes. Therefore, we have created a framework to regularly inventory manuals qualitatively and quantitatively to find room for improvement in actual practice and to make revisions in cooperation with manufacturers.

## A culture of thinking from the “second to third person perspective”

In order to encourage JAL Group employees to think from the customer’s perspective, we place importance on the “second to third person perspective,” which combines the third person perspective of thinking from a specialized airline professional and the first and second person perspective of treating customers as if we or our family were the customer. All JAL Group employees study the “second to third person perspective” during JAL Group Safety Seminars for New Employees and other training courses, and always reflect on whether they are thinking and acting from this perspective in their daily work.

## Developing Safety Professionals

The JAL Group conducts various education courses to study safety in real-life situations from the viewpoint of one’s job and to raise awareness that safety is the basic foundation of our business. In particular, we continuously educate our employees on lessons learned from the JAL Flight 123 accident based on the Three Actuals Principle (the actual place, the actual object, the actual people) in order to instill the importance of safety in the depths of our minds. Activities include climbing the Mt. Osutaka Ridge (the actual accident site), seeing aircraft debris (the actual object) in the Safety Promotion Center, and meeting people who experienced the accident (the actual people) through news footage and pre-recorded video interviews.



## Third-party Assessment

The JAL Group regularly conducts internal and external audits in accordance with requirements of the Japanese Ministry of Land, Infrastructure, Transport and Tourism and IATA in order to assess safety management enhancement initiatives. All IATA airlines are required to pass IOSA (IATA International Safety Audit) every two years to ensure that safety management is functioning properly. In the JAL Group, Japan Airlines has been an IOSA registered airline since 2004, Japan Transocean Air since 2010 and J-AIR since 2016.



IOSA Certificate (Japan Airlines)

## Safety Advisory Group

In August 2005, the JAL Group requested an external panel of five experts, called the Safety Advisory Group, to provide advice on safety issues. The members possess extensive knowledge and experience in human factors, failure and defect analysis, organizational operation and culture, and safety, and provide a wide range of objective advice and recommendations on safety from an expert’s viewpoint, which we apply to Group management and safety operations.

### Members

Chair: YANAGIDA Kunio  
HATAMURA Yotaro  
KAMATA Shinichi  
HAGA Shigeru  
KOMATSUBARA Akinori

**JAL Group Safety Report** The report describes JAL Group’s safety initiatives in an easy-to-understand manner.

## Food Safety

### Allergy free food

In addition to seasonal and route-specific meals, Japan Airlines offers a wide variety of special meals available by advance reservation. In particular, we pay close attention to offering allergy free food, which directly affects the customers’ lives, through measures to prevent mistakes in the meals served. In 2017, we introduced meal vouchers, which are exchanged between customers and cabin attendants after confirming details of their reservations. We also introduced colored paper napkins to visually distinguish meals in order to ensure safety and security of our in-flight meals.



Meal voucher



Colored paper napkins

### Food Safety Management

#### Hygiene management of in-flight meals and lounge meals

To provide meals that customers can enjoy safely and with peace of mind, we conduct hygiene management of the entire process from the development of menus to loading of meals onto aircraft. Our hygiene audit staff, who are knowledgeable of the international food safety standard FSSC22000, visit catering companies and JAL airport lounges around the world to conduct hygiene audits. After confirming in detail whether management standards and procedures are followed and appropriate risk measures are taken, they provide guidance on areas for improvement and other advice. Although there is a time gap between the preparation of meals to the time they are consumed, food safety is maintained through temperature control, hygiene management of workers and tableware, and various inspections.

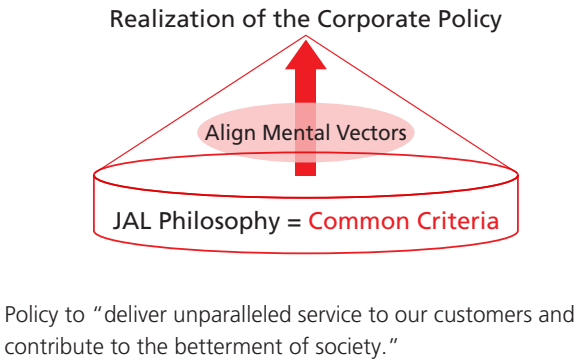


## ► Foundation for Value Creation/JAL Philosophy

### Aligning Mental Vectors: A Human Resource Base for Growth and Development

#### Toward the Realization of the Corporate Policy

With an awareness of the need to change employee mindset based on lessons learned from our bankruptcy, we established the JAL Philosophy as a mindset, values, and attitude that all employees engaged in JAL Group services and products should possess. All employees carry the JAL Philosophy Pocketbook with them and deepen their studies so that whenever they are lost at work or in their private lives, they return to the JAL Philosophy and base their decisions on doing what is right as a human being. We will continue to practice the JAL Philosophy, align our mental vectors, and strive to realize the Corporate



#### Awareness Reform Initiatives

##### JAL Philosophy Workshop

The JAL Philosophy Workshop is held continuously to enable all employees to repeatedly study and practice the JAL Philosophy. In fiscal 2020, workshops were held online amidst COVID-19, connecting employees in Japan and overseas and contributing to creating opportunities for cross-functional communication and fostering a sense of unity among employees. We aim to become "the world's most preferred and valued airline group" by aligning the mental vectors of all employees.



Online workshop

##### Leader's Workshop

The Leader's Workshop is held once a month for Executive Officers and Vice Presidents, and twice a year for managers with the aim to align mental vectors of leaders. By studying the role of a leader and acquiring leadership skills to develop autonomous employees who think and act on their own and cultivate psychological safety where employees feel accepted and respected, we would like to foster an organizational culture where employees are motivated by their work.



Leader's Workshops (held in February 2020)

## ► Foundation for Value Creation/ Divisional Profitability Management System

### An evolving management system

The divisional profitability management system is an autonomous management system based on "amoeba management," in which each amoeba, or the smallest unit of an organization, keeps track of its earnings while reflecting the latest market trends.

#### Delving deeper into the divisional profitability management system

Now in its tenth year, the divisional profitability management system is making a major contribution to proactive Group management. In this system, each "amoeba" creates a Target and Result Table, which lists monthly results, schedules and forecasts in a common format. Based on this Table, Business Performance Reporting Meetings are held each month to discuss various issues. Previously the main focus of these meetings was analysis of the difference between the initial plan and actual results, but currently the focus is on creating earnings forecasts months ahead and conducting proactive management based on these forecasts.

#### Its Role in Realizing the Medium Term Management Plan

We will implement business structure reform, as stated in the Medium Term Management Plan, to improve profitability of existing businesses and expand into new business domains. In order to build resilience during times of change, we will continuously evolve the divisional profitability management system in order to grasp earnings of each business domain and use proactive management techniques to restructure our business.



Business Performance Reporting Meeting

## ► Foundation for Value Creation/JAL Group Code of Conduct

### "Commitment to Society"

The JAL Group Code of Conduct "Commitment to Society" was established in July 2019 as a guideline for professional behavior to be observed by all JAL Group employees. Based on the attitude espoused in the JAL Philosophy, it is more firmly grounded in the company's business and activities. The 10 principles of the United Nations Global Compact and Charter of Corporate Behavior of Keidanren (Japan Business Federation) were used as reference. Behavior in accordance with "Commitment to Society" will enable all JAL Group employees to more securely implement the JAL Philosophy in actual practice, while further linking these practices to the realization of the Corporate Policy and to the achievement of SDGs and other goals of society.

#### JAL Group Code of Conduct

- 1. Safety**
- 2. Pursuit of customer satisfaction**
- 3. Trust with stakeholders**
  - (1) Information disclosure and dialogue
  - (2) Prohibiting insider trading
- 4. Respect for human rights and job satisfaction (human rights and labor)**
  - (1) Respecting human rights and diversity
  - (2) Safe and comfortable work environments
- 5. Mission and responsibility as a member of society**
  - (1) Contributing to regional revitalization through our business
  - (2) Responsibility as a company that plays a role in social infrastructure
  - (3) Responsibility as a corporate citizen
- 6. Passing on the precious earth to the next generation (global environment)**
  - (1) Global environmental preservation initiatives
  - (2) Disclosure of environmental information and dialogue
- 7. Fair business practices**
  - (1) Reinforcing compliance
  - (2) Preventing corruption
  - (3) Fair business relations with business partners
  - (4) Free and fair competition
  - (5) Management of personal information and intellectual property
  - (6) Eliminating relations with antisocial forces

#### Full text of the JAL Group Code of Conduct

[WEB https://www.jal.com/en/sustainability/codeofconduct/](https://www.jal.com/en/sustainability/codeofconduct/)

#### JAL Group Corporate Policy



In fiscal 2020, we compiled a collection of practical examples of practicing the JAL Group Code of Conduct "Commitment to Society" in our everyday work. Through group discussions and other means, every employee thinks of what they can do from today and puts them into action.



e-Learning video for all staff



► Foundation for Value Creation/Corporate Governance

Basic Stance

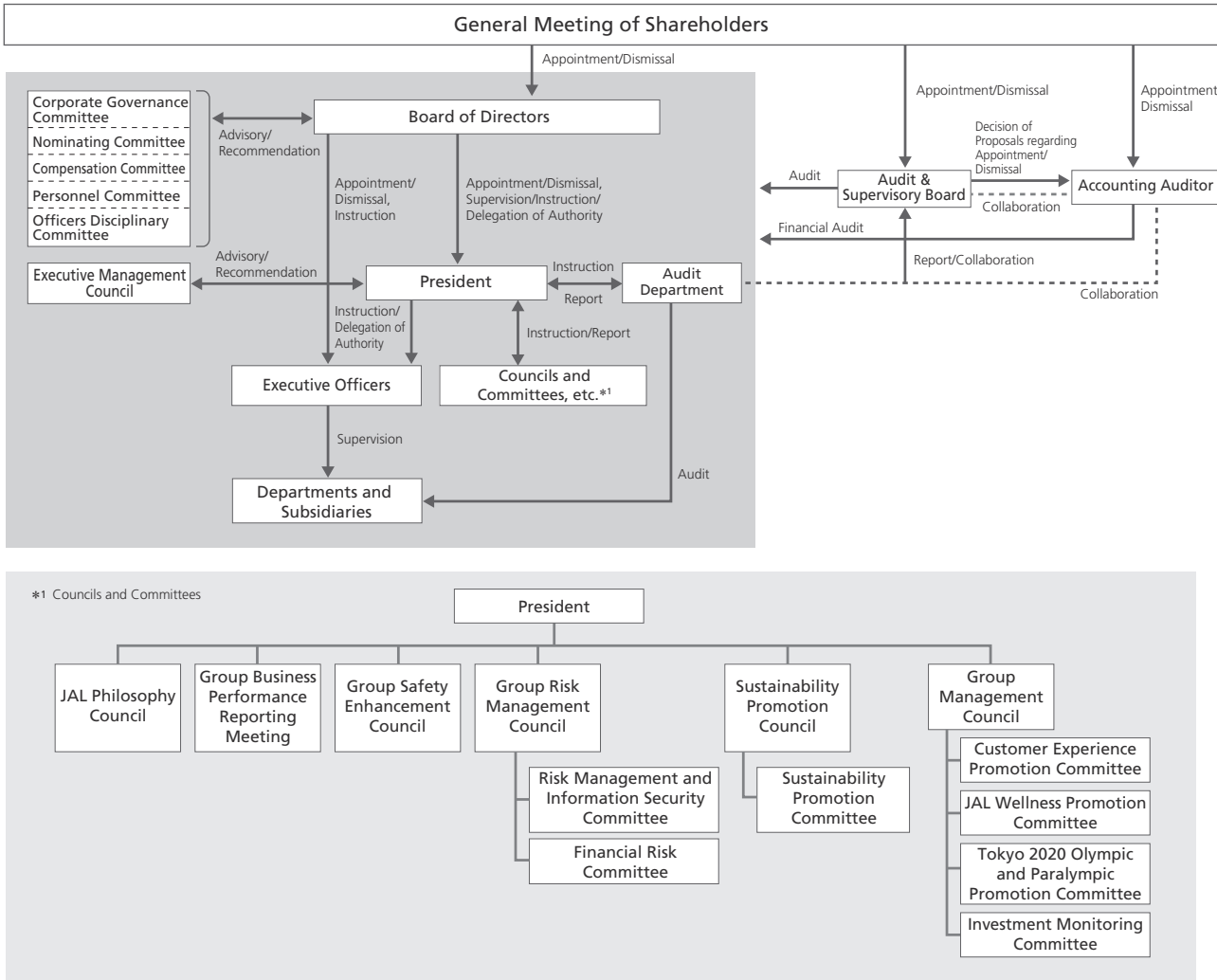
We maintain an awareness that the JAL Group is a corporate citizen with the duty of fulfilling our financial responsibility of earning adequate profits through provision of high quality products in a fair and competitive environment as well as fulfilling our corporate social responsibility. Thereby, we will deliver unparalleled service to our customers, while upholding safety as a leading company of safety in the transport sector.

Based on this stance, we have established the JAL Philosophy based on the Corporate Policy, and a corporate governance system that exerts strong management monitoring while maintaining high management transparency and makes speedy and appropriate management decisions in order to increase corporate value and fulfill accountability.

Please visit the JAL website for the Fundamental Policies of Corporate Governance and the Corporate Governance Report.

<https://www.jal.com/en/outline/governance/>

Corporate Governance System



Board of Directors and Directors

Board of Directors

The Board of Directors exercises strong management monitoring with a high degree of transparency through the nomination of Directors, Audit and Supervisory Board Members and Executive Officers, decision of director remuneration, and important decision-making.

- The Board separates the management monitoring and business execution functions. The Board Chair is nominated from among Directors who do not concurrently serve as Outside Officer.
- At least three highly independent candidates are nominated for Outside Director, and from the Ordinary General Meeting of Shareholders in June 2021, Outside Directors account for at least one-third of all Board members.
- From fiscal 2021, Directors and Audit and Supervisory Board Members are required to basically attend at least 80% of all Board meetings.
- The Board delegates appropriate authority to the President to ensure efficient decision-making.

Directors

< Board diversity >

- In fiscal 2021, we redefined diversity to make board composition diverse in terms of gender, nationality, work history, age, and other variables. Directors are nominated from among persons with extensive experience, deep insight, and specialized knowledge in various fields.
- In fiscal 2021, we decided to increase female Director appointments.
- In fiscal 2021, we formulated and published a skills matrix specifying the specialized knowledge and experience required of Director.

< Outside Directors >

- Outside Directors provide advice to management from a practical and multilateral perspective and monitor business execution appropriately. Any person who does not qualify as highly independent within the definition of Standards for Independence of Outside Directors established by the Company shall not be nominated. For Standards for Independence of Outside Directors, please refer to the JAL Group Fundamental Policies of Corporate Governance.
- One Outside Director shall be appointed as Lead Independent Outside Director to improve coordination with Audit and Supervisory Board Members and internal divisions.

Main Agenda Items Discussed by the Board of Directors

In fiscal 2020, a total of 20 regular monthly Board meetings and extraordinary Board meetings were held.

[Response to the Spread of COVID-19]

- Agile business - Earnings policy
- Financing
- Director remuneration

[Management strategy]

- Formulation of a new Medium Term Management Plan
  - Business strategy (LCC business, new businesses, etc.)
  - Finance strategy
  - ESG strategy
- The active role of women and Board member development

[Governance and risk management]

- Decision of executive appointments
- Board Effectiveness Assessment (P. 25)
- Strengthening internal controls in the JAL Group
- IT BCP (Business Continuity Plan)
- Serious incident reports

[Dialogue with Stakeholders]

- Feedback on IR (Investor Relations) briefings, etc.
- Customer Voices

[Decision-making and monitoring of the execution of important business matters]

### Optional Committees

We have established various committees under the Board of Directors in order to build a corporate governance system that demonstrates high management transparency and strong management oversight. A majority of the committee members are Outside Directors, ensuring independence from management.

Committee			Corporate Governance Committee	Nominating Committee	Compensation Committee	Personnel Committee	Officers Disciplinary Committee
Chairman			Lead Independent Outside Director	Outside Director	Outside Director	President	Outside Director
Committee	Inside	UEKI Yoshiharu	○				
		AKASAKA Yuji		○	○	○	○
		SHIMIZU Shinichiro		○	○	○	○
	Outside	KOBAYASHI Eizo	○	○	○	○	○
		HATCHOJI Sonoko	○	○	○	○	○
		YANAGI Hiroyuki	○	○	○	○	○
Overview			Checks whether business activities comply with the JAL Group Fundamental Policies of Corporate Governance, conducts analysis and assessment to determine whether they will contribute to sustainable growth and enhancement of corporate value over the medium- to long-term, and provides necessary feedback and recommendations to the Board of Directors.	Submits a report on inquiries from the Board regarding the nomination of Directors and Audit and Supervisory Board Members. Defines the qualifications of President and other executives and manages Board member development. Reports to the Board in the event qualifications of senior management are questioned.	Submits a report on inquiries from the Board regarding remuneration of Directors, Executive Officers and Audit and Supervisory Board Members. Inspects the remuneration system to ensure it provides sound incentives toward sustainable growth.	Submits a report on inquiries from the Board regarding the nomination and dismissal of Executive Officers.	Decides disciplinary action of Directors and Executive Officers.
Frequency and main discussions at meetings in FY2020			Twice	6 times	7 times	4 times	0 times
			In view of the direction of revisions to the Corporate Governance Code in 2021, the committee discussed matters related to the Fundamental Policies of Corporate Governance, and formulated and reported the policy on the Board Effectiveness Assessment.	In addition to reports submitted to the Board, the committee discussed management of Board member development including the President and the requirements and nomination process of Directors when they are changed.	In addition to reports submitted to the Board, the committee discussed how the director remuneration system should meet current business conditions.	In addition to reports submitted to the Board, the committee discussed the new business execution system and development of Executive Officers.	

In addition to the above voluntary committees, the Lead Independent Outside Director organized a few Independent Outside Audit and Supervisory Board Member Opinion Exchange Meetings, comprising only Outside Directors and Outside Audit and Supervisory Board Members, to strengthen the network between Outside Directors.

### Audit and Supervisory Board and Its Members

#### Audit and Supervisory Board

The Audit and Supervisory Board makes objective and appropriate decisions from an independent standpoint, based on their responsibility to our shareholders, in fulfilling their role and responsibility pertaining to their duties, namely, audit of business execution, nomination and dismissal of accounting auditors, and exercise of rights concerning auditor remuneration.

#### Audit and Supervisory Board Members

Audit and Supervisory Board Members attend Board meetings and other important meetings, and audit important management matters, business operations and business execution by exchanging opinions with Representative Directors and Outside Directors, and inspecting important agenda items and resolutions to be passed. They also audit business sites and subsidiaries each year together with the

Corporate Auditors Office, report back to Representative Directors and provide feedback to executing departments. Further, they work closely with the internal Audit Department and accounting auditors, meet regularly with full time auditors of major subsidiaries, and strive to improve and strengthen Group auditing.

Audit and Supervisory Board Members are nominated from among persons with extensive knowledge and experience in various fields to conduct audits from a neutral and objective perspective and ensure sound management.

Any person who does not qualify as highly independent within the definition of Standards for Independence of Outside Directors established by the Company shall not be nominated for Outside Audit and Supervisory Board Member.

For Standards for Independence of Outside Directors, please refer to the Fundamental Policies of Corporate Governance.

### Succession plan for President and other leaders

- ① The qualifications required of the President and other leaders are as follows: “Persons with qualities to steadily achieve positive results toward realizing the Corporate Policy by working together with all employees based on a firm commitment to flight safety, which is the basic foundation of business continuity for the JAL Group. They must also display initiative in practicing the JAL Philosophy. The Nominating Committee continuously discusses possible candidates for President and other executives. By providing candidates with practical and diverse experiences, such as management in a Group company and overseas assignments and activities in external organizations, they acquire the necessary grounding for management at an early stage.
- ② To develop the next generation of executives including Executive Officers, the Personnel Committee discusses career path mapping, cross-functional rotation, external networking and human resource pooling to promote diversity and expand their capacity and perspectives.

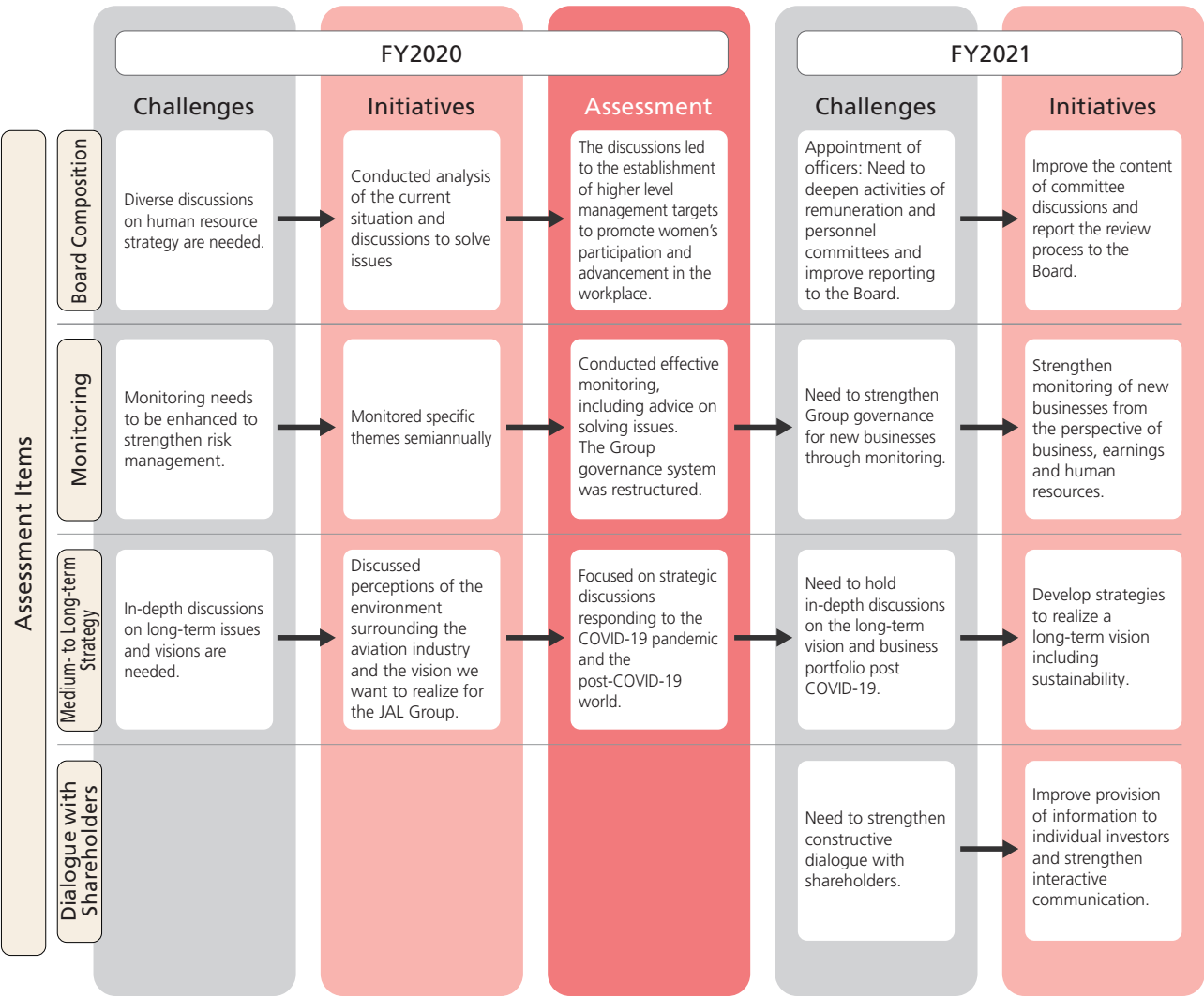
### Support for Directors and Audit and Supervisory Board Members

- ① Legal considerations are explained to Directors, as necessary, to ensure that they are fully aware of their duties, including the fiduciary duties of the duty of loyalty and the duty of care. They are provided opportunities for continuous participation in external training and affiliated organizations.
- ② In addition to the provision of corporate information, Audit and Supervisory Board Members are given opportunities to participate in external training and external organizations.
- ③ Outside Directors and Outside Audit and Supervisory Board Members receive advance explanations on Board agendas, corporate information and other requests, as appropriate. In order to deepen the understanding of the Company, Directors and Audit and Supervisory Board Members receive explanations on safety matters through visits to frontlines, a climb up Mt. Osutaka, the crash site of the JAL Flight 123 accident, and a tour of the Safety Promotion Center, and explanations on company history and the JAL Philosophy.



Board Effectiveness Assessment

The Company aims to increase corporate value over the medium- to long-term through a Board Effectiveness Assessment each year, with reference to the self-assessment of each Director and Audit and Supervisory Board Member, and a review of Board operations to increase corporate value over the mid- to long-term.



For details of 2020 assessment results and future initiatives, please refer to Corporate Governance on the JAL website.

<https://www.jal.com/en/outline/governance/>

Skills Matrix

We have created a skills matrix, which is a set of skills required by Directors and Audit and Supervisory Board Members regarding their specialized knowledge and experience. It includes basic corporate management skills of management experience, financial accounting, and legal affairs and risk management, and also safety management, which is particularly important in view of our business characteristics, global experience, sales and marketing, and IT and technology.

Position at the Company	Name	Management Experience	Finance & Accounting	Legal/Risk Management	Safety Management	Global Experience	Sales/Marketing	IT/Technology
Director, Chairperson	UEKI Yoshiharu	○			○			
Representative Director, President	AKASAKA Yuji	○			○			○
Representative Director, Executive Vice President	SHIMIZU Shinichiro			○		○	○	
Representative Director, Senior Managing Executive Officer	KIKUYAMA Hideki		○	○		○		○
Director, Senior Managing Executive Officer	TOYOSHIMA Ryuzo	○		○		○	○	
Director, Managing Executive Officer	TSUTSUMI Tadayuki				○			
Outside Director	KOBAYASHI Eizo	○				○	○	
Outside Director	HATCHOJI Sonoko		○			○		○
Outside Director	YANAGI Hiroyuki	○				○	○	○
Audit and Supervisory Board Member	SAITO Norikazu		○					
Audit and Supervisory Board Member	KITADA Yuichi	○			○	○		○
Outside Audit and Supervisory Board Member	KAMO Osamu			○	○			
Outside Audit and Supervisory Board Member	KUBO Shinsuke		○	○		○		
Outside Audit and Supervisory Board Member	OKADA Joji		○	○		○		



## Management Team (Board of Directors)

### ① UEKI Yoshiharu (September 16, 1952)

Director, Chairperson

Since joining the Company, he has acquired an extremely high level of insight on flight safety and frontline experience as a pilot. As Representative Director and President from 2012, he demonstrated strong leadership and determination to direct, formulate and execute the Medium Term Management Plan. Since 2018, he has contributed to strengthening the monitoring and advisory function of Board of Directors as Board Chair and a member of Corporate Governance Committee.

### ③ SHIMIZU Shinichiro (December 13, 1962)

Representative Director, Executive Vice President

Since joining the Company, he has held various positions in personnel and industrial affairs related to pilots and cabin attendants, and has exercised strongly leadership and planning and coordination skills to achieve positive results. As Senior Vice President of Human Resource Management from 2013 and head of the Executive Secretariat Office from 2016, he made considerable contributions to improving and stabilizing JAL's presence by taking a bird's-eye view of the Company. Since April 2020, he has assisted the President as Representative Director, Executive Vice President and has contributed to strengthening and improving management.

### ② AKASAKA Yuji (January 3, 1962)

Representative Director, President

Since joining the Company, he has been mainly engaged in maintenance and engineering and acquired frontline experience and deep insights into flight safety, as well as in-depth knowledge and a broad network in the engineering and maintenance industry. From 2014, he brought his strong leadership and decision-making skills to JAL Engineering Co., Ltd. as President and solidified the foundation of flight safety. As Representative Director and President of the Company since 2018, he has been working intensively to maintain flight safety, the basic foundation of the JAL Group, and has been leading our employees toward realizing the Corporate Policy through proactive display of his initiative to practice the JAL Philosophy.

### ④ KIKUYAMA Hideki (March 19, 1960)

Representative Director,  
Senior Managing Executive Officer

Since joining the Company, he has held successive positions in IT systems, passenger reservations, human resources, industrial affairs, corporate planning and other divisions at JAL Head Office and the Americas Regional Office, and has demonstrated exceptional leadership and strong planning and coordination skills. As Senior Vice President of Managing Division Route Marketing from 2013, he contributed greatly to maximizing route profitability. Since 2016, as Senior Vice President of Financing and Accounting, he has demonstrated precise management decision-making skills that contribute to comprehensible and highly transparent disclosures to our shareholders and investors, and for the interests of our shareholders.

### ⑤ TOYOSHIMA Ryuzo (August 17, 1959)

Director, Senior Managing Executive Officer

Since joining the Company, he has held successive positions in industrial affairs including Vice President and has achieved positive results with his exceptional leadership and strong planning and coordination skills. As Senior Vice President of Corporate Control from 2015, he contributed significantly to the expansion of the divisional profitability management system across the JAL Group. Since 2019, he has greatly contributed to maximizing route profitability as Senior Vice President of Managing Division Route Marketing.

### ⑧ HATCHOJI Sonoko (January 15, 1950)

Independent Outside Director

She has extensive experience in financial product development, financing and risk management at banks, and in-depth knowledge and experience in customer-centric marketing in hotel management. She also possesses comprehensive knowledge and experience in management strategy and diverse perspectives in educational reform at universities. She draws on her experience to provide advice on management and appropriate monitoring of business execution.  
«Important positions concurrently held»  
Outside Director, Daicel Corporation  
Outside Director, Maruha Nichiro Corporation

\* Newly nominated at the 72nd Ordinary General Meeting of Shareholders held on June 17, 2021.

### ⑥ TSUTSUMI Tadayuki\* (December 19, 1960)

Director, Managing Executive Officer

Since joining the Company, he has acquired an extremely high level of insight on flight safety and frontline experience as a pilot. Serving as Executive Officer of Flight Operations from 2019 and Senior Vice President of Corporate Safety and Security since 2020 to present, he has greatly contributed to maintaining flight safety with his strong sense of responsibility and ethics.

### ⑦ KOBAYASHI Eizo (January 7, 1949)

Independent Outside Director

He has extensive experience and vast insight on global business management and leadership at diverse group companies as top management of a general trading company. He brings practical and diverse perspectives to management and appropriately monitors business execution from a practical and multilateral perspective.  
«Important positions concurrently held»  
Outside Director, OMRON Corporation  
Outside Director, Japan Exchange Group, Inc.

### ⑨ YANAGI Hiroyuki\* (November 20, 1954)

Independent Outside Director

He has a wealth of experience and knowledge as a senior management executive at companies that promote global expansion. He provides advice to our management executives and monitors business execution from a practical and multilateral perspective.  
«Important positions concurrently held»  
Chairman and Representative Director, Yamaha Motor Co., Ltd.  
Outside Director, AGC Inc.  
Independent Non-executive Director, Kirin Holdings Company Limited



Management Team (Audit and Supervisory Board Member)



① SAITO Norikazu  
(November 23, 1956)

Audit and Supervisory Board Member

Since joining the Company, he has worked mainly in finance and accounting for many years and possesses extensive knowledge of finance, accounting, and investor relations. From 2014, serving as Director, Senior Managing Executive Officer and Senior Vice President of Finance and Accounting, worked intensively on providing comprehensible and highly transparent disclosures to our shareholders and investors, and contributed significantly to making accurate management decisions on shareholder returns.

◀ Important positions concurrently held ▶  
None

② KITADA Yuichi\*  
(June 22, 1960)

Audit and Supervisory Board Member

Since joining the Company, he has worked mainly in maintenance including maintenance technology and quality assurance. Serving as Executive Officer of Engineering and Maintenance from 2018, he supervised the maintenance division of the JAL Group and contributed significantly to maintaining and improving engineering and quality. Since June 2020, as Managing Executive Officer of Engineering and Maintenance, he has provided precise comments at Board meetings and other meetings from the perspective of maintaining flight safety based on his extensive frontline experience in engineering and quality assurance.

◀ Important positions concurrently held ▶  
None

③ KAMO Osamu  
(March 25, 1947)

Outside Audit and Supervisory Board Member/  
Independent Director

Since registering as an attorney-at-law in April 1973, he has accumulated extensive experience and insight on compliance and corporate governance, including guidance on compliance for government agencies and companies and working in an investigative committee on fraud. Since June 2016, he has provided legal and auditing advice to the Company as an Audit and Supervisory Board Member.

◀ Important positions concurrently held ▶  
Attorney at Law, Managing Partner of Ginza Sogo Law Office.  
Outside Audit and Supervisory Board Member of Azearth Corporation

④ KUBO Shinsuke  
(March 4, 1956)

Outside Audit and Supervisory Board Member/  
Independent Director

Since joining Sanwa & Co. Tokyo Marunouchi Office (currently Deloitte Touche Tohmatsu LLC), he has gained a wealth of experience, achievements and deep insight on accounting through experience in corporate audits, share listings, corporate revitalization, M&A and other cases.

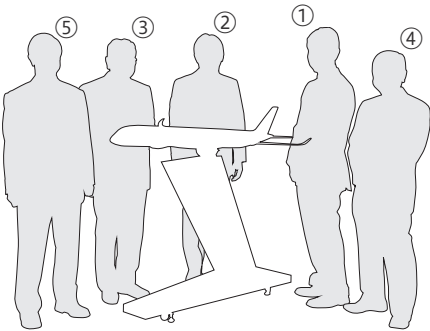
◀ Important positions concurrently held ▶  
Representative Partner, Kyoei Accounting Office Certified Public Accountant  
Outside Audit and Supervisory Board Member, Kawasaki Kisen Co., Ltd.

⑤ OKADA Joji  
(October 10, 1951)

Outside Audit and Supervisory Board Member/  
Independent Director

He possesses extensive experience and expertise as a senior management executive and director of finance and accounting at a general trading company. Through his experience as Audit and Supervisory Board Member of a general trading company and Chair of the Japan Audit and Supervisory Board Members Association, he has gained a good understanding of governance and auditing including risk management.

◀ Important positions concurrently held ▶  
Member of the Business Accounting Council of Financial Services Agency  
Outside Director, Nippon Exchange Self-Regulation Organization



■ Standards for Independence of Outside Directors

1. A person who is currently or has been in the past 10 years an executive\* of consolidated subsidiaries in our company and our company.
2. A person who has fallen under any of the following (a) to (f) in the past three years.
  - a. A business partner or an executive thereof whose transaction amount with our company for one business year exceeds 1% of our company or any of the said business partner's consolidated subsidiaries in sales.
  - b. A major shareholder or an executive thereof whose ratio of funding to our company is 5% or more.
  - c. Major lenders to our company or an executive thereof.
  - d. A person who receives or belongs to an organization that receives donations exceeding 10 million yen per year from our company.
  - e. A person who has received more than 10 million yen per year other than remuneration as an officer, or a person who belongs to an organization that has received remuneration in excess of 1% of its remuneration consolidated sales.
  - f. An executive who is assigned as an external executive of another company and also the Director of the company.
3. A spouse or a relative within the second degree of kinship to the persons listed in 1 and 2 above.

\*An executive means an Executive Director or an Executive Officer.

\* Newly nominated at the 72nd Ordinary General Meeting of Shareholders held on June 17, 2021.

Message from Outside Directors



Towards a sustainable future

The JAL Group has three Independent Outside Directors, who actively share their opinions at Board meetings and committee meetings, and whose experience and knowledge is utilized in the formulation of JAL Group strategies and management decisions.



KOBAYASHI Eizo  
Outside Director

Lead Independent Director  
Attendance at Board meetings: 100% (20 out of 20 meetings)  
[Important positions concurrently held]  
Outside Director, OMRON Corporation  
Outside Director, Japan Exchange Group, Inc.

Cultivating a corporate culture of embracing challenge without fear of failure at a time of great upheaval

The JAL Group’s strength lies in its world-class JAL brand and strong human resource base. The fact that each employee understands their mission and devotes themselves to their work is a great asset to the company. I am working to strengthen corporate governance from the standpoint of Lead Independent Outside Director and believe the Company has achieved high corporate governance through its honest approach. However, given uncertainty of the future in the COVID-19 pandemic, a higher level of risk management is needed, which requires capacity building to proactively respond to issues through information-gathering and multilateral analysis. Furthermore, we will closely monitor development of management competencies, which is an important responsibility of the Board, with consideration to business and management experience and career path mapping including experience in overseas postings.

Society is changing dramatically and we have entered a new normal that has arisen during the pandemic. The new Medium Term Management Plan provides the result of our comprehensive portfolio view, but we will need to be prepared to stand at the forefront of “creating a new normal” in the Company. To this end, it is important to actively engage in exchanges between different industries and to develop and promote young mid-level employees, who will play a leading role. Risk management needs to be strengthened, while cultivating a corporate culture of embracing challenges without fear of failure. I would like to make the most of my many years of experience and knowledge in a general trading company to fulfill my responsibilities to see the JAL Group achieve sustainable growth and increase corporate value.



HATCHOJI Sonoko  
Outside Director

Attendance at Board meetings: 100% (20 out of 20 meetings)  
[Important positions concurrently held]  
Outside Director, Daicel Corporation  
Outside Director, Maruha Nichiro Corporation

Further promotion of diversity from the viewpoint of sustainability

The JAL Group is committed to achieving the SDGs. The new Medium Term Management Plan has defined specific issues in four areas; Environment, People, Communities, and Governance, and aims to create a sustainable society. Regarding the Environment, I applaud the Company for drawing up a concrete roadmap to achieve net zero carbon emissions by 2050, which was announced in early 2020. As for Communities, personal knowledge gained through interactions with regional communities will transform into organizational knowledge and will be used to strengthen relationships with communities and customers in the future.

We will also focus on governance and human resource development to support this. Amid the rapidly changing business environment, we will strengthen initiatives to develop diverse human resources who can participate in management in the future. Fortunately, the JAL Group has many outstanding women with specialized knowledge, abilities and great potential. In order to further promote diversity, I feel that in addition to providing training, we need to more boldly allocate experts in their specialized fields across divisions at a certain stage and develop them through practical experience as candidates for Manager and Director. I will contribute to the promotion of sustainability of the Company based on my own experiences.



YANAGI Hiroyuki  
Outside Director

[Important positions concurrently held]  
Chairman and Representative Director, Yamaha Motor Co., Ltd.  
Outside Director, AGC Inc.  
Independent Non-executive Director, Kirin Holdings Company Limited

Ensuring Safety, Quality and Strengthening Global Management

I am YANAGI Hiroyuki and was recently appointed Outside Director. I have been engaged for many years in global management in the manufacturing industry, which is grounded in robust safety and high quality. Although there are differences between the manufacturing industry and service industry, I will use my experience and knowledge to contribute to the development of the company.

When evaluating the quality assurance system that supports aviation safety, three perspectives are important. Can “management” grasp the current situation and speak frankly about the company? How accurate are “frontline operations?” Are business processes documented in manuals? What exactly is “management that links management with the frontline?” In other words, are systems for education, open organizations and accident prevention in place? I would like to visit the frontline to provide guidance and advice in these areas.

I also hope to be helpful in promoting global expansion in the post COVID-19 world. The essence of globalization is value creation and commercialization. We must create value utilizing the JAL Identity and JAL Brand under the Corporate Policy while identifying diverse market characteristics and targets. To commercialize products and services, we need to develop new business models and systems in close cooperation with customers and markets, and to secure and develop suitable human resources.

From this perspective, my role will be supporting management in implementing appropriate, swift and decisive management practices in order to achieve medium- to long-term growth and increase corporate value.



Message from the Chair of the Board of Directors

Fostering a relationship of trust with each employee is the foundation of corporate governance

The Board of Directors is expected to promote the sustainable growth of the company and the enhancement of corporate value over the medium- to long-term based on its responsibilities to our shareholders and stakeholders. In order to fulfill this role, we must provide highly effective supervision from an independent standpoint, while taking appropriate risks and presenting the general direction we are heading. The Board comprises members of diverse backgrounds and extensive knowledge, and diversity is our strength. In particular, Outside Directors, who possess extensive management experience and advanced expertise, express opinions that are rarely raised by our executives. In many instances, proposals are not approved as originally drafted due to severe objections. In that sense, there is no doubt that highly effective supervision is in place. On the other hand, in order to increase corporate value over the medium- to long-term, we should not be complacent with the status quo but instead draw up, through constructive discussion, the overall direction of the company, such as our vision and management plan. Having worked as a pilot for more than 30 years since joining the company, I am highly aware that the mission of a pilot is to gather information

and opinions and deliver safety and security based on a relationship of trust with many colleagues, including airport staff and cabin attendants. The role of Board Chair is to create the best symphony (decision) by harmonizing various tones (opinions) just like the conductor of an orchestra, through free and vigorous discussion. Opinions are sometimes divided even in our company, but in the end, we move on to a resolution based on mutual trust, and every employee on the frontline heads toward the direction pointed out by the Board. I fulfill my role as Board Chair to unite management and the frontline. Although the COVID-19 pandemic has devastated the aviation industry, my experience as pilot has shown me that we can overcome any crisis with sufficient preparation. We are determined to become “the world’s most preferred and valued airline group” and meet the expectations of our stakeholders.



UEKI Yoshiharu  
Chair of the Board of Directors

Director remuneration

Policy on decision of director remuneration

- Basic Policy
  1. To achieve sustainable and steady growth and increase corporate value over the medium- to long-term, we promote business execution in accordance with the Corporate Policy and management strategies, and strongly motivate Directors to achieve specific management goals.
  2. We will establish appropriate ratios for performance-linked bonus linked to fiscal year performance, and for the purpose of further promoting the alignment of interests with shareholders, establish appropriate ratios for performance-linked share-based remuneration linked to corporate value in accordance with medium- to long-term performance, in order to contribute to the demonstration of a sound entrepreneurial spirit.
  3. We will provide remuneration that is appropriate to management in accordance with our business performance.
- Remuneration levels and remuneration composition ratios
  1. We will set appropriate remuneration levels with reference to the business environment and objective remuneration data in the marketplace.
  2. Taking into account the business characteristics of the Company and the effectiveness of performance-linked remuneration, fixed remuneration and performance-linked remuneration shall be established as follows:

Framework for performance-linked remuneration

1. Performance-linked bonus  
The amount of performance-linked bonus to be paid will vary from approx. 0 ~ 200 depending on the degree of achievement, with 100 as the amount to be paid in the case of achievement in line with performance targets.
2. Performance-linked share-based remuneration  
The number of shares to be granted as performance-linked share-based remuneration will vary from approx. 0 ~ 220 depending on the degree of achievement, with 100 as the number of shares to be granted in the case of achievement in line with performance targets. The performance evaluation period shall be three years, with performance for three consecutive fiscal years evaluated each year.

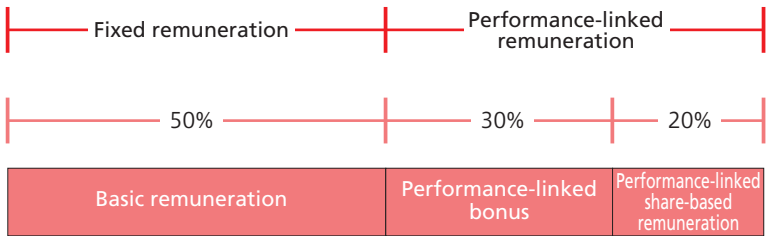
■ Performance indicators (adoption of IFRS under consideration)

- Net profit attributable to shareholders of the parent company
- Indicators related to safe operation
- Individual evaluation indices for each director, etc.

■ Performance indicators (adoption of IFRS under consideration)

- Consolidated operating profit margin
- Consolidated ROIC
- Customer satisfaction, etc.

(Standard in case of achievement in line with performance targets is 100%)



\* The above is a rough estimate and will fluctuate depending on the price of our company shares.

Payment of remuneration to Directors and Audit and Supervisory Board Members (FY2020)

Position	Number of people	Total remuneration, etc. (1 million yen)	Total remuneration by category, etc. (1 million yen)		
			Basic remuneration	Performance-linked bonus	Performance-linked share-based remuneration
Director	11	294	294	—	—
(including Outside Director)	(3)	(36)	(36)	( — )	( — )
Audit and Supervisory Board Member	6	77	77	—	—
(including Outside Audit and Supervisory Board Member)	(4)	(28)	(28)	( — )	( — )
Total	17	371	371	—	—