

chapter

02

Medium Term Management Plan



Management Strategy

► Environmental Awareness

Changes in behaviors and values and unprecedented environmental changes are expected to last even after COVID-19 subsides. Some of these trends are already becoming apparent.

Macro Environmental Trends

Politics	Economy	Society and the Environment	Technology
<ul style="list-style-type: none"> <li>Digitalization and regional revitalization</li> <li>Economic recovery by promoting Japan as a tourism-orient country</li> <li>Strengthening of environmental regulations to curb greenhouse emissions</li> </ul>	<ul style="list-style-type: none"> <li>Largest economic contraction since the end of WW2</li> <li>Risk of long-term economic stagnation</li> <li>A move from centralization to decentralization and multipolarization</li> </ul>	<ul style="list-style-type: none"> <li>Increasing importance of sustainability</li> <li>Transition to a resilient society</li> <li>A move from “mass” to “personal”</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of digitalization and integration in real life</li> <li>Business model reform with DX</li> <li>The New Normal such as remote communication and touchless solutions</li> </ul>

Changes in the Business Environment

JAL / Airline Industry	Market	Society
<b>Severe damage to business</b> Air travel demand in 2020: reduced by approx. 70% (YoY)*	<b>Structural changes in air travel demand and changes in consumer behavior</b>	<b>Growing social awareness to achieve SDGs</b>

\* vs 2019: Statistics of IATA (International Air Transport Association)

JAL / Airline Industry

The COVID-19 pandemic has severely impacted the airline business and airline financial performance. In 2020, global air transport demand dropped 70% resulting in significant industry losses. Demand for JAL Group international and domestic flights also fell sharply. Fiscal 2020 was JAL’s first financial loss since our relisting in 2012.

Market

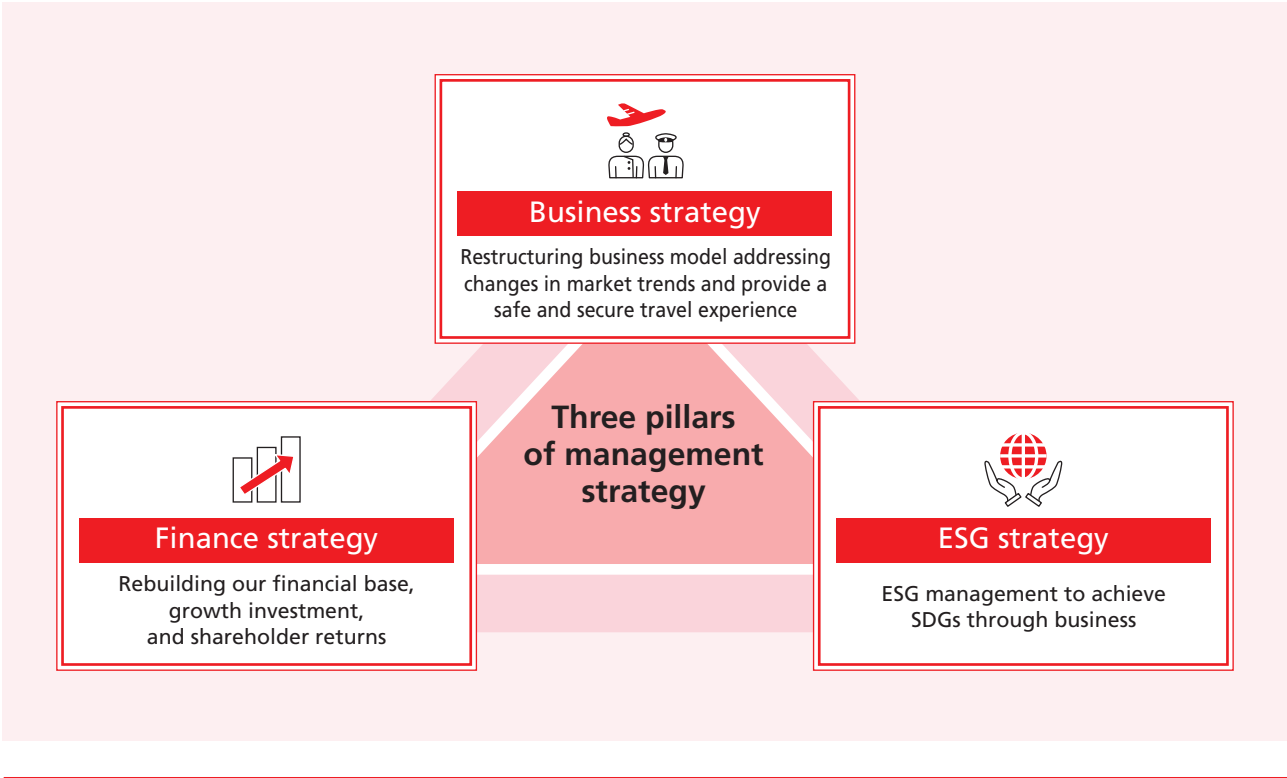
Digital transformation will make significant structural changes in air travel demand and changes in consumer behavior. While business trips have been partly replaced by virtual travel, travel to meet in person or to experience something new (experiential travel) is expected to grow. E-commerce growth is likely drive personal consumption and logistics.

Society

There is growing awareness of the need to tackle social issues such achieving the SDGs and this trend is likely to increase in the future. In particular, the global momentum towards addressing climate change as a national goal is increasing and companies are required to set long-term targets and take climate action.

Although environmental uncertainty remains, the aviation industry is expected to show some recovery over the medium-to long-term led by global economic recovery and growth.

► Strategic Overview



Strategic Pillars

In order to address environmental changes post COVID-19 and promote sustainable growth and development utilizing JAL Group’s strengths; our human resource base, customer base and financial base, we will pursue initiatives based on “business strategy, finance strategy and ESG strategy” as the pillars of management strategy as mentioned in the Medium Term Management Plan.

■ Business strategy

In addition to restructuring the business model to address market changes, we will implement initiatives to make our customers feel safer and more secure in the recovery and growth phase of demand.

■ Finance strategy

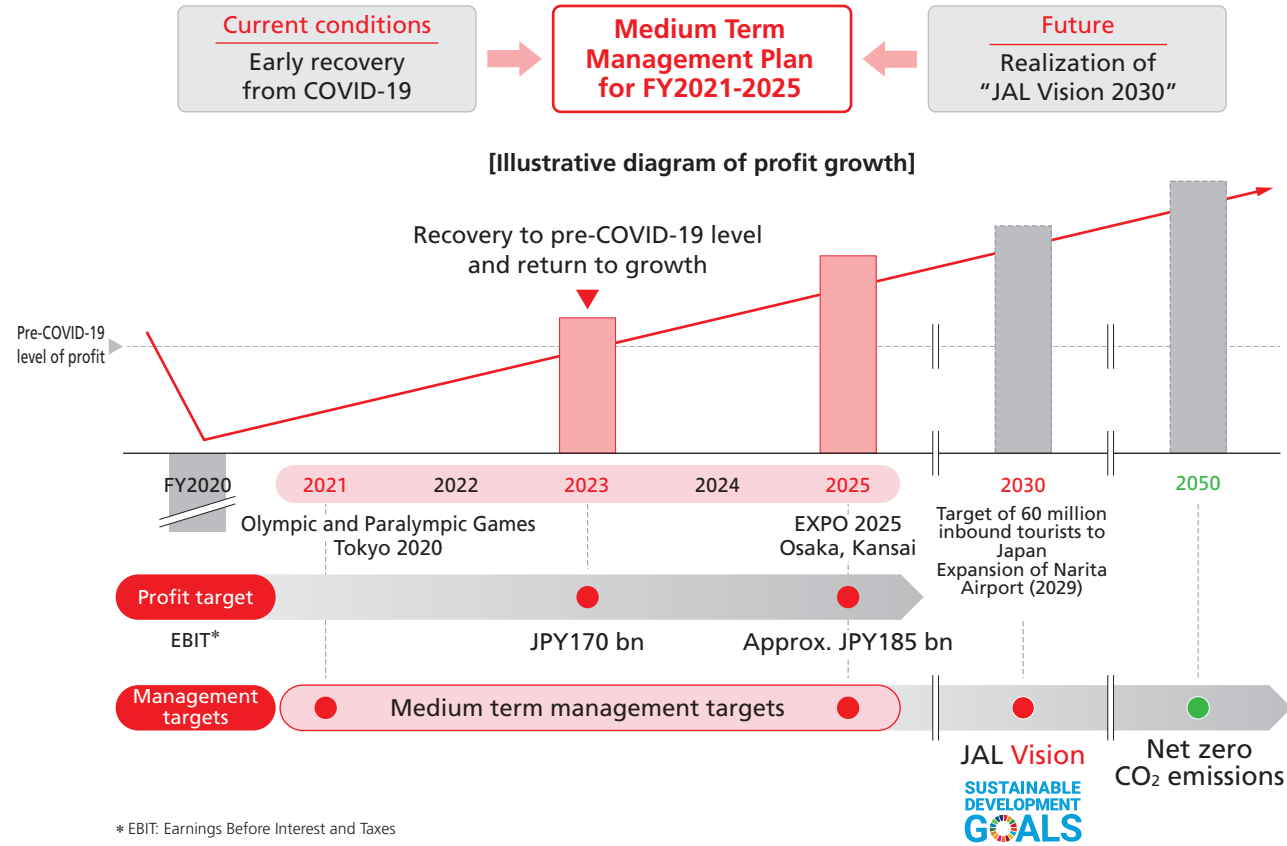
On swiftly rebuilding our financial base, which was damaged by the serious demand slump, we will steadily implement investment strategies and profit returns to our shareholder to achieve future growth.

■ ESG strategy

Positioning ESG strategy as our top growth strategy, we will promote ESG management to achieve the SDGs through business and accelerate CO<sub>2</sub> reduction initiatives.

These three strategies are not independent but interconnected. We believe that simultaneous strategy implementation will increase corporate value.

► Timeline



Review of fiscal 2020

Global aviation demand, hit by COVID-19 since January 2020, dropped sharply and threw the airline industry and our company into turmoil. In fiscal 2020, we focused on the three points below while maintaining flight safety, the basic foundation of our business, and fulfilled our mission and responsibility as an air transport operator.

- Measures against infectious diseases and maintenance of air transport networks
- Thorough cost reduction and liquidity
- Initiatives to create a sustainable society

Positioning of the Medium Term Management Plan

Although market conditions remain uncertain, efforts to bring COVID-19 under control such as vaccinations are making steady progress across society. Against this backdrop, from fiscal 2021 onwards, all JAL Group employees will make combined efforts to adapt to environmental changes and achieve sustainable growth and development under the JAL Group Medium Term Management Plan for FY2021-FY2025, a 5-year plan to achieve speedy recovery from the crisis and the long-term targets in “JAL Vision 2030.”

We target profit of pre-COVID-19 levels and EBIT of 170 billion yen by fiscal 2023 and EBIT of approximately 185 billion yen by fiscal 2025 as well as achievement of the JAL Vision and the SDGs by 2030 and net zero emissions by 2050.



► Management Targets

FY2025 Targets			
<div>Safety and Comfort</div> <div>✈️</div>	Safety	<b>Aircraft Accidents and Serious Incidents: 0</b> (during the entire period of the Medium-term management plan)	
	Comfort	Top Level Customer Experience both in air travel services and daily life <b>NPS*1 +4.0pt</b> (International/domestic flights) (FSC)	
<div>Finance</div> <div>¥</div>	EBIT Margin	<b>10% or Higher in FY2023</b> (to improve onwards)	
	ROIC	<b>9% in FY2023</b> (to maintain or improve onwards)	
	EPS	FY2023 <b>¥260</b> Pre-COVID level <span>➡</span> FY2025 <b>c. ¥290</b>	
<div>Sustainability</div> <div>🌐</div>	Environment	<div> <div>CO<sub>2</sub> Emission Reduction</div> <div>Total emission: below <b>9.09 million tons</b></div> <div>(FY2019 Result)</div> </div> <div> <div>Reduction of Single-use Plastic</div> <div>No use of virgin petroleum-based plastic at cabin/lounge (100% switch to eco-friendly materials at Cargo/Airport service)</div> </div>	
	People	<div> <div>Promotion of D&amp;I</div> <div>Group Female Managers Ratio: <b>30%</b></div> <div>(19.5% as of FY2020 end)</div> </div> <div>Consistent efforts to encourage various human resources to demonstrate their potential</div>	
	Communities	<div> <div>Regional Revitalization</div> <div>Domestic passenger*2 and cargo transport volume: <b>+10%</b> vs FY2019</div> </div>	

\*1: Net Promoter Score...objective indicator of customer satisfaction (vs the beginning of FY2021)  
 \*2: Increases in passenger numbers by stimulating tourism demand and creating new flows

■ FY2025 Management targets

The JAL Group has set management targets for safety and comfort, finance, and sustainability to to be achieved by fiscal 2025, based on global trends, shareholder expectations, impact on business, and their importance to management. We will treat them as high priority management issues.

■ Safety and Comfort

As a leading company in safety, we aim to maintain a clean record, free of aircraft accidents and serious incidents. We will also do our best to ensure comfort both in everyday life and air travel, and provide a world-class customer experience.

■ Finance

In fiscal 2023, which will be a turning point for rebuilding our financial base, we will strive to achieve pre-COVID-19 levels in each indicator and maintain and improve them from fiscal 2023 onwards. In particular, we will offset the impact of stock dilution from our public offering in November 2020.

■ Sustainability

Our Environment strategy is to reduce both single-use plastics and CO<sub>2</sub> emissions, People strategy is to promote Diversity and Inclusion (D&I) such as increasing the ratio of female managers, and Community strategy is to promote domestic transportation that contributes to regional revitalization.

Business Strategy



SAITO Yuji

Managing Executive Officer  
 Senior Vice President of Corporate Strategy & Planning  
 Senior Vice President of Business Administration

Pave the way to a post COVID-19 era

Although it is difficult to predict the future due to major unprecedented shifts in the operating environment, I feel that it is in these times that we must decide the general direction of the company and steadily move forward without stopping.

All JAL Group employees will take action to pave the way to a post-COVID-19 era to achieve sustainable growth and development with society under the Medium Term Management Plan.

Promote Business Structure Reform Addressing Changes in the Business Environment

Market changes

COVID-19 has changed the business landscape and has resulted in two marked changes in market trends. Firstly, structural change in air travel demand. Our strategy as a full service carrier (FSC) is to attract business travelers; however, demand-side recovery is likely to take some time. Conversely, leisure and visiting friends and relatives (VFR) travel markets are likely to fuel demand, and some signs of this have already been observed. Secondly, changes in consumer behavior. It is suggested that e-commerce, which grew by leaps and bounds during the pandemic, will continue strong growth and that digital transformation will increase rapidly changing customer demands for personalized service.

Basic stance on business structure reform

In the Medium Term Management Plan for FY2017-FY2020, we pursued strategies to capture growing business demand, with international flights in the FSC business as the growth driver. In the Medium Term Management Plan for FY2021-FY2025, we will implement business structural reform to meet customer and societal needs in the post-pandemic world, and swiftly rebuild our financial structure to adapt to environmental changes. We aim to improve FSC business profitability, expand domains by drawing on JAL Group’s strengths and management resources, and diversify revenue streams in non-FSC business domains. By doing so, we will increase our risk tolerance while

improving profitability, and build a sustainable business structure. In concrete terms, we will reduce dependence on the FSC business model and target leisure and VRF travel markets through the LCC business model and provide new air travel services and services in daily life.

FSC Domain (P. 45)

We will strive to minimize costs through aircraft downsizing and network optimization and improve profitability by maximizing revenues through enhanced product competitiveness and marketing.

LCC Domain (P. 49)

We will deploy three business models; ZIPAIR, SPRING JAPAN, and Jetstar Japan, in growing low-priced markets and explore new markets.

Cargo and Mail Domain (P. 51)

We will continue to promote agile capacity strategies to meet robust demand for air freight and capture demand for high value-added commodities that require high quality transport so as to secure stable revenues.

Mileage, Lifestyle and Infrastructure Domain (P. 53)

We will apply our strengths such as our customer base and brand, and human skills such as operational know-how and technical capabilities to develop businesses in growing non-airline domains.

## Outline of Business Structure Reform



## Business Structure Reform and Profit Growth

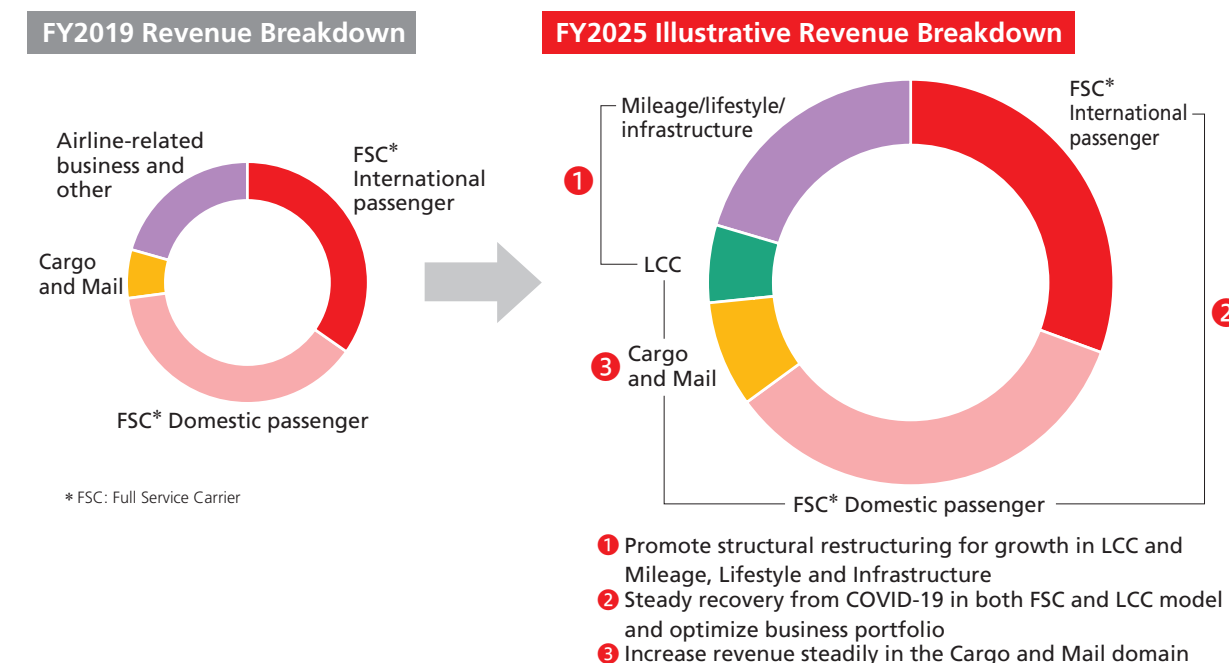
Through business structure reform addressing market changes, we will reduce dependence on the FSC business, and expand our LCC and non-airline businesses such as mileage.

As a result, we aim to achieve steady profit growth by fiscal 2023, when a return to 2019 demand levels is expected, and by fiscal 2025, the final year of Medium Term Management Plan, and to retrieve 43 billion yen of losses in the recovery phase, starting from 89 billion yen in EBIT in fiscal 2019.

Going forward, we seek to improve profit by increasing FSC business and cargo revenues and expanding in LCC and non-airline domains such as mileage to achieve the EBIT target of 170 billion yen by fiscal 2023. If we can achieve this profit target, earnings per share will be at the same level as pre-COVID-19 levels.

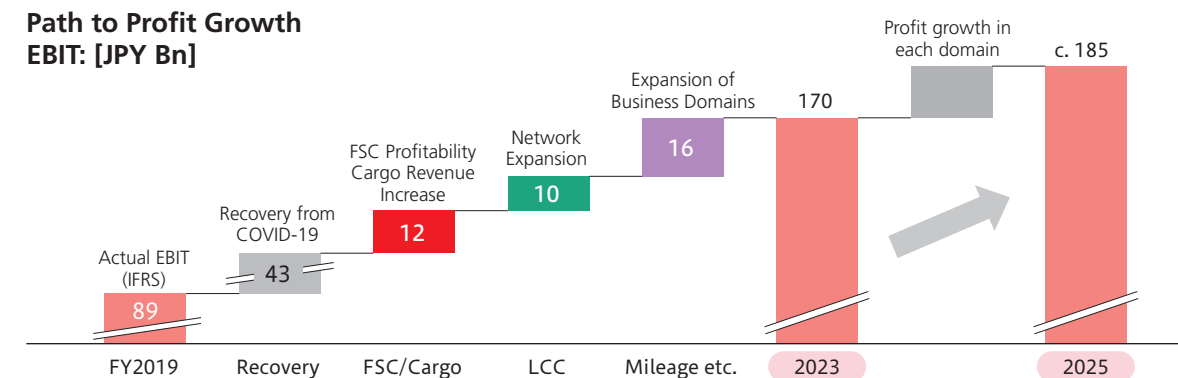
We will strive to expand our business domains and achieve EBIT of approximately 185 billion yen by fiscal 2025.

## Changes in the business structure



### Path to Profit Growth

#### EBIT: [JPY Bn]



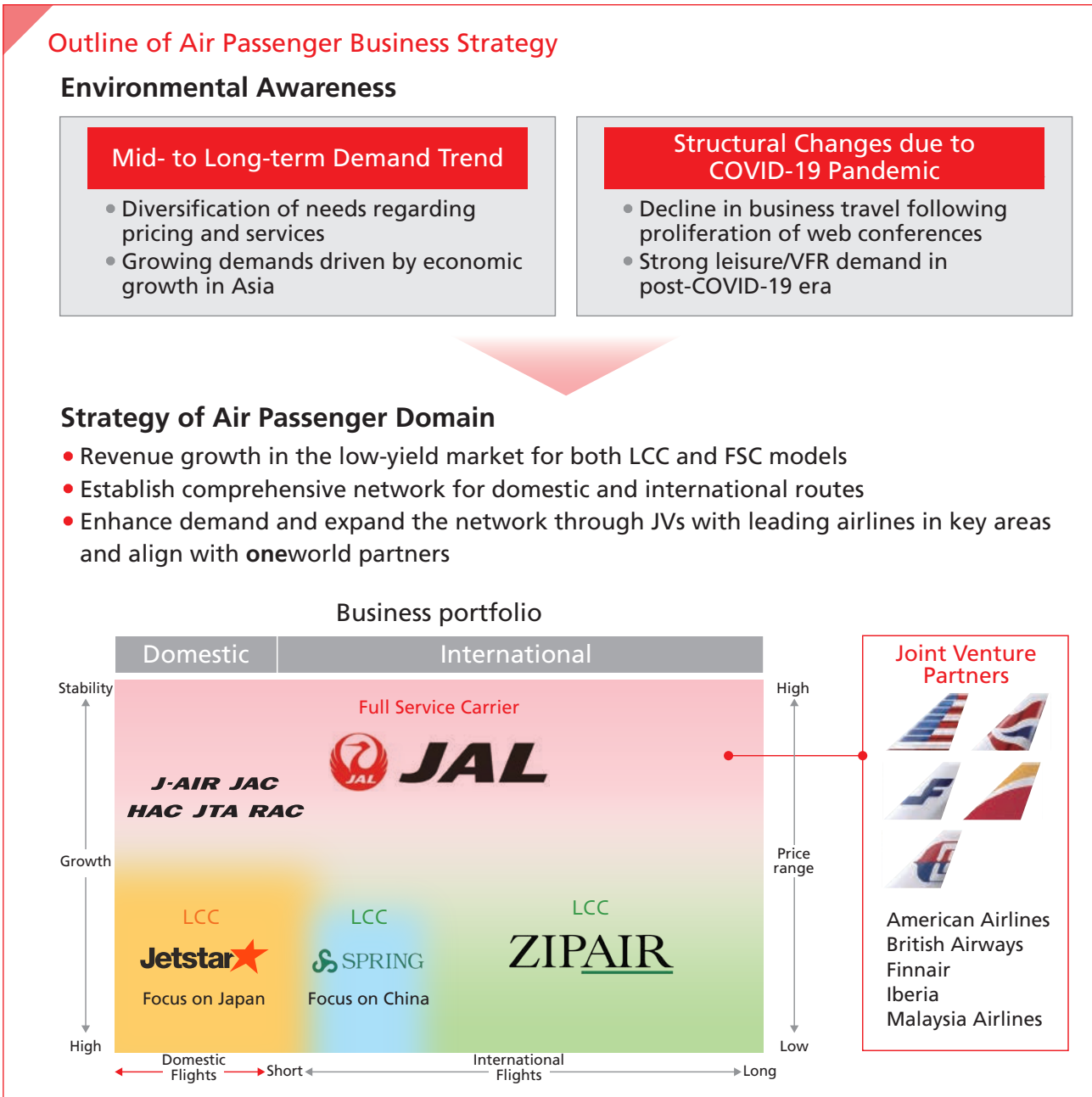


► Air Passenger Business

Both FSC and LCC Businesses Are Essential to Growth

In addition to diversification of pricing and services to meet customer needs, a trend observed in pre-COVID-19 times, and growing demand driven by Asia’s economic growth, business demand is expected to decline post COVID-19 leading to major structural changes in demand. The JAL Group will provide both affordable LCC services and high end FSC services, and build networks covering all markets through integrated international and domestic services.

Through our joint businesses with leading airlines in key areas and partnerships including those with **oneworld** partners, we will boost demand reciprocally and expand our networks while reducing risks.

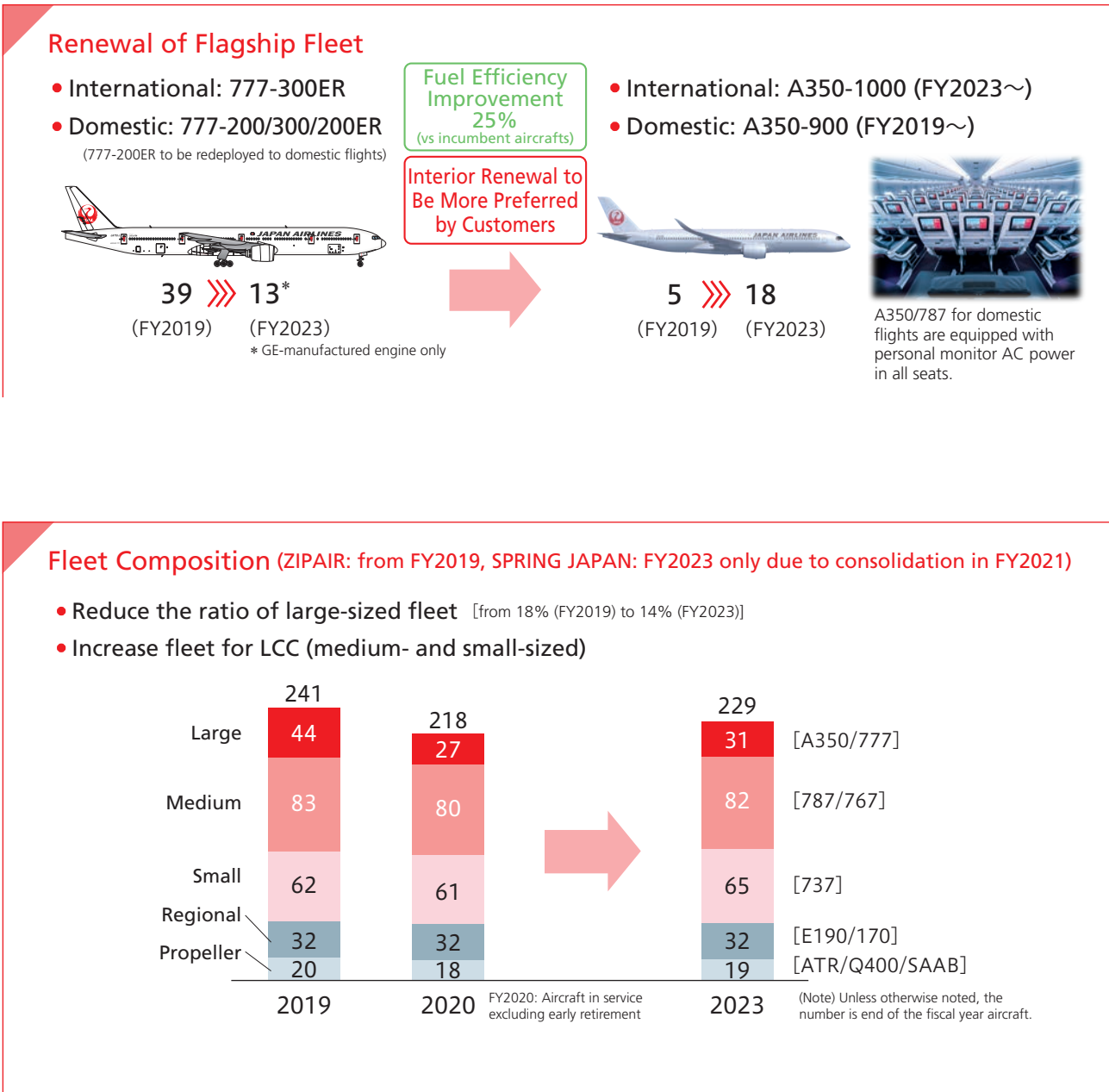


Air Passenger Business/Aircraft

Aircraft strategy to support sustainable growth and development

We will flexibly introduce and retire aircraft according to air passenger business strategies, upgrade our international and domestic flagship fleets to fuel-efficient cutting-edge aircraft and introduce the Airbus A350. The Airbus A350-1000 will start international services from fiscal 2023.

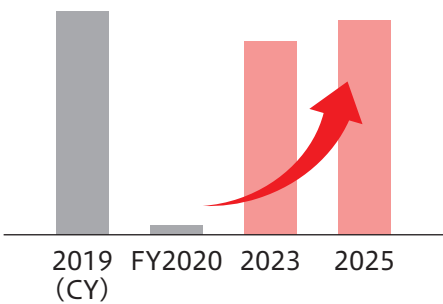
With regard to fleet composition, in order to accelerate the retirement of old Boeing 777 aircraft, large aircraft will be reduced and medium and small aircraft will be increased for the LCC business. As a result, we plan to have 229 aircraft as of the end of fiscal 2023, an increase of 11 from the end of fiscal 2020.



Air Passenger Business/FSC (international passenger business)



Illustrative Revenue Trend



Implement business structure reform to improve profitability leading to growth

The impact of COVID-19 on international passenger demand is expected to linger from 2023 into 2024. For the time being, we will improve profitability through business optimization and enhanced initiatives to respond to changes in demand and needs in the post COVID-19 world.

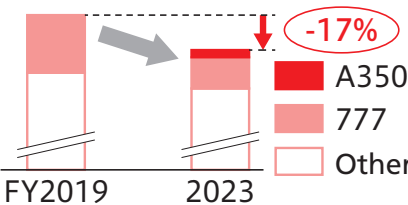
While suspending operations on unprofitable routes, we will maintain our network through code-sharing. We will also introduce cutting-edge aircraft and innovate new services using the latest technologies to meet diverse customer needs and increase competitiveness.

Business optimization

While promoting business optimization until the recovery of demand, we will introduce aircraft with superior product competitiveness and environmental performance to increase profitability, leading to the next growth phase.

- Suspend unprofitable routes
- Reduce maintenance costs through early retirement of old, large aircraft
- Enhance product competitiveness and reduce CO<sub>2</sub> emissions and operating costs by introducing the fuel-efficient Airbus A350-1000

Changes in the number of aircraft



Deepen cooperation with partners

By deepening cooperation with partners, we will complement our route network and improve convenience. At the same time, we will utilize the sales capabilities in the partner's home market and capture inbound demand.

- Maintain and expand networks utilizing code-sharing and joint businesses
- Strengthen sales by expanding and promoting joint businesses



Strengthen measures to capture business demand

In order to capture greater business demand, a revenue base, we will develop networks, products and services to increase customer preference.



- Expand the network out of Haneda, which has high demand among business travelers
- Provide products and services that are safe, secure, and clean
- Enhance product competitiveness by deploying the cutting-edge Airbus A350-1000
- Expand smart airports (JAL SMART AIRPORT) and touchless and smooth services via mobile devices



Airbus A350-900, which was first introduced on domestic routes.



Boarding procedures utilizing facial recognition technology

Capture high yield transit passengers between North America and Asia

We will increase high yield demand between North America and Asia post COVID-19, utilizing Narita's improved hub function.

- Create timetables with improved connections
- Open the San Francisco route and Bengaluru route from Narita
- Strengthen web sales in regions outside Japan

Improve ancillary services (paid ancillary services)

In order to meet diverse customer needs, we will create new paid services and achieve both convenience and profitability.

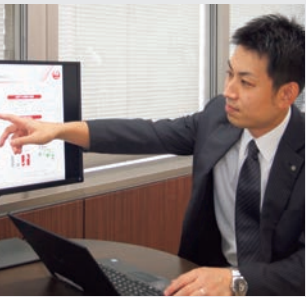
- Current ancillary services
  - JAL Bid Upgrade (U/G)
  - Paid advance seat selection (seat with extra legroom)
  - Paid lounge service



VOICE Employee's Commitment

Turn a pinch into an opportunity and take on bold challenges in growth markets

2020 was supposed to be a year of rapid growth generated by significant increases in international departures and arrivals from the Tokyo metropolitan area. However, the COVID-19 pandemic turned the situation upside down and I felt frustrated. I will instead look ahead to the future when the pandemic subsides and make preparations to capture emerging demand. For example, our main target on international routes is the growing number of transit passengers from Asia and North America, triggered by Asia's economic growth. Previously, we developed products and services tailored to the tastes of international travelers and strengthened cooperation with our joint business partners. But now we are building networks with convenient connections based out of Narita and improving on our marketing strategies to increase our share in competitive markets. Given the environmental challenges we face, I will continue to do my best to capture growing demand and put the FSC business back on the growth track.



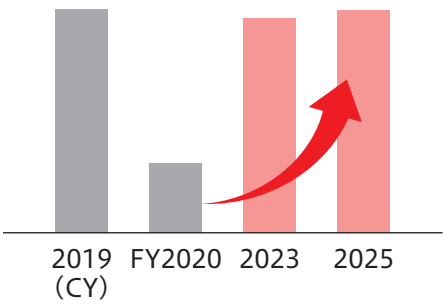
YOSHINO Kazuki  
Planning Group  
Route Strategy



## Air Passenger Business/FSC (domestic passengers)



Illustrative Revenue Trend



### Enhance product competitiveness and capture growing demand to improve profitability

On domestic routes, we expect the impact of COVID-19 on passenger demand to subside from the end of 2021 to the first half of 2022. However, major changes in workstyles and lifestyles are expected, such as the proliferation of remote work and web conferencing.

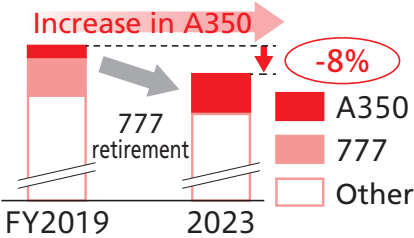
Given these changes, we aim to improve profitability by stimulating new demand and improving our product and service line-up based on new values and lifestyles post COVID-19.

#### Renew aircraft and optimize routes to improve profitability

We will maintain business size but optimize routes and enhance product competitiveness to improve profitability.

- Reduce maintenance costs through early retirement of old aircraft
- Enhance product competitiveness and reduce CO<sub>2</sub> emissions and operating costs by upgrading to the fuel-efficient Airbus A350-900
- Expand Okinawa routes, with growing demand (open new routes and allocate large aircraft)

Changes in the number of aircraft



#### Capture growing demand

We will strengthen measures to meet air transport demand between the Tokyo metropolitan area and regional areas in Japan, stimulated by new lifestyles and values, and measures to capture growing inbound demand.

- Establish fares and tours leading to urban-to-rural migration and promotion of workation
- Strengthen overseas sales to attract inbound demand to regional areas across Japan



Expand “JAL Vacations (regional passenger transport platform\*)” for visitors to Japan, who are expected to increase  
 \* An initiative to co-develop, with partners in other industries, attractive products for visitors to Japan. Currently available in the U.S., Canada, Australia, Southeast Asia (Thailand, Singapore, Malaysia, Indonesia, Vietnam), and East Asia

#### Strengthening initiatives to capture business demand

We will improve customer preference through enhanced services that deliver safety and comfort and cutting-edge aircraft in order to capture business demand, which will become a revenue base.

- Pursue cleanliness and comfort with antiviral coatings in aircraft and airports
- Provide touchless, smooth travel with smart airports (expand JAL SMART AIRPORT services to other airports)
- Enhance product competitiveness with the cutting-edge aircraft Airbus A350-900
- Review timetables to cater to business demand



#### Develop regional networks with Group airlines and vitalize regional areas

JAL Group airlines (JAL, J-AIR, JAC, HAC, JTA, RAC), which have close ties with the local community, will leverage their community-based strengths to communicate the charms of the region and fulfill their mission in society as lifeline routes. Furthermore, we will build JAL Group networks that connect regional areas in Japan with the world to achieve growth and development with the regions.

- Develop tour packages to World Heritage sites
- Explore and develop tourism materials in regional areas in cooperation with local governments and partners



Launch of specially designed aircraft to commemorate the listing of Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island as a World Natural Heritage site (Top: JTA, Bottom: RAC)

### VOICE Employee's Commitment

#### Protect sustainable livelihoods on outlying islands and contribute to regional revitalization

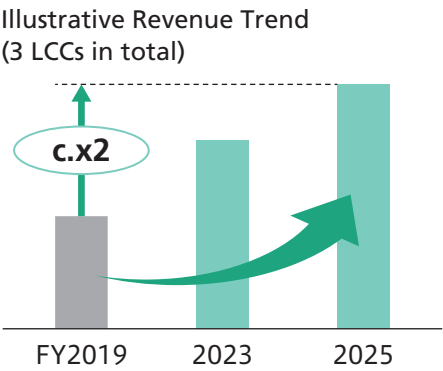
Over 80% of the networks operated by JAPAN AIR COMMUTER (JAC) are lifeline routes to outlying islands. Our mission is to protect their lifelines, such as hospital visits, nursing care, and the transport of healthcare and infrastructure workers and medical and daily essentials. We have maintained flights even in the COVID-19 pandemic, while keeping flight reductions to the minimum so that the network will not be disrupted.

As you may know, several islands in Kagoshima and Okinawa prefectures; Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island, were listed as World Natural Heritage sites, the second such listing after Yakushima which gained World Heritage status. We aim to increase travelers to this region, utilizing hopping routes and charter flights. I would like to create new value while fulfilling our role as “the Wings of Regional Japan,” and contribute to the development of the region.



HASEGAWA Shoichi  
 Corporate Planning Group, Corporate Planning Department  
 JAPAN AIR COMMUTER (JAC)

Air Passenger Business Domain/LCC

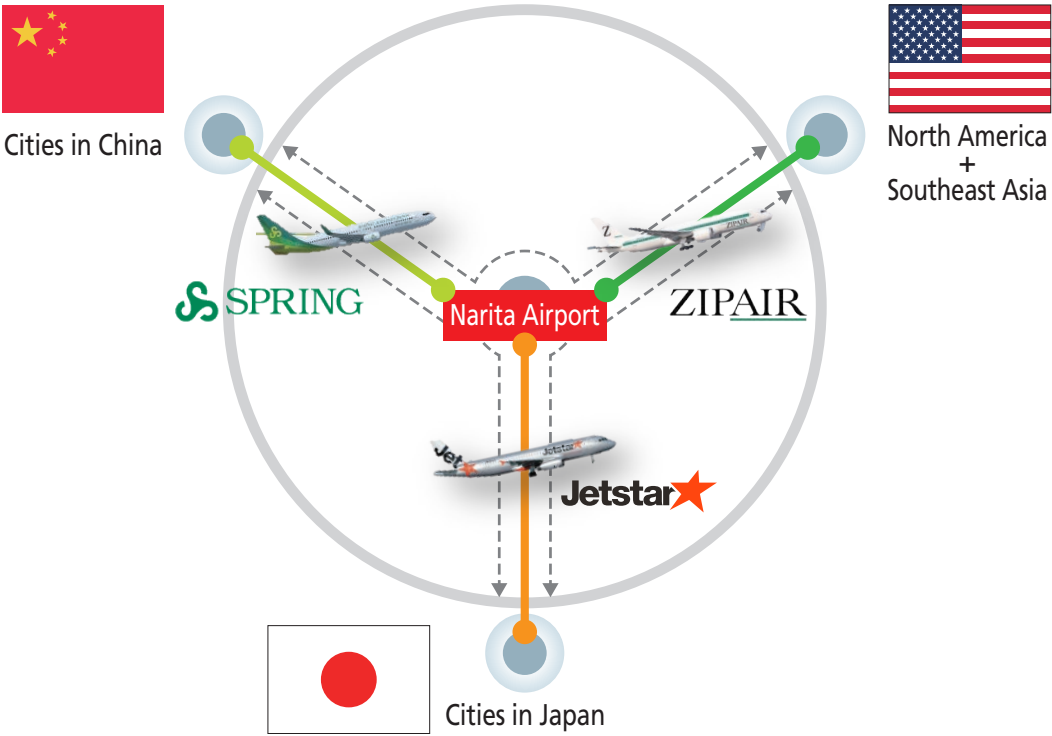


Build global networks of three LCCs based out of Narita ~ “Connecting Regions in Japan with the World” ~

One of the pillars of the Medium Term Management Plan is to strengthen and expand the LCC business and increase revenues in growing VFR\* travel markets. As part of these efforts, we will inject additional capital into Spring Japan and Jetstar Japan, develop businesses with the three LCCs including ZIPAIR, and build LCC networks based out of Narita, while adapting to market changes post COVID-19.

The JAL Group will build global networks leveraging the strengths of the three LCCs based in Narita, with safety and security as our top priority, to connect regional areas in Japan with the world. We will also contribute to regional revitalization and meet diverse customer needs.

\* Visit Friends and Relatives



Building a global network that leverages the strengths of LCCs

### ZIPAIR

First Mid-to-long Haul LCC in Japan

Capture demand in global major cities utilizing high-performing 787 aircraft

- Create low-yield travel demand in Asia, US West Coast, Hawaii, etc.
- Utilize belly space as a revenue source

Expansion to 10 aircraft by FY2024

- Introduce two aircraft per year

Note: Illustrative map

Full-flat seat installed in upper class

Self-order / free Wi-Fi

### SPRING

China-focused LCC

China-focused operation utilizing small aircraft partnering with Spring Airlines, the largest LCC in China

- Attract inbound tourists from China leveraging Spring Airlines’ strong brand recognition in China

Consolidate SPRING JAPAN in June 2021

- Achieving high-quality, low-cost operation fully leveraging resources of JAL Group

Capture latent demand in regional cities in China

- Targeting Chinese cities with a population of more than 10 million, we will develop new “white spots” where direct flights are not yet available.

Note: Illustrative map

### Jetstar

Strong LCC Network in the Tokyo Metropolitan Area

Lead the growth of the domestic LCC market by leveraging the business model we have developed

- Capture tourism demand, mainly through domestic flights to/from the Tokyo metropolitan area (Narita)
- Increase revenues under the dual-brand strategy with JAL in domestic flight operation

Improve profitability through business restructuring

- Enhance profitability by reviewing the fleet and network, and enhance cargo revenue
- Partnering with the Qantas/Jetstar Group to strengthen marketing and revenue management
- Utilization of aircraft parked at night for short-haul international flights will improve operations.

Note: Illustrative map

## VOICE

### Employee’s Commitment

Become a “NEW BASIC” Airline

ZIPAIR is the newest airline in Japan that started last year. Even amidst the COVID-19 pandemic, we have offered services that are “just right” for customers traveling overseas. We cater to the diverse needs of our customers by differentiating ourselves from other LCCs, such as offering full-flat seats, which are unusual for an LCC, free in-flight Wi-Fi, and flat fares for children under six. As a result, we are receiving more and more positive comments such as, “I’m glad I chose ZIPAIR. I will fly with you again when returning home.” We are constantly striving to find out what kind of service satisfies our customers. After COVID-19 is contained, we look forward to the day when we can welcome many more customers. I will perform my duties responsibly to support flight safety and high quality operations of ZIPAIR.

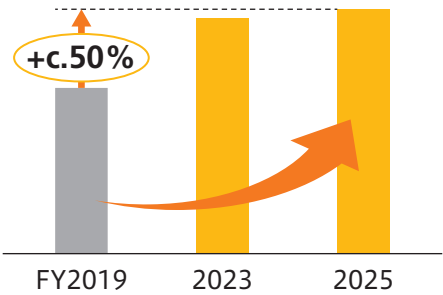
HATANAKA Aoi  
Chief Cabin Attendant  
ZIPAIR Tokyo



► Cargo and Mail Business



Illustrative Revenue Trend



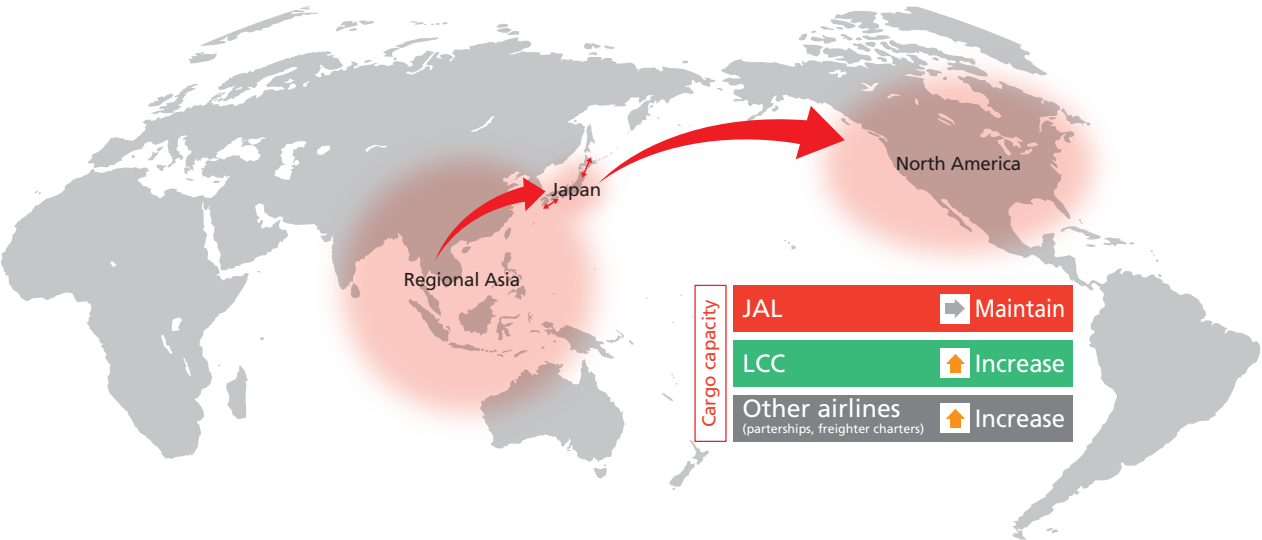
Meet market and customer needs and achieve stable business development

In fiscal 2020, when COVID-19 began to run rampant around the world, we experienced a shortage of capacity to transport air freight due to the significant global reduction of passenger flights. Under these circumstances, we actively operated cargo flights using passenger aircraft on international and domestic routes to create capacity and transport medical products and daily essentials to meet customer needs. Especially on international routes, we used freighters of partner carriers overseas and secured maximum capacity in the tight air cargo market.

In order to respond to the strong cargo growth trend, we will implement agile capacity strategies through our partnerships and expand our network, using cargo space on passenger aircraft to the maximum capacity. Furthermore, we will position e-commerce, home delivery, healthcare products (pharmaceuticals and medical products), food and local specialties as strategic products, provide high quality services, and ensure profitable growth.

Agile capacity strategy

- Speedily increase capacity and networks by utilizing LCCs and enhanced partnerships to capture growing demand
- Improve convenience of domestic and international flight connections and optimize networks connecting regional Japan and the world



Focus on spot demand

- Demand for advanced transportation services is increasing due to changes in commodities that are transported prompted by changes in lifestyles.



e-commerce and home delivery



Healthcare products  
(pharmaceuticals and medical products)



Food and local specialties

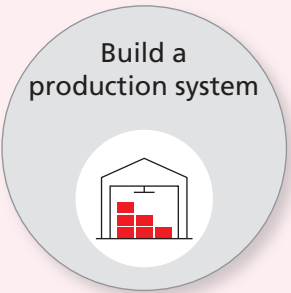
Focus on spot demand and establishing a system to respond to demand



Shorter lead time



Thorough quality control management



Build a production system

VOICE Employee's Commitment

Carry the sentiments behind vaccines

Since we became the first in Japan to transport pharmaceuticals on international flights, we have pursued air logistics services to support safety and security in society, such as developing cold storage facilities and transport equipment and establishing procedures to meet the needs of each customer. I am in charge of transporting special cargo such as pharmaceuticals and I am also project leader of COVID-19 vaccine shipments. I am especially determined to put my knowledge and experience to work to make sure that not a single bottle is wasted. We are applying our knowledge on temperature control, monitoring transport time and cargo conditions to ensure the quality of vaccines and fulfil our responsibility to society. The shipments consigned to us are filled with the customers' sentiments. I will do my best to carry the sentiments behind the vaccines by working professionally and providing the highest level of value through the transport of air freight transportation.



TAKANO Yosuke  
Marketing Group, Business Promotion  
Department  
Cargo and Mail

► Mileage, Lifestyle and Infrastructure Business

Expand domains leveraging JAL Group’s strengths

The dramatic decline in air transport caused by the pandemic has raised awareness of the importance of establishing non-airline revenue streams and pursuing compatibility and synergies with the airline business to achieve future growth. We will draw on JAL Group’s strengths; our customer base, brand, and human skills, to achieve growth in profitable domains.

Strategic outline of Mileage, Lifestyle and Infrastructure Domain



Mileage and Lifestyle Domain



Deepen customer relationships and create new revenue streams in non-airline domains

We will actively utilize the JAL Group membership base and mileage domain, which we have cultivated in the airline business, to provide new value in customers’ daily lives and life stages and create new revenue streams in non-airline domains.

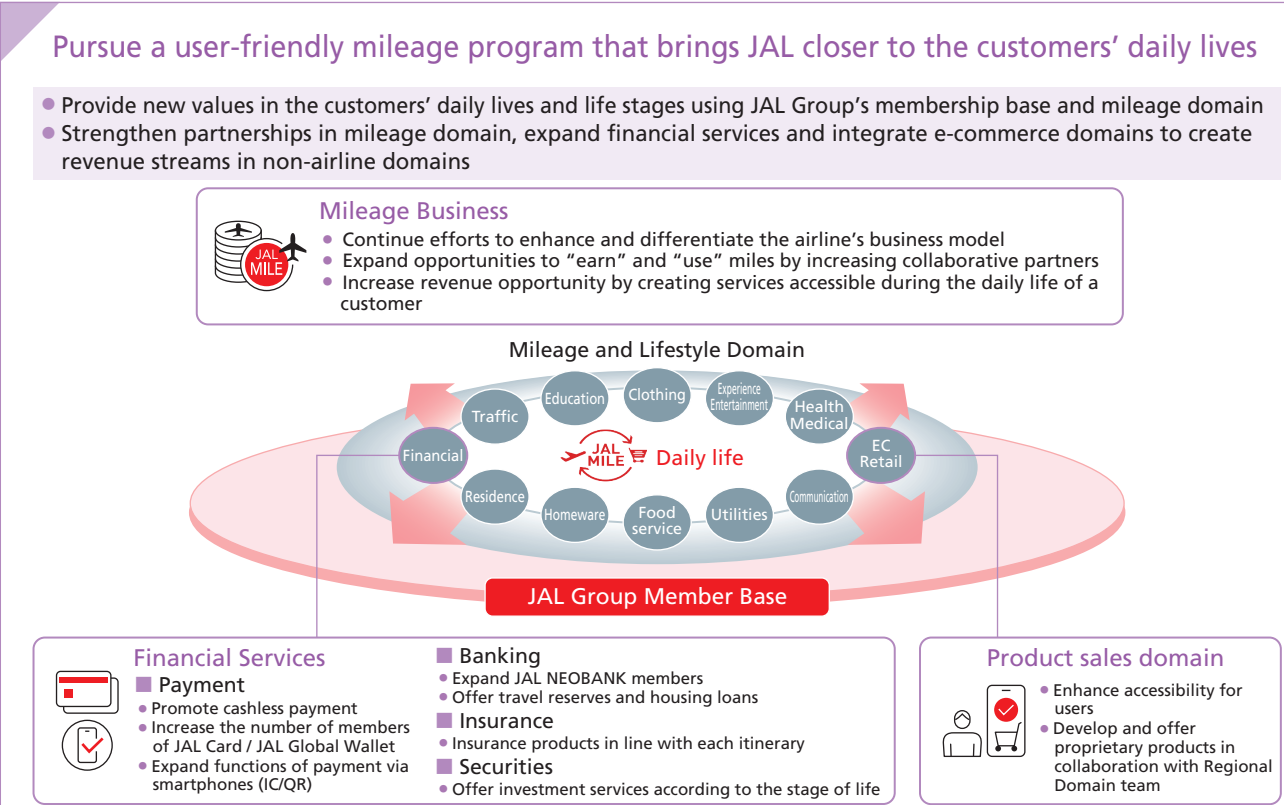
In the mileage domain, we will expand opportunities for customers to earn and use mileage in their daily lives and lifestyles, continuously improve the appeal of the JAL Mileage Bank (JMB) program and increase sales.

In financial services, we will increase the number of JAL NEOBANK\* members and establish a customer base in financial services, using JMB’s customer base.

In the-commerce (product sales) domain, we will expand our product sales business leveraging JAL’s brand values and unify sales points of e-commerce sites to develop a comprehensible, user-friendly e-commerce platform.

The JAL Group will continue to pursue an operator-friendly, user-friendly frequent flyer program to bring JAL closer to the customers’ daily lives.

\* A service utilizing cutting-edge IT technology of SBI Sumishin Net Bank enabling customers to complete bank functions such as deposits and payments with a mobile app, using an exclusive online bank account for JMB members



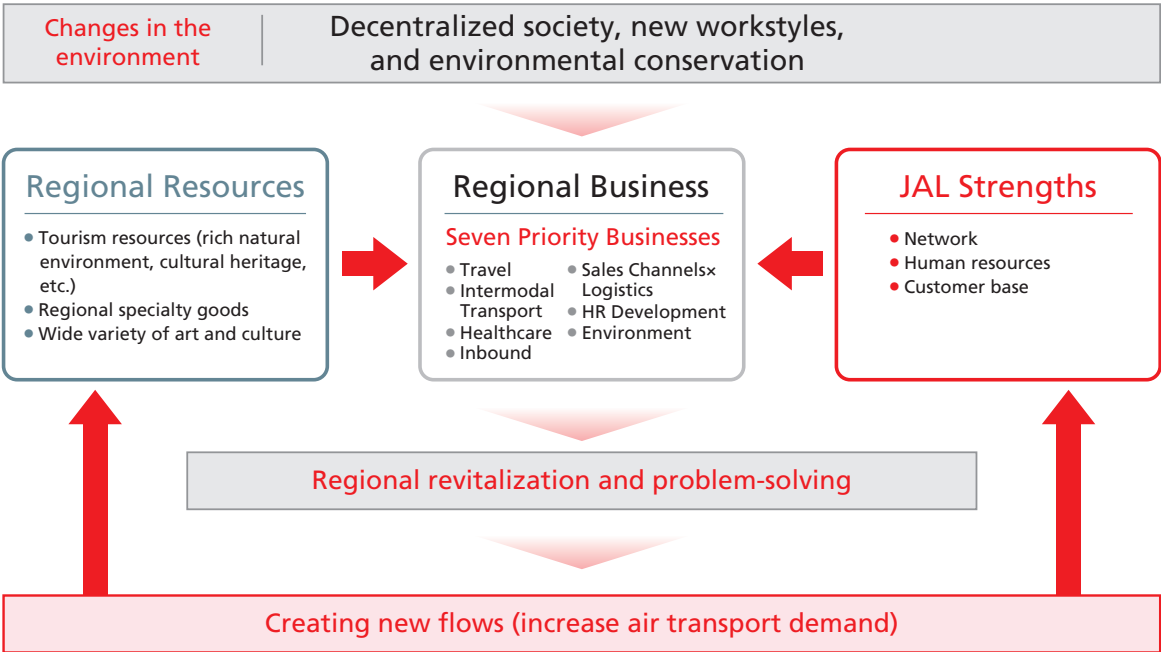


## Regional Business Domain

### Create new flows utilizing JAL Group’s strengths and regional resources

The objective of regional business, in addition to air transport, is to utilize our strengths including employees’ knowledge, experience and skills, and regional resources to create new and sustainable flows of people in order to solve regional problems and contribute to revitalizing regional economies. Launched in November 2020, the Regional Vitalization Division acts as a bridge and driving force for JAL Group’s regional activities. It makes continuous efforts to solve regional problems together with JAL district branches, district airport and cargo

branches, JAL Furusato (hometown) Ambassadors and JAL Furusato Cheering Teams, and communities in each prefecture. We will connect regions in Japan with the world and people with people and create new flows, applying JAL Group’s strengths and regional resources to seven priority businesses: travel (new tourism), inbound tourism, sales channels x logistics, human resources development, intermodal transport, healthcare, and the environment.



### VOICE Employee’s Commitment

#### Bring smiles to everyone’s FURUSATO (hometown)

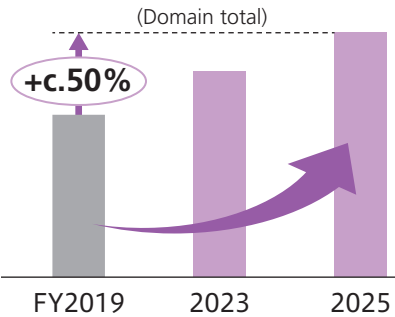
There are many beautiful places in Japan, which are less traveled and unknown to many people. My mission is to discover their “treasures,” work with the local community to find solutions to draw visitors and put our ideas into shape in ways that only the JAL Group can make possible. In JAL FURUSATO NOZEI (hometown tax payment charitable contributions), I started a column on the JAL website outlining what each region has to offer, such as places for nature lovers, delicious local cuisine, handcraft by artisans, and the people in order to connect our customers with local communities. I am meeting with local government officials to increase the number of participating municipalities in JAL FURUSATO NOZEI. I will continue to do my best to bring smiles to everyone’s hometowns.



SAITO Takatoshi  
Business Strategy Department  
Regional Vitalization

## Contracted Services Domain (Airport/Maintenance/Cargo)

### Contracted Services Domain (Ground Handling/MRO/Cargo)



### Expand businesses in the contracted services domain using our strengths to support the development of society and the aviation industry

The JAL Group has supported commercial aviation growth and increases in airlines’ revenues by actively providing contracted services to other airlines such as airport handling, aircraft maintenance and cargo handling using our know-how in flight operations cultivated to date. We will steadily respond to recovery of aviation demand post COVID-19, precisely meet changing market needs, and expand ongoing services. By developing new services based on new technologies, we will support cross-board and cross-continental movements of people and domestic and global logistics to drive growth in aviation.



### Strategy of contracted services business

- Provide airlines and public agencies with various services leveraging our facilities/equipment and human skills cultivated in air transportation
- Build a solid supply structure in alliance with partners to flexibly respond to changes in demand trends and expand our market share

#### Ground Handling

Lead the way to a tourism-oriented country by supporting air travel demand

##### Expand Market Share

- High quality and stable services to meet various demand (certified by ISAGO)
- Packaged services including administrative operations
- Airline marketing to global airlines in collaboration with local municipalities



#### MRO

Offer various maintenance and technological services from operation support to equipment services

##### Upgrade Service

- Operations support including responses to irregular events and provision of parts, equipment and tools
- Maintenance services for engines and landing gears
- New businesses leveraging expertise in air transportation (technologies, training programs, logistics, etc.)



#### Cargo

Provide comprehensive logistics services to meet strong cargo demand

##### Enhance Logistics Service

- Extensive contracted services of cargo handling mainly at hub airports in Japan
- Strengthened comprehensive logistics services using cargo shed facilities
- Safety and quality of transportation leveraging technological support



Next-gen Air Mobility Domain



Create a prosperous and sustainable society by shortening the distance between people, products, and things

In order to develop next generation air mobility and create a prosperous and sustainable society, we are working to commence the drone logistics business in fiscal 2023 and the air taxi business in 2025, including studies and trials on the practical and expanded use of eVTOLs, in partnership with developers, Volocopter GmbH of Germany and Bell Textron Inc. of the U.S.

In particular, eVTOL aircraft carrying passengers are expected to be used in a wide range of areas such as rescue operations and disaster relief, in addition to air taxi services from rural to urban areas, utilizing their maneuverability like that of a helicopter.

The JAL Group will contribute to solving regional issues and creating new flows in regions in Japan by providing new mobility services.

Toward an Air Mobility Revolution

Solving regional logistics issues with drones

We are conducting studies on the commercial viability of logistics drones to solve regional issues in rural cities. In October 2020, four companies including Japan Airlines signed a partnership agreement with Setouchi Town (Amami-Oshima) with the aim of solving regional issues in outlying islands using drones. We plan to conduct demonstration tests using large drones.



© Volocopter



Air taxi service using eVTOLs

As it is important to expand the use of eVTOLs and increase their acceptance by society, we are working closely with local governments towards this end.

In April 2021, Japan Airlines and Mie Prefecture signed a next generation mobility partnership agreement to commercialize air taxis. We will work to revitalize regions by revolutionizing mobility.



From the website of Mie Prefecture

EXPO 2025 OSAKA, KANSAI

An age of new air mobility is about to start from your town. At EXPO 2025 OSAKA, KANSAI, visitors will be able to enjoy a new experience using air taxis, including a sightseeing flight around the venue, Yumeshima, and airport shuttles between the venue and airports.



© Volocopter

VOICE Employee's Commitment

Maintain safety and security in new air mobility

Driven by major changes in values brought about by COVID-19, the JAL Group is preparing to commercialize new air mobility such as drones and eVTOLs.

The most important thing about aerial vehicles is ensuring safety. In 2020, we opened JAMOA (JAL Air Mobility Operation Academy), a drone operator training program utilizing our know-how in airline pilot training. We hope to create safe and new air mobility by combining the know-how in operations that we have cultivated in the airline business, such as safety management, aircraft maintenance and operations control, and new eVTOL technology, and create a prosperous society where everyone can live comfortably anywhere as they please.

Based on the shared commitment of all JAL Group employees to deliver safety and comfort in air travel, we will promote the practical use and expansion of air mobility.



TANAKA Shuji  
Air Mobility Business Creation  
Department  
Digital Innovation

TOPIC # What We Can Do Now

Online trips

The domestic version of JAL Online Trip is an online travel service that combines a “digital flight” guided by JAL Group crew and “live broadcasting” from the destination. One of the features is that customers can enjoy the charms of various regions with their five senses, that is, see and hear images of the actual place and eat, smell, and touch local specialties delivered to their homes. Another feature is that JAL Group employees who are associated with the destination appear on the program. In the Online Trip to Kushiro in Hokkaido under the theme “Ainu culture and salmon,” the customers enjoyed playing the “mukkuri,” a traditional Ainu musical instrument, which was delivered to their homes in advance, and tasting local specialties such as salmon ruibe (half-frozen sashimi) and salmon roe marinated in soy sauce with explanations from experts in the region.

Going forward, we will continue to provide regional charms and values in a variety of ways using the latest technologies, revitalize regions, and create new touchpoints and communications with our customers.



Cabin attendant explaining via the screen



Local specialties delivered to the customer's home

Making memories with “Air Travel”

As various school events were conducted in different forms in the pandemic, we assisted in providing memorable school trips to various destinations with innovative ideas of safe and secure air travel.

In Hiroshima Prefecture, a local mascot character cheerfully sent off the students at the boarding gate and handwritten messages written by JAL employees were placed inside the seat pockets. On the plane, the students clapped with glee to the many surprises prepared by JAL Group employees, and we received many messages of thanks from the teachers and students.

For schools in Niigata and Chiba prefectures, where school excursions were cancelled, we operated a sightseeing flight and let them experience the excitement of air travel by making flight announcements, taking photos from the plane, and using in-flight entertainment equipment. With the cooperation of customs and the airport building, they had a simulated experience of going through immigrations with passports handmade by airport staff. In Ishikawa Prefecture, we operated a sightseeing flight above the students' school as well as above Mt. Fuji.

In addition, the students observed the airline industry behind-the-scenes by watching ground handling vehicles at work, experiencing check-in duties, and listening to lectures by cabin attendants and maintenance engineers.

The JAL Group will continue to promote initiatives using the creative ideas of our employees to bring more smiles to people's faces.



Seeing off a charter flight for an elementary school



Touring a maintenance center online in the Museum of Aeronautical Sciences



► Safety and Comfort

Measures to ensure safety

All JAL Group employees always act with awareness that safety is the basic foundation of business. As a leading company in safety, we will continue to bolster our efforts to increase our safety layers to prevent unsafe events. In addition to safety initiatives directly related to aircraft operations, we will contribute to creating a safe and secure society by addressing social issues and environmental changes. For this purpose, we will collect a wide range of internal and external information, improve analytical skills using digital technology, strengthen partnerships with manufacturers to increase flight safety, heighten aviation security against increasingly diverse terrorist threats, develop next generation air mobility, and adapt to changes in the environment such as infectious diseases. Furthermore, we will foster safety awareness by continuously passing on lessons from past accidents and thoughts on safety to the next generation, and to develop safety professionals who always act on the basic foundation of safety.

Create a Safe and Secure Society

Accumulate safety layers and create a safe and secure society as a leading company in safety

Advanced Safety Measures Utilizing Digital Technologies

Safety Measures in Flight Operation

■ Safety of Flights and Aircraft

- Systems to prevent injuries in turbulence
- Failure prediction combining maintenance expertise and new technologies (AI/data analytics, etc.)



■ Strengthen aviation security and adapt to environmental changes

- Advances in aviation security equipment
- Establish safety management in the air mobility field



Prevention of Infectious Disease

■ Touchless solutions and social distancing

- Expand JAL SMART AIRPORT
- Use digital certificates to support safe and secure transportation



\* JAL FlySafe Measures for infectious diseases  
[WEB] <https://www.jal.co.jp/jp/ja/info/2020/other/flysafe/>



Human Resources for Safety Management

■ Human resources who think and act on the basic foundation of safety

- Expand safety education to learn from past accidents based on the Three Actuals Principle (actual place, actual object and actual people)
- Improve on the employee assistance program, a counseling service for employees with personal difficulties including mental and physical health problems, and create an environment where employees can focus on safety



\*Details of JAL Group safety initiatives can be found in the JAL Group Safety Report.

Measures to Offer Comfort

The JAL Group aims to offer comfort to our customers and create a prosperous future that brings smiles to everyone. In post-COVID-19 air travel, in addition to providing high quality essential services with top priority on safety and comfort, we will offer personalized products and services by launching “Personalized Concierge” service which combines digital technology and human resources.

We will also provide new financial and e-commerce services in the customers’ everyday lives and life stages through building strong relationships with regions and other companies. We will create a new customer experience that delivers personalized value in both air travel and daily life, and provide “Tailored Comfort” to suit each customer in every situation.

Create a new customer experience in air travel and on the ground



► Human Resources Strategy



SAEDA Naohito

Executive Officer  
Senior Vice President, Human Resources Management

Leverage the activities and challenges of diverse human resources to realize “JAL Vision 2030”

Human resources are a source of value creation for the JAL Group and a driving force for achieving sustainable growth and development. We will respect the diverse individuality and autonomy of our employees and actively implement initiatives to promote personal growth.

Although the current situation remains uncertain, we will treat environmental changes as opportunities to create a safe and secure society and a sustainable future as articulated in “JAL Vision 2030” through the joint efforts of all employees.

Achieve sustainable growth and development through the united efforts of the JAL Group

The global spread of COVID-19 has rapidly changed people’s values and behavior. Against this backdrop, the JAL Group will clarify and deepen fundamental initiatives and accelerate human resource and organizational initiatives in order to achieve sustainable growth and development with society.

◆ **Human resource base for growth and development**  
On firmly instilling JAL Group’s universal foundations, namely the JAL Philosophy and the divisional profitability management system, we will continuously promote employee wellness and develop autonomous employees who think and act for themselves, thereby solidifying the human resource base and organizational base that will support our growth.

◆ **Seize opportunities brought about by environmental changes to improve profitability**

Meanwhile, the rapid decline in air transport demand has created staff redundancies. In this severe business environment, we will seize opportunities brought about by environmental changes to invest in human resources\* in order to accumulate knowledge and experience of our diverse workforce and accelerate value creation and productivity initiatives.

Specifically, we are improving education and training, making maximum use of staff whose roles have been made redundant, expanding areas in which our employees can play an active role through internal and external secondments, and

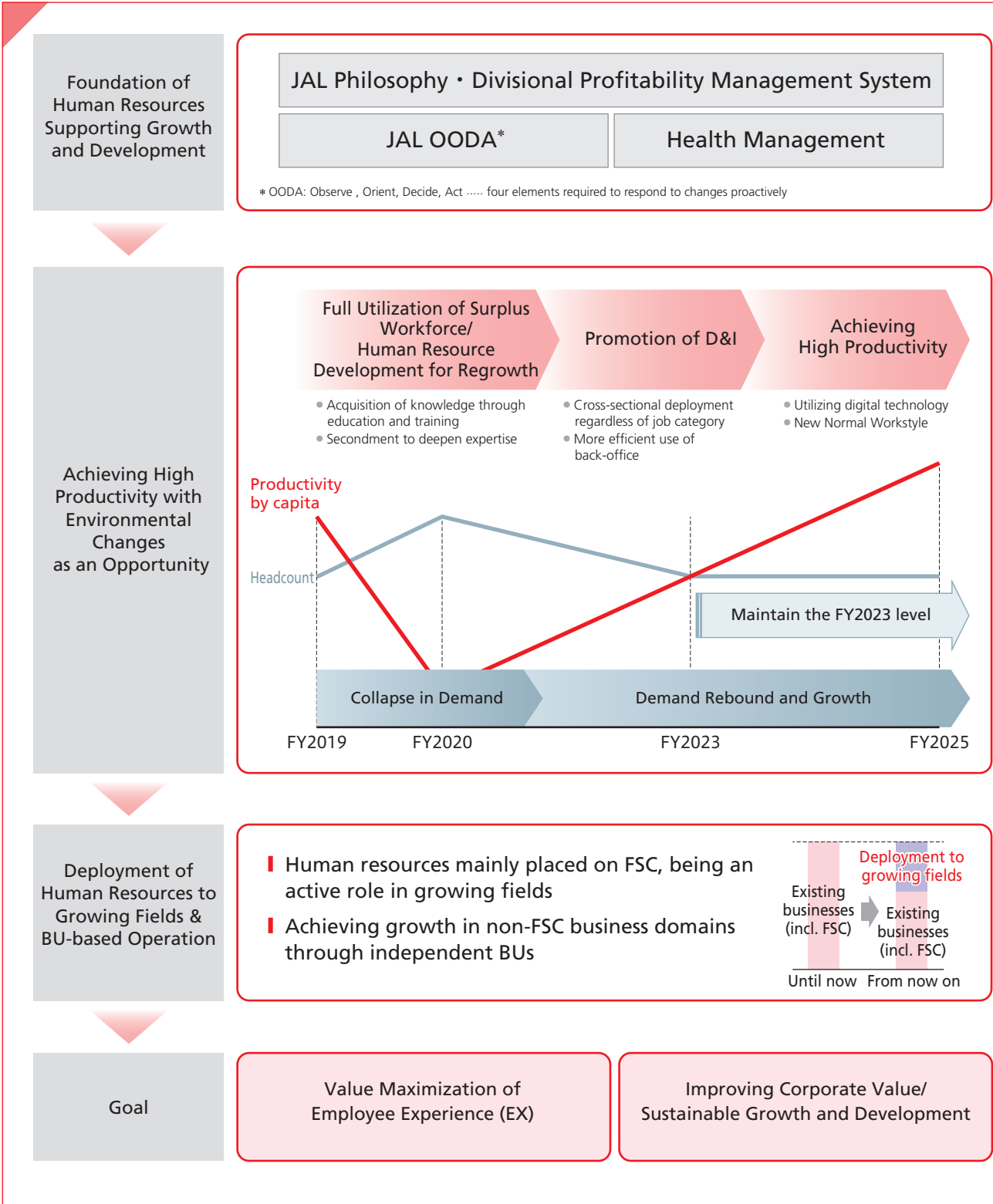
actively transfer staff to new domains. By promoting personal growth through these measures, providing know-how for working in multiple domains, and offering diverse work opportunities and environments, we aim to improve individual productivity in the recovery phase led by strong demand. Furthermore, to ensure that diversity is reflected in important corporate decision-making, human resources in and outside Japan with diverse knowledge and experience will be appointed to management posts, regardless of where or how they were employed to accelerate diversity at the leadership level. Furthermore, we will promote cross-functional transfers with no limit to job category in order to encourage diverse human resources to play active roles, and in support departments, use IT and new location-independent workstyles to enable efficient human resource management.

◆ **Shift human resources to growth domains and establish an operating system for each business**

In order to adapt to market changes caused by the pandemic, we need to urgently promote growth of non-FSC domains. We therefore reviewed our organizational structure and clarified responsibilities for business and performance in each domain. Looking ahead to growth after the recovery phase, we will shift human resources, for example, in the FSC domain to new growth domains.

Through these efforts, the JAL Group will work as a team to achieve sustainable growth and development.

\*Human resource investment policy  
The JAL Group has established a system linking important human resource development processes such as recruitment, allocation, performance review, and training in order to maximize human resource value. We have pursued workstyle innovation to enable diverse human resources to work with motivation regardless of gender, nationality, age, or other variables, and have actively invested in office environments and digital devices. We will continue to actively invest in creating environments to nurture human resources and utilize individuality to create new value and improve productivity.





▶ Digital and IT Strategy

**NISHIHATA Tomohiro**  
Managing Executive Officer  
Senior Vice President, Digital Innovation

### Collaborating with people outside the company to promote digital transformation (DX)

Japan Airlines opened the JAL website, [jal.co.jp](http://jal.co.jp), in 1995, and became the first airline in Japan to offer online ticket reservations the following year. In 2017, we renewed and laid the groundwork for a passenger service system for the first time in 50 years and promoted DX. Going forward, we will continue to provide new services such as mobile apps and innovate business models with speed using our innovation platform built by diverse human resources while expanding partnerships with external partners.

Human Resources X Technology to Promote DX

◆ Digital and IT Strategy

The goal of DX is to maximize the customer experience (CX) by delivering new value and unparalleled services, as well as maximizing the employee experience (EX) through workstyle innovation to improve business quality and productivity. To achieve this, the Digital Innovation Division was established in April 2021 to integrate DX functions in the JAL Group and implement DX across all functions. At the same time, the Steering Committee for the Promotion of Digital Transformation, comprising directors from 14 divisions, was established to check progress of DX projects, discuss issues and priorities, and establish a decision-making system. Achieving these goals requires speedy execution of investments in three layers: building next generation IT infrastructure, digitalizing business processes, and promoting DX. By steadily implementing these investments, we will evolve intellectual capital; diverse know-how in services, technology, IT systems, to a higher level in all domains.

◆ Building next generation IT infrastructure

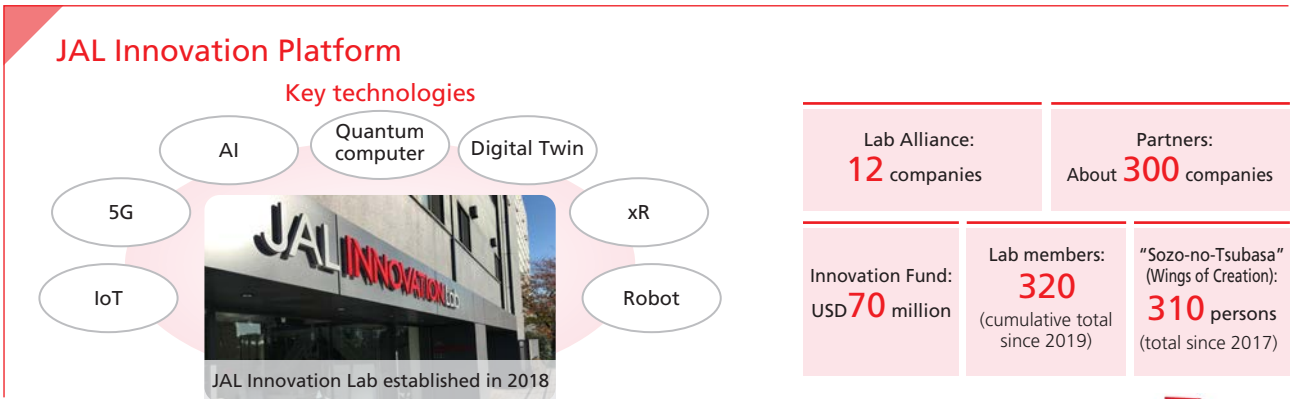
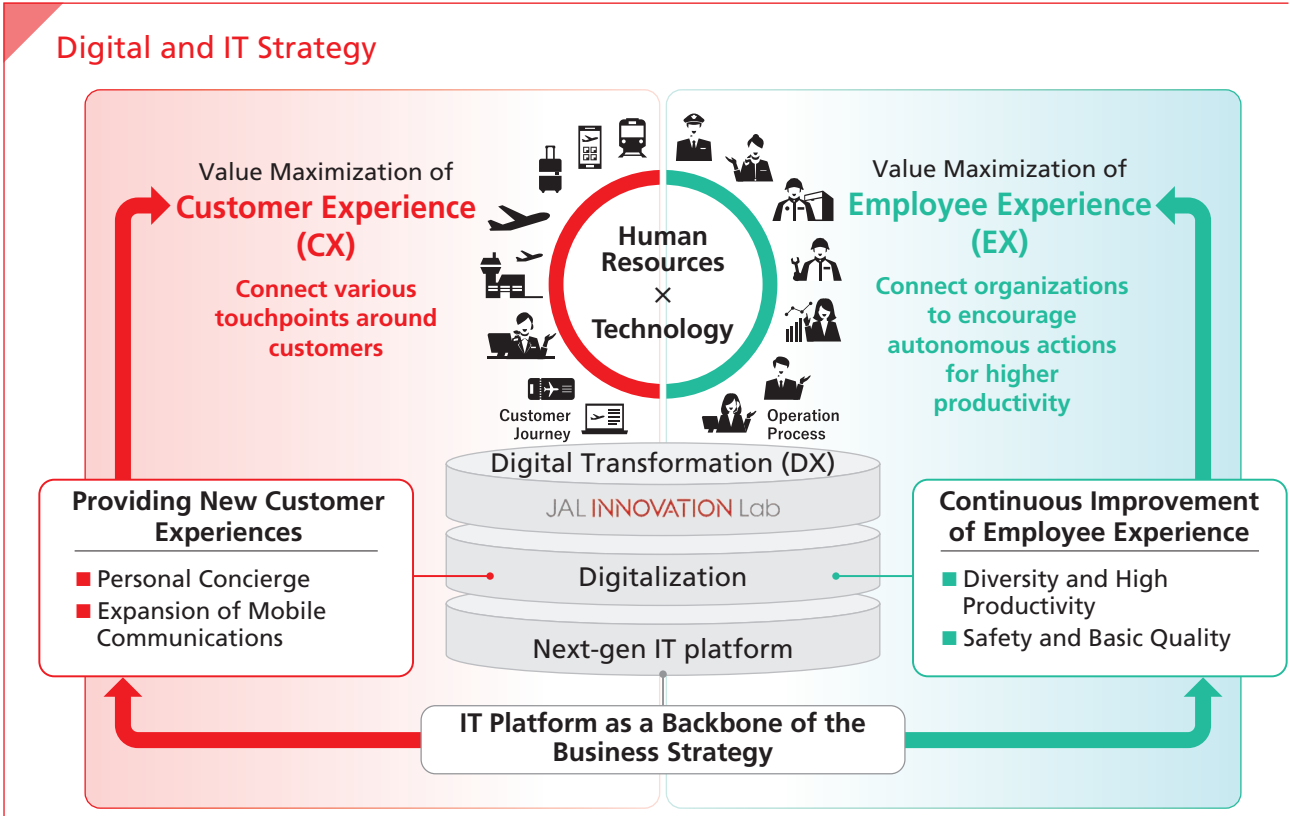
In building IT infrastructure, which will become increasingly important in the future, we will heighten security to ensure stable system operation, use cloud technology to grow new businesses, and improve data infrastructure which supports DX.

◆ Digitalizing business processes

To maximize CX, we will develop smart mobility solutions using mobile services. We will also develop MaaS (Mobility as a Service) for supporting a seamless journey, which we first provided in Hawaii, and offer personalized service and multilingual support based on customer data. At airports, we are working to offer remote customer service using our avatar robot JET, lounge access with facial recognition, self-order menus with mobile devices, and barrier-free mobility on an autonomous wheelchair. To maximize EX, we are using AI and RPA (Robotic Process Automation) to improve productivity and efficiency, training crew and maintenance engineers using Digital Twin (a digital replica of an object such as a jet engine), upgrading operations based on integrated flight data, and developing failure prediction using big data and AI.

◆ Promoting DX

We have created “Sozo-no-Tsubasa” (Wings of Creation), an intra-entrepreneur contest for employees to challenge themselves in new domains, opened the JAL Innovation Lab as a base for creating new value and new businesses, and built JAL Innovation Platform using the JAL Innovation Fund for investing in startups inside and outside Japan to assemble internal and external knowledge. In these ways and more, we would like to put more effort into expanding open innovation in collaboration with people and organizations outside the company and create new value, using our human resource capabilities and combining human resources and technology to promote DX.



Japan Airlines was selected as a DX Brand 2021, a joint initiative of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of our DX promotion system and efforts to deepen current airline services and develop new businesses.



Finance Strategy



KIKUYAMA Hideki

Representative Director,  
Senior Managing Executive Officer  
Senior Vice President, Finance and Accounting

We will accomplish rebuilding financial foundation as we committed toward post-COVID growth

The spread of COVID-19 infection drastically changed our business environments, but we have a solid corporate culture that has been developed through revenue and cost management based on divisional profitability management system. We will improve our performance all together by improvement of productivity and efficiency and further cost reduction through group-wide business restructuring with the COVID experiences. Conducting those measures, we will retrieve robust financial foundation by fiscal year 2023 for realizing further post-COVID growth.

Toward enhancing risk tolerance and improving capital efficiency at the same time

◆Measures during the COVID infection

Fiscal year 2020 was a very tough year for the airline industry due to the expansion of COVID-19 and consequently, air travel demand still remains at low level. In the difficult business environment, we will improve profitability by variable cost reduction through swift capacity adjustment and investment reduction, together with other cost reduction such in-sourcing operations instead of outsourcing, reducing IT expenditure and reducing personnel cost including executives’ salaries and employees’ bonus cut, and reduction of investment. The Japanese government is providing its supports including deferral or exemption of landing fees and jet fuel tax to assist the airline industry or special measures for employment subsidies. We will use those supports as much as possible. We would like to show our sincere gratitude for the supports.

◆Steady cost control and sufficient liquidity securement

This is the second COVID-year this year but even if the COVID infection continues, we have secured sufficient financial foundation for the prolonged COVID effects. Going forward, we will conduct thorough cost reduction and investment management to minimize monthly cash outflow and finance sufficient liquidity trough our financing capability based on our solid financial foundations.

◆Toward rebuilding financial foundation and sustainable development

The JAL Group has been focusing on efficiency, instead of size, to establish management structure with risk tolerance. In this prolonged difficulty, it is time for us to show our tolerance. Yet, we believe that air demand to/from Japan will grow in a mid- and long-run in spite of the temporary decrease caused by COVID-19. The JAL Group will continue to cope with this unprecedented difficulty by taking appropriate measures to increase revenue and decrease costs as much as possible. Those measures include appropriate capacity adjustment, revenue maximization amid the boosted cargo demand, and demand-stimulating measures. We will improve our profitability as air passenger demands recover, and then we will accomplish rebuilding financial foundation as soon as possible and conduct growth investment with financial disciplines toward sustainable growth to increase our corporate value.

► Rebuilding financial foundation

Management resources are allocated strategically toward enhancing risk tolerance and improving capital efficiency at the same time

During the first three years in the Mid-term Management Plan, we will focus on rebuilding our financial foundation that has been damaged by the spread of COVID-19 infections to recover solid financial foundation by fiscal year 2023. Then, we will conduct growth investment actively toward sustainable growth from fiscal year 2024 toward revenue growth and corporate value increase. We will pursue risk tolerance enhancement and capital efficiency at the same time.

For liquidity, we set an appropriate level of liquidity as 5.0~5.6 months of passenger revenues, considering sufficient tolerance for refund risk that is associated with passenger revenue size which varies largely when any event risk occurs. We will maintain that amount of liquidity using credit line to accomplish risk tolerance enhancement and capital efficiency at the same time.

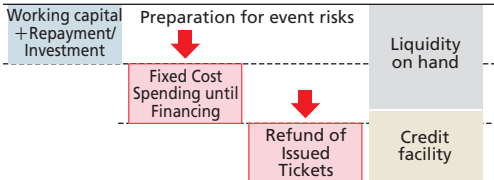
		FY2021~2023	FY2024~2025
<b>Enhancement of Risk Tolerance and Capital Efficiency</b> <ul style="list-style-type: none"> <li>Enhance risk tolerance</li> <li>Maintain and improve financing capabilities</li> <li>Improve capital and asset efficiency</li> </ul>	<b>Liquidity</b>	Secure the amount of 5.0~5.6 months worth of passenger revenue (incl. credit facility)	Maintain the same level
	<b>Leverage</b>	Recover the equity ratio to c. 50%	Maintain the same level
	<b>Credit rating</b>		Obtain “A” rating
	<b>Capital efficiency</b>	ROIC*1 > 9% ROE > 10%	Maintain or improve
<b>Allocation of Resources</b> <ul style="list-style-type: none"> <li>Observe financial discipline</li> <li>Allocate resources optimally</li> <li>Promote investment for sustainable growth</li> </ul>	<b>Capital allocation</b>	Prioritize rebuilding the financial structure	Promote investment for sustainable growth
	<b>Discipline</b>	Secure sufficient free cash flow for each fiscal period	
<b>Shareholder Return</b> <ul style="list-style-type: none"> <li>Dividends with focus on stability and consistency</li> <li>Payout ratio: 35% or higher</li> <li>Flexible buyback to enhance total return ratio</li> </ul>	<b>Dividend</b>	Aim to resume dividends as early as possible	Stable dividend with payout ratio over 35%
	<b>Total return</b>		Flexibly consider buyback

\*1: Return on Invested Capital = EBIT (after tax) / Average fixed assets at the beginning and end of a fiscal year(\*2)

\*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset

**Set an appropriate level of liquidity as 5.0~5.6 months of passenger revenues after the COVID-19 pandemic**

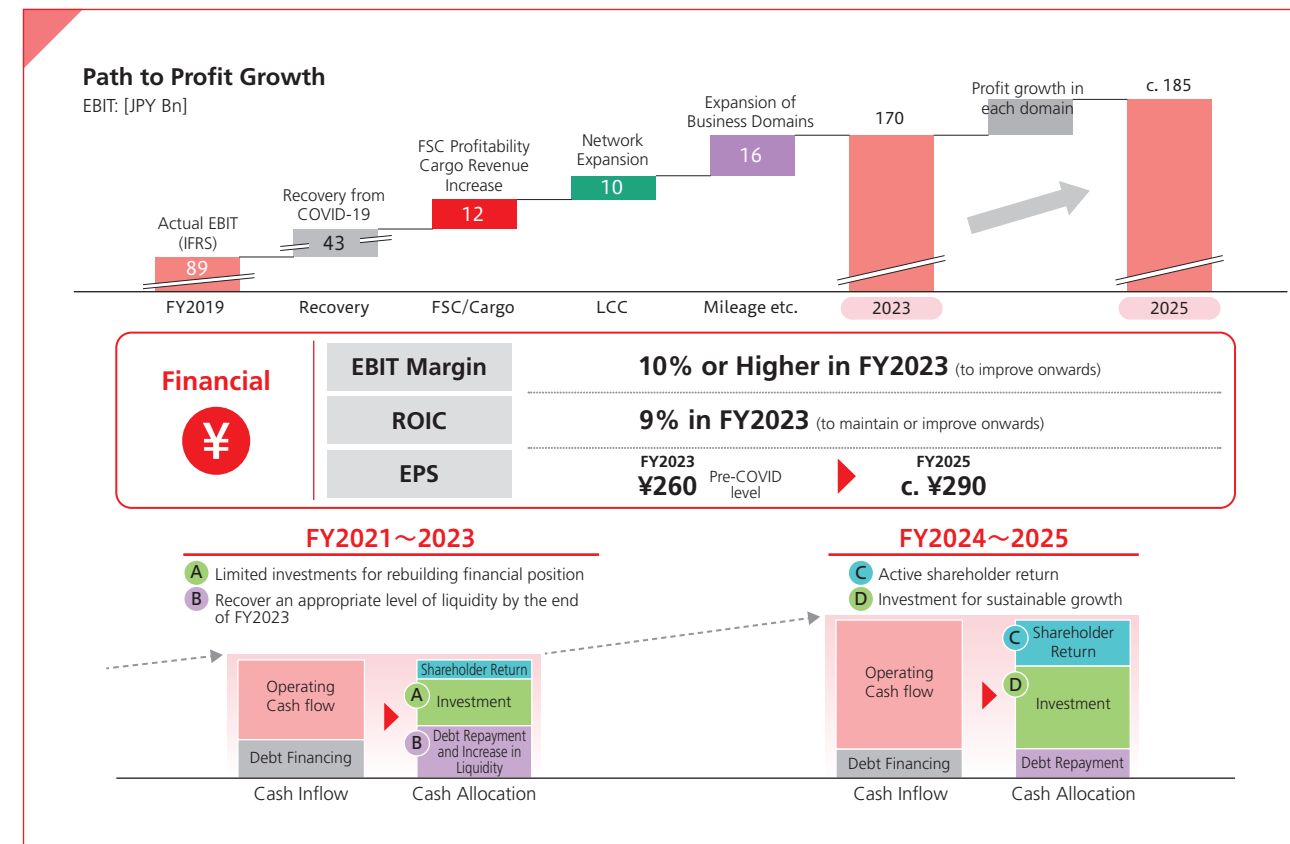
- Secure liquidity that will enables us to tolerate risks according to the size of passenger revenues subject to potential significant impacts if any event risk occurs
- Secure an appropriate level of cash and deposits considering asset efficiency





## ► Toward shareholders return and growth investment

We will scrutinize investment during the financial foundation rebuilding period, and then will actively conduct shareholders return and growth investment



JAL regards shareholder return as one of our most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible share repurchases, while securing internal reserves for investments for corporate growth in a future and business environment changes and for building a strong financial structure. The prolonged COVID-19 spread is affecting the JAL Group's short-term performance severely, nonetheless we believe it is yet temporary and it does not cause fundamental changes to our profit structure, therefore we will not change the above basic policy. Unfortunately, the prolonged COVID-19 spread made passenger demand recovery unforeseeable throughout the fiscal year 2020. Considering the above situations, we regrettably determined not to pay the interim dividend and

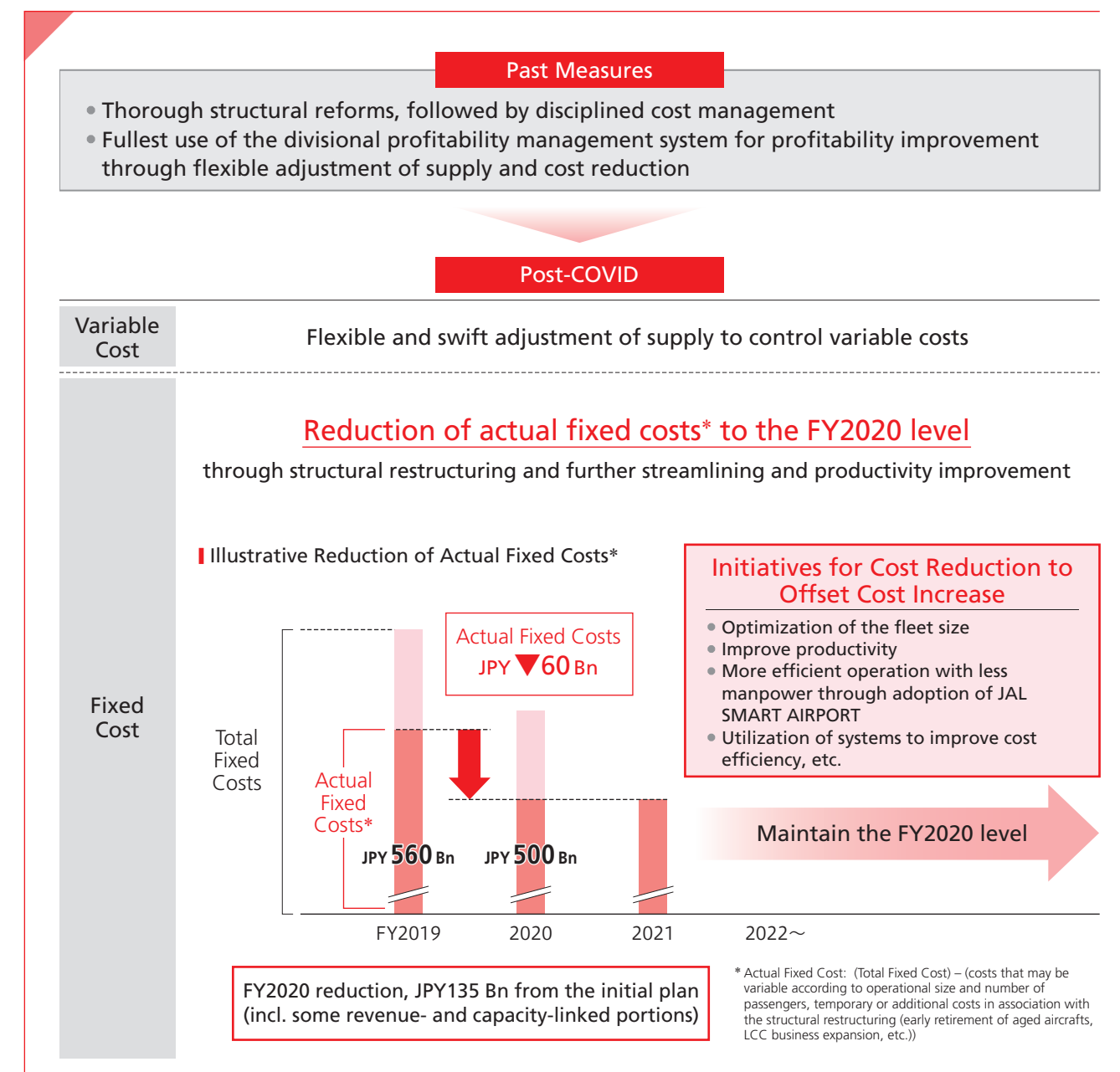
the year-end dividend for fiscal year 2020 in order to secure liquidity at hand and maintain financial stability. We would like to ask for shareholders' understanding in this situation. During the term of the Mid-term Management Plan, we will aim for dividends as early as we can, and while watching development of financial foundation rebuilding, we will aim for restart of stable and continuous dividends and flexible share repurchase. Also, we set our profit target at 170 billion JPY in fiscal year 2023 that makes our EPS equivalent to a pre-COVID level of 260 yen. We will achieve 10% EBIT margin and 9% ROIC in fiscal year 2023 to make them equivalent to a pre-COVID level and further maintain or improve those targets. We will strive altogether to make sufficient profits that will recover dilution caused by the public offering conducted in November 2020 and realize stable and continuous shareholder return.

## ► Cost management

Flexible variable cost management and fixed cost reduction through structural reforms and further streamlining and productivity improvement

The JAL Group has been conducting disciplined cost management through divisional profitability management system for thorough cost reduction. We are coping with decrease of passenger demand caused by the spread of COVID-19 by swiftly adjusting our capacity to minimize variable costs for appropriate cost control. Also, out of the total fixed costs, costs that may vary according to operational size or the number of passengers and temporary or additional

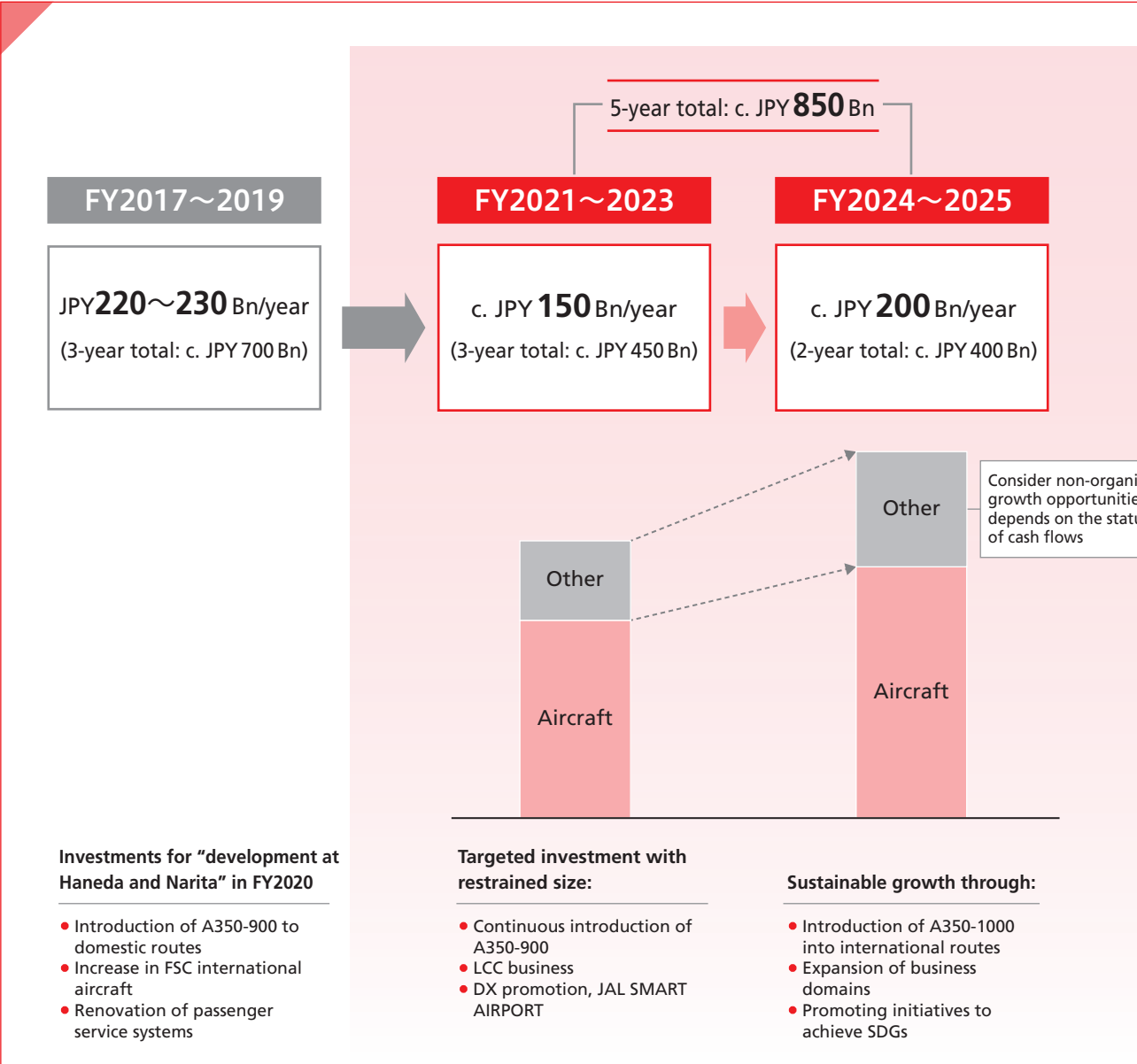
costs that are associated with structural restructuring are excluded to calculate actual fixed cost. The actual fixed cost in fiscal year 2020 was 500 billion yen, 60 billion yen down from the previous year. We will maintain this 500 billion yen level of actual fixed cost for later years by steady cost control through business restructuring and improvement of efficiency and productivity.



► Investment strategy

■ We will advance effective investments with disciplined investment control

Prior to COVID-19, we had invested more than 200 billion yen annually toward the expansion of Tokyo metropolitan area airport capacity. However, during the term of the Mid-term Management Plan, we will focus on rebuilding financial foundation and sustainable growth investments at the same time. For the first three years till fiscal year 2023, we will scrutinize investments such as introduction of fuel efficient A350 to reduce CO<sub>2</sub>, LCC business enhancement or IT investments for “contactless” or efficiency improvement. The average investment per annum is expected to be about 150 billion yen. From fiscal year 2024, we will enhance sustainable growth investment. The average investment per annum for the latter two years is expected to be about 200 billion yen, which makes the total investment for the five years about 850 billion yen.



TOPIC Dialogue with Stakeholders

Events for Investors

Each year, we hold various events for investors such as individual meetings, briefings on the Medium Term Management Plan and financial results, IR DAY, small meetings with the CEO and CFO, overseas IR sessions for institutional investors, and presentations for individual investors. In fiscal 2020, these events were held online to maintain close dialogue with market participants. Valuable opinions are fed back to management, the Board of Directors and relevant departments to be reflected to Group management. Going forward, we will further improve the quality of disclosure and dialogue and continue these IR events to increase corporate value.

IR DAY

IR DAY has been held annually since 2017, and it was held in May 2021 for investors and analysts. In addition to dialogue with top management on the Medium Term Management Plan announced in May, we created opportunities for dialogue, centered on questions and answers, with directors who are in charge of the full service carrier (FSC) business, low cost carrier (LCC) businesses, and our new domains; Mileage and Lifestyle Business and Regional Business. External Director Sonoko Hatchoji participated in the meeting, where she deepened investors’ understanding on JAL Group from various perspectives through dialogue on corporate governance with investors.



Presentations and briefings for individual investors

In August 2021, we held a briefing for individual investors, which was attended by more than 100 people. Representative Director, Executive Vice President Shimizu provided basic background information about the company and explained the Medium Term Management Plan and COVID-19 initiatives including episodes on the frontline. We received positive feedbacks from many participants that our corporate culture of proactive work behavior even during the pandemic has filtered through the company. Also, they replied that their impression of JAL Group was improved. We will continue to provide opportunities for further dialogue with individual investors.



Evaluation by external organizations

The JAL Group is working to build trusting relationships through two-way communication. Our proactive disclosure of information was highly recognized by external organizations.

Received the IR Good Visual Award from the Japan Investor Relations Association  
Ranked No. 1 in the Transportation category for “Award for Excellence in Corporate Disclosure” sponsored by the Securities Analysts Association of Japan

[Click here for more information.](#)





# ESG Strategy

**Hidetsugu Ueda**  
Managing Executive Officer  
Senior Vice President of General Affairs  
Chair of Sustainability Promotion Committee

**Towards a future where each one of us can sense and hope for a brighter future**

There is growing momentum to achieve a sustainable society including the SDGs and true prosperity and happiness. In order to further promote ESG management through our business, we announced “JAL VISION 2030” to declare our commitment to “realize an affluent society where each one of us can sense and hope for a brighter future.” We have identified priority issues in four areas; Environment, People, Communities, and Governance, and will take action to solve social issues and create a sustainable society with a view to achieve the SDGs by 2030 and net zero CO<sub>2</sub> emissions by 2050.

## Creating a sustainable society through our business

### JAL Group's business environment

The COVID-19 pandemic has not only changed lifestyles but also posed unprecedented challenges to society. It was a year where we more strongly felt the importance of securing transportation for the circulation of people and goods necessary for daily life. Furthermore, we felt the importance to accelerate our efforts to address social issues, such as infectious diseases and climate change. At the same time, we will seize this opportunity to actively contribute to creating a sustainable society through our business, such as improving public hygiene through the transport of medical supplies and revitalizing regional areas by expanding sales channels for local specialties.

### Foundation for ESG management

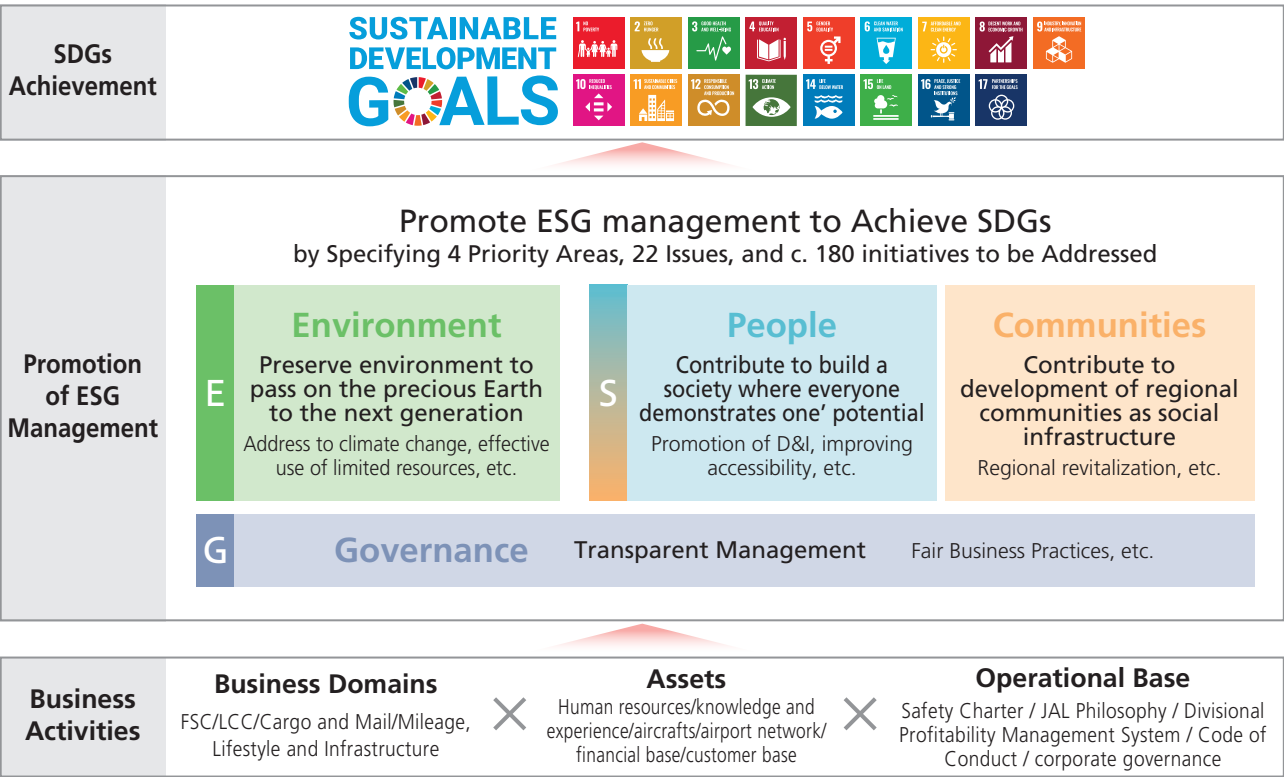
The JAL Group Medium Term Management Plan positions ESG strategy as one of the pillars of strategic management for promoting ESG management and achieving the SDGs. “JAL Vision 2030” espouses the central, transformative promise of the SDGs, “Leave no one behind,” and our commitment to “realize an affluent society where each one of us can sense and hope for a brighter future.” Our employees base their actions on the JAL Group Corporate Policy, the JAL Philosophy and the JAL Group Code of Conduct “Commitment to Society”, and fully understand that “Each of us makes JAL what it is” and “Today will be better than yesterday and Tomorrow better than today.” This is JAL Group’s strength and the driving force for addressing social issues and contributing to the betterment of society.

### ESG promotion system

In order to further promote ESG management, we have established the Sustainability Promotion Council chaired by the President to raise the bar on our sustainability initiatives including addressing climate change and respect for human rights. The Council sets numerical targets and KPIs in each priority area and issue and conducts progress management and reviews. The Board of Directors has also strengthened its function to achieve sustainable increases in corporate value, such as holding in-depth discussions on sustainability, long-term issues and visions. Going forward, we will provide external stakeholders with more opportunities for dialogue in order to incorporate social trends in our initiatives in a timely manner and improve proactive communication of our sustainability approaches and initiatives.

### Supported by the unwavering efforts our employees

The unwavering efforts of every employee as well as leadership by management are essential to driving sustainability initiatives in diverse areas. We feel that an engaged and conscious workforce, where diverse individuals work energetically and achieve personal growth will lead to corporate growth and continuous value creation, which is indispensable to society. It is important that our employees have a “feel” of the relationship between their work and the SDGs; therefore, we are providing training and information to raise awareness and taking the bottom-up approach to turn their ideas into SDGs initiatives. The JAL Group will take action to achieve sustainable development together with society and become “the world’s most preferred and valued airline group” of our stakeholders.



## Specific Initiatives

All JAL Group employees promote workplace initiatives to achieve the Medium Term Management Plan.

Address to Climate Change

Engine washing

Lightweight container

Using SAF

Flight path optimization

First flight in Japan with domestic SAF\* in February 2021  
\* Sustainable Aviation Fuel

Regional Revitalization

Collaboration

Workation

Publicize regional specialty products

Support for attracting foreign visitors

Continuing activities from 2011 / 10 Years and evolving into a business

Promotion of D&I

Diversity

Consideration for Gender Neutrality

Activities of Employees with Disabilities

Success of Global human resources

Change Announcement

Sneakers to the ZIPAIR uniform

Improving Accessibility

Formulation of guidelines based on COVID-19 measures

Dedicated counter

Technology Leveraged Support

Exclusive tour

Transportation of medical items

Non-face-to-face/touchless

Heightened hygiene standards

Main Initiatives and Medium-Term Targets for Sustainability

The JAL Group has set medium-term targets for each of the “4 priority areas and 22 priority issues” and will promote ESG management to achieve the SDGs through our business and create a sustainable society. Through extensive discussion by management, taking into account global trends, stakeholder expectations, impact on business, the importance of Group goals on management, and the opinions of external experts, 4 priority areas were identified (CO<sub>2</sub> emission reduction,

reduction of single-use plastic, increase ratio of female managers, regional revitalization) and established as priority issues in the Medium Term Management Plan. Going forward, we will disclose our achievements each year, expand the scope of our initiatives, and accelerate ESG initiatives.

For more information, please visit the JAL website.  
<https://www.jal.com/ja/sustainability/>



Management targets in the Medium Term Management Plan



Priority issues in the Medium Term Management Plan

Environment

22 Issues	Main initiatives	Target for FY25
Addressing Climate Change	Reduction of CO <sub>2</sub> emissions <div>Management targets</div> <div>Priority issues</div>	Aircraft Operation:Below 9.09 million tons Ground Facility: [FY2030 Target] Emissions vs FY2013 50%
Effective Use of Limited Resources	Reducing single-use plastic <div>Management targets</div> <div>Priority issues</div>	No use of virgin petroleum plastic in cabin/lounge 100% switch to eco friendly materials at Cargo/Airport service
	Reducing food loss and waste <div>Priority issues</div>	Recycle rate 100%
	Paper reduction	Paperless in cargo warehouses: Complete paperless in JAL flights
Prevention of Environmental Pollution	Industrial waste reduction	Final disposal rate: Keep below 1%
Noise Reduction	Operation with low-noise aircraft	Ratio of ICAO Chapter 4 standard compliant aircraft:100%
Biodiversity Conservation	Prevention of illegal wildlife trade	Number of illegal wildlife transported:0 times
	Use of certified products	Ratio of paper items with FSC® certified paper used in flight:100%

Communities

22 Issues	Main initiatives	Target for FY25
Route Network Expansion	Preserving and development of regional routes including island routes	More than 62 sites
Increase Inbound Tourism	Promotion of passengers from outside of Japan boarding on domestic flights:	1,505,000 people
Improving Convenience in Travel	Commercialization of drone logistics/ eVTOL air taxi service	FY23: commercialization of drone logistics FY25: commercialization of eVTOLs
Regional Revitalization	Increase of tourists to regional areas <div>Management targets</div> <div>Priority issues</div>	+10% v.s. FY19 result
Community Relations	Promotion of volunteerism	Track participation
	Nurturing the next generation	Track participation in programs
Disaster Restoration Assistance	Disaster relief	Track the value of charity miles donated

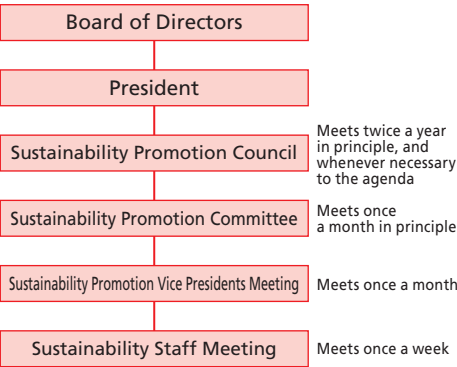
Promotion System

This fiscal year, we developed a system to accelerate ESG management toward achieving the SDGs by establishing the Sustainability Promotion Council\*<sup>1</sup> chaired by the President and monitoring progress by the Board of Directors.

The main agenda items of the Sustainability Promotion Council are as follows.

- Progress management of priority issues and annual targets of sustainability initiatives
- Review of risks and opportunities of climate change
- Review of the Environmental Management System
- Review of human rights due diligence

Furthermore, the Sustainability Promotion Committee\*<sup>2</sup> under Sustainability Promotion Council holds monthly meetings, where the directors check and discuss the progress of initiatives.



\*1: The council aims to create “an affluent society where each one of us can sense and hope for a brighter future” as set out in “JAL Vision 2030” and achieve sustainable development together with society, through ESG management in all priority areas and priority issues of the JAL Group, the aviation industry and society aimed at achieving the SDGs.  
\*2: A steering committee to implement the PDCA and promote SDGs initiatives, comprising officers in charge of General Affairs, Corporate Planning, Procurement, Customer Experience, Regional Vitalization, and Human Resources. Other officers may be invited to attended meetings depending on the agenda items/issues to be discussed in the meetings.

People

22 Issues	Main initiatives	Target for FY25
Promotion of Diversity and Inclusion (D&I)	Promotion of diverse talent participating actively in work <div>Management targets</div> <div>Priority issues</div>	Group Female Managers Ratio: 30%
Workstyle Innovation	Improvement of working productivity	Total work hours:1,850 hours
	Promotion of diverse workstyles	Cumulative total number of people who used systems to work remotely: Track usage statistics
Health and Productivity Management	Improvement of health check-up participation rate	Ratio of check-ups taken by employee: Keep 100%
	Ratio improvement of gynecological checkups	Ratio of breast cancer check-up taken: 70% Ratio of uterine cancer check-up taken: 70%
Respect for Human Rights	Conducting of Human Rights Due Diligence	Specification of issues and conducting of improvement plans
Human Resources Development	Enhancement of employee training	Tracking training hours per person
Improving Accessibility	Promotion of boarding passengers who feel barriers to travelling <div>Priority issues</div>	Ratio of such passengers onboard: 2.5 times v.s. FY19 result
Prevent the Spread of Infectious Diseases	Activation of medical items transportation <div>Priority issues</div>	+50% v.s. FY19 result

Governance

22 Issues	Main initiatives	Target for FY25
Fair Business Practices	Compliance to the Corporate Governance Code <div>Priority issues</div>	Keep 100% compliance rate
	Function improvement of Board of Directors	Ratio of Outside Directors: Over one third
	Prevention of information leakage	0 cases
	Prevention of corruption and bribery	0 cases
Disclosure	Reinforcement of information disclosure in Sustainability pages of the Corporate website	Number of views: Over 1,000,000
Responsible Procurement	Supply chain management <div>Priority issues</div>	Soundness confirmation ratio of primary suppliers: 100%
Promotion of BCM	Improvement of BCP effectiveness	Number of exercises conducted per BCM: 2 times



► Environment



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
<b>Passing on the precious Earth to the next generation (global environment)</b> We sincerely accept the fact that our air transport business impacts the environment significantly. To fulfill our responsibility of passing on the precious earth to the next generation, we raise awareness of every employee and preserve the environment in every aspect.  (1) Global environmental preservation initiatives The JAL Group complies with laws and regulations and strives to respond to climate change, effectively use limited resources, prevent environmental pollution, reduce noise, and preserve biodiversity in order to reduce impacts of operations on the environment. Furthermore, we pursue the development of environmentally friendly technologies to solve environmental issues, in coordination with stakeholders. (2) Disclosure of environmental information and dialogue The JAL Group actively discloses environmental information, maintains dialogue with stakeholders and expands environmental preservation initiatives to society.	Addressing Climate Change	• P.77-82 • <a href="https://www.jal.com/en/sustainability/environment/climate-action/">https://www.jal.com/en/sustainability/environment/climate-action/</a>
	Effective Use of Limited Resources	• P.83-84 • <a href="https://www.jal.com/en/sustainability/environment/limited-resources/">https://www.jal.com/en/sustainability/environment/limited-resources/</a>
	Prevention of Environmental Pollution	• P.85 • <a href="https://www.jal.com/en/sustainability/environment/pollution-prevention/">https://www.jal.com/en/sustainability/environment/pollution-prevention/</a>
	Noise Reduction	• P.85 • <a href="https://www.jal.com/en/sustainability/environment/noise-reduction/">https://www.jal.com/en/sustainability/environment/noise-reduction/</a>
	Biodiversity Conservation	• P.85-86 • <a href="https://www.jal.com/en/sustainability/environment/biodiversity/">https://www.jal.com/en/sustainability/environment/biodiversity/</a>

WEB <https://www.jal.com/en/sustainability/codeofconduct/>

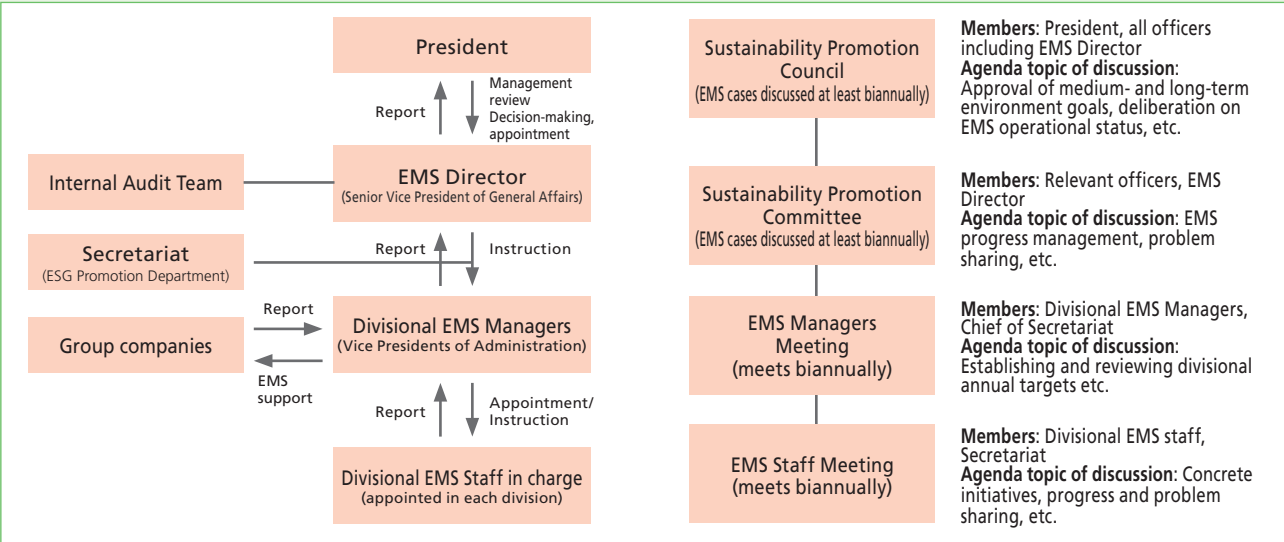
Environmental Management

■ In order to fulfill our responsibility to pass on the precious Earth to the next generation, the JAL Group has established the Environmental Policy and a promotion system and is working to protect the environment as a corporate citizen and prevent events that may hinder this.

WEB <https://www.jal.com/en/sustainability/environment-management/policy/>

■ We have established, implement and maintain the Environmental Management System (EMS) to promote environmental preservation activities appropriately and efficiently while making continuous improvements.

WEB <https://www.jal.com/en/sustainability/environment/environment-management/>



TOPIC Effective Use of Limited Resources

1 Plastic Waste Recycling polythene sheets

The Cargo and Mail Division uses polythene sheets for protection from water damage when transporting pharmaceuticals, food and other daily essentials. Instead of disposing these plastic materials after transport, we have provided them, for 40 years, to Repro Co., Ltd., which manufactures and sells recycled products such as boundary pegs. Repro Co., Ltd. recycles plastic materials to turn them into plastic products such as pegs with built-in IC tags, which are installed in forests for landside detection and disaster prevention. The Cargo and Mail Division is working to create a recycling-based society, where recyclable resources are reused, by continuously providing materials to Repro Co., Ltd. We are also working to reduce CO<sub>2</sub> emissions during air



Plastic materials used in cargo transport



Information peg after recycling

transport including material procurement by using recycled materials in polyethylene sheets for cargo transport, which emit less CO<sub>2</sub> in the manufacturing process.

VOICE

From the frontline at Narita Airport

The global spread of COVID-19 has halted the movement of people, but the movement of goods that support daily life has increased. As we can transport the customers’ “sentiments” behind their consignments, we have worked over the past 40 years to provide environmentally sustainable air cargo transport services, and through trial and error, use environmentally friendly alternatives for plastic on the airport frontline in order to make effective use of limited resources.

As we work on airport frontlines that have direct interaction with customers, we will look for ways of contributing to society and our customers and cooperate with our partners to reduce the environmental impact of our business.



IKARI Sumire  
Export and Mail Business Division  
JAL Cargo Service

TOPIC Biodiversity Conservation

2 Promoting registration as a World Natural Heritage Site

In July 2021, four Japanese islands, “Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island and Iriomote Island”, were registered as a UNESCO World Natural Heritage. These regions, isolated from the mainland several million years ago, have a diverse ecosystem providing habitats for unique species such as the Amami rabbit, Okinawa rail, a species of bird and Iriomote wildcat only found here and nowhere else.

The JAL Group has been taking steps to support registration of the islands since 2016. Japan Transocean Air (JTA) formed the World Natural Heritage Promotion Joint Association in 2019 to support this movement through a public-private partnership including local companies and organizations. JTA coordinated with the local government of the northern part of Okinawa Island and Taketomi Town on Iriomote Island to preserve the natural environment, promote regional development, and prevent overtourism after registration.

VOICE

Protect the rich natural environment and promote the regional economy

In 2019, I was transferred to Taketomi Town on Iriomote Island on a double assignment at JTA Yaeyama Sales Office to mainly support the listing of the islands as a World Natural Heritage Site. I have dealt with urgent issues of the local community such as drifting garbage and killing of the Iriomote wildcat and planned beach clean-up and weeding activities to protect the environment. I was deeply moved when the decision was made to register the islands as a World Heritage Site. It was the result of steady and united efforts of the local communities.

I will continue to use the perspectives and knowledge of both the public and private sectors to meet the challenge to protect the rich natural environment and promote regional economies.



TAKAYASU Sota (middle right)  
Ishigaki Airport, Japan Transocean Air

Note: The members posed as a wildcat after cleanup activities aimed at the conservation of the Iriomote wildcat.

Environment

Addressing Climate Change

Basic Concept

- We are aware that taking urgent action to combat climate change is essential for the creation of a sustainable society.

■ In order to steadily promote climate change initiatives, we announced our target to achieve net zero CO<sub>2</sub> emissions (hereinafter “net zero emissions”) by 2050 at the General Meeting of Shareholders held in June 2020.
- In February 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), and in August 2021, made climate-related disclosures in line with TCFD recommendations. The JAL Group will continue to provide periodic disclosures.



Governance

■ Governance structure

In order to treat climate change-related “risks” and “opportunities” as important management issues, JAL has established the Sustainability Promotion Council headed by the president as the Chair, and Sustainability Promotion Committee under the council for deliberation and decision. The contents are reported to the Board of Directors for discussion and evaluation. In accordance with evaluation of the effectiveness by the Board of Directors (the Board

Effectiveness Assessment), it has been resolved that the Board of Directors will deepen discussions on sustainability, including climate change. The JAL Group will strive to make continuous improvements by periodically evaluating the impact of our business to the environment and results of disclosed initiatives towards climate change and by implementing the PDCA cycle to reflect to the initiatives.

Strategy

■ Scenario Analysis

In 2018, the JAL Group participated in the “Support Project for Scenario Analysis of Climate Risks and Opportunities in Accordance with TCFD” supervised by the Japanese Ministry of the Environment (MOE), and with reference to the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we set 2 scenarios for the average rise in temperature to the end of this century of “below 4°C” and “below 2°C”, and looked at society in 2030. Since COVID-19’s global outbreak, the international community has begun to move toward a world with the 1.5°C scenario. This includes deepening of the Green Recovery Program in Europe, return to the Paris Agreement by the U.S., China’s net zero CO<sub>2</sub> emissions declaration by 2060, and the Japanese government’s 2050 net zero carbon emissions declaration and major revisions to the NDC (Nationally Determined Contribution). In the aviation industry, ICAO (International Civil Aviation Organization) is currently studying a long-term CO<sub>2</sub> reduction target for 2050 based on the social demand for decarbonization. In view of the fact that CO<sub>2</sub> emission regulations in each country will be tightened and emissions trading will become more prevalent in the future, the JAL Group decided to aim to realize a world with a 1.5°C scenario, set a net zero CO<sub>2</sub> emissions target to be reached by 2050. We have incorporated it into the “JAL Group Medium Term Management Plan 2021-2025”, which was announced on May 7, 2021, to accelerate responses to climate change.

<https://press.jal.co.jp/en/items/uploads/bc57cfb6ca40a6955d89dbbb5253224e7dbf6beb.pdf>

■ Risks and Opportunities

Climate change has the potential to adversely affect the air transport business, which is based on the premise of operating in a “safe and secure society,” and as a result, poses a significant risk to the sustainability of the business. Furthermore, addressing climate change through CO<sub>2</sub> emission reduction by airlines may have a variety of financial impacts, including upgrading to fuel-efficient aircraft and compliance with carbon pricing. These factors affecting the JAL Group’s business are summarized and discussed in accordance with the TCFD portfolio of climate change-related risks and opportunities and are listed in the table below. “Short-term,” “Medium-term,” and “Long-term” are defined as follows.

Classification	Details
Short-term	Fiscal years 2021-2025 (applicable period of current Medium-Term Management Plan)
Medium-term	Fiscal years 2026-2030 (Period until achievement of the SDGs)
Long-term	Fiscal years 2031-2050 (Period until the JAL Group’s achievement of net zero CO <sub>2</sub> emissions)

Climate change-related “risks” and “opportunities”

Items of risks and opportunities	Outline of impacts
<b>Transition risks</b> <ul style="list-style-type: none"><li>○ Policy/Legal</li><li>○ Technology</li><li>○ Market</li><li>○ Reputation</li></ul>	<b>Fuel-efficient aircrafts:</b> In the short to medium-term, the steady implementation of the equipment renewal plan is expected to contribute to the achievement of CO <sub>2</sub> reduction targets. In the long-term, it is expected that small aircrafts with short flight ranges will be replaced by aircrafts using new technologies such as hydrogen and electric power. However, delays in development of aircraft or airport infrastructure may affect the realization of net zero CO <sub>2</sub> emissions in 2050. <b>SAF</b> *1: In the short to medium-term, there are concerns about supply shortages and high procurement costs due to delays in development and dissemination. In the medium to long-term, there are concerns that the high prices of SAF and hydrogen fuel, which require large quantities of fuel to be purchased, will have an impact on income and expenditure. <b>Emissions trading:</b> In the short term, the impact of emissions trading based on the CORSIA system*2 is assumed to be limited due to a decrease in aviation demand caused by COVID-19. In the medium to long-term, along with the strengthening of CO <sub>2</sub> emissions regulations in each country, it is possible that the cost of purchasing CO <sub>2</sub> credits will increase due to the rise in carbon prices. <b>Demand:</b> Although there will be limited impact of the modal shift on the international aviation sector, it may slow the growth of air passenger demand in Japan in the medium to long term.
<b>Physical risks</b> <ul style="list-style-type: none"><li>○ Acute</li><li>○ Chronic</li></ul>	<b>Operations:</b> The effects against flight operations of changes in precipitation, weather patterns, and extreme weather events have already become apparent in some areas, and may continue over the medium to long-term. <b>Demand:</b> The outbreak of pandemic in infectious diseases caused by changes in ecosystems due to increase in average temperature, has the potential to affect air transport operations in the medium to long-term.
<b>Opportunities</b> <ul style="list-style-type: none"><li>○ Resource Efficiency</li><li>○ Energy Source</li><li>○ Resilience</li><li>○ Markets</li><li>○ Products and Services</li></ul>	<b>Operation/aircrafts:</b> Reduction of CO <sub>2</sub> emissions and increase in profit due to improvement of fuel efficiency are expected through ingenuity in daily operations and technical innovation of aircrafts, and improvement of infrastructure including technological innovation of air traffic control in short to long term. <b>SAF:</b> In the medium to long term, the diversification of fuel supply sources by SAF dissemination may lead to improved reliability of aircraft fuel supply chains. <b>Demand:</b> A certain degree of improvement in customer preferences is expected by responding to the diversification of customer needs for low-carbon, environmental conscious products and services over the short to long term. It could also create new revenue streams by creating new businesses such as next generation Air Mobility.

\*1: **SAF** Sustainable Aviation Fuel  
\*2: **CORSIA** Carbon Offsetting and Reduction Scheme for International Aviation: a system which mandate airlines operating international flights to purchase CO<sub>2</sub> emission credits for any excess CO<sub>2</sub> emissions in 2019, from 2021 onwards

Risk Management

■ Risk Management System

Recognizing the risk of climate change as one of our priority risks, risk management is conducted in accordance with global laws, regulations and policy trends related to climate change, while identifying risks in the PDCA cycle of the Environmental Management System (EMS). They are reported to the Board of

Directors for discussion and evaluation. The risk of climate change, both transition risk and physical risk, are managed within the risk management framework of the JAL Group as a whole.

<https://www.jal.com/en/sustainability/governance/riskmanagement/#risk>



Environment

Addressing Climate Change

Metrics and Targets

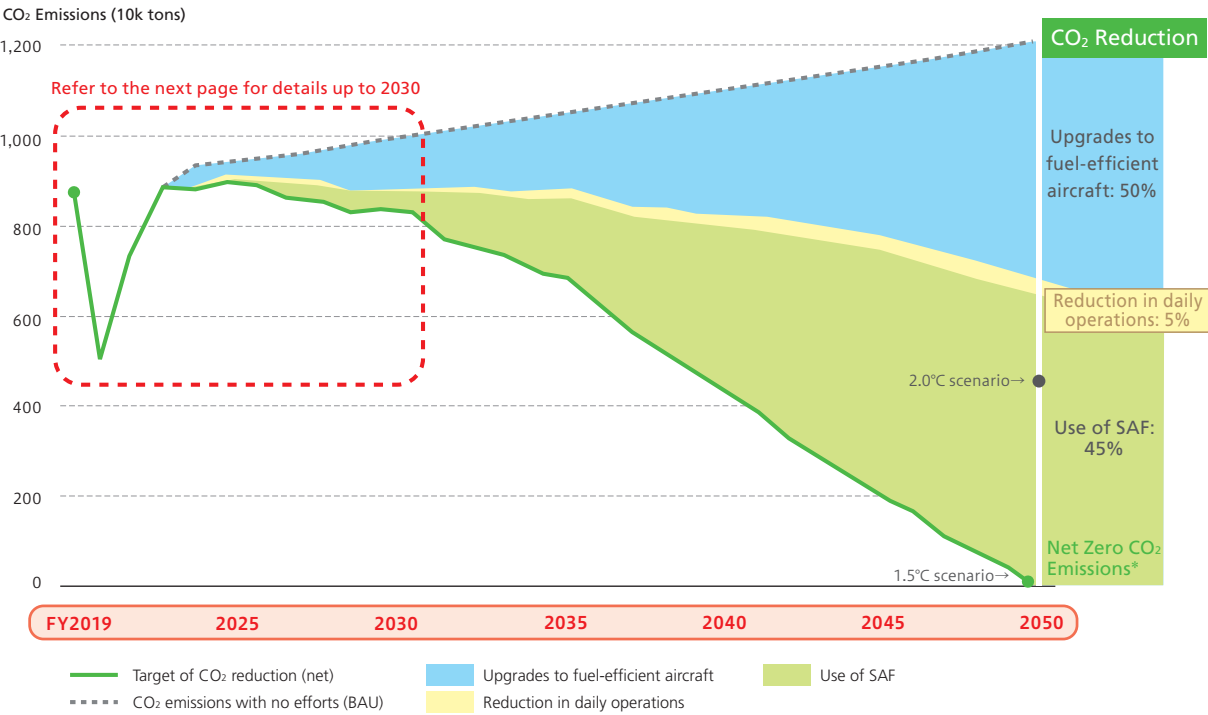
Reflection in the Medium Term Management Plan

Acceleration of addressing climate change was included in the JAL Group Medium Term Management Plan for FY2021 - FY2025. Due to the nature of the air transportation business, direct emissions from aircraft account for approximately 99% of the JAL Group's total CO<sub>2</sub> emissions. Therefore, the Group will first focus on reducing CO<sub>2</sub> emissions from aircraft, it will also set aggressive targets in reducing CO<sub>2</sub> emissions from ground facilities and take sincere measures.

Scenarios towards net zero CO<sub>2</sub> emissions by 2050

Regarding the reduction of CO<sub>2</sub> emissions from aircraft, its scenarios by 2050 are considered, referring to the latest study materials by ICAO and IATA, and proceeding to a discussion of future issues and measures to be taken.

JAL Group's Road Map towards Net Zero CO<sub>2</sub> Emissions\*



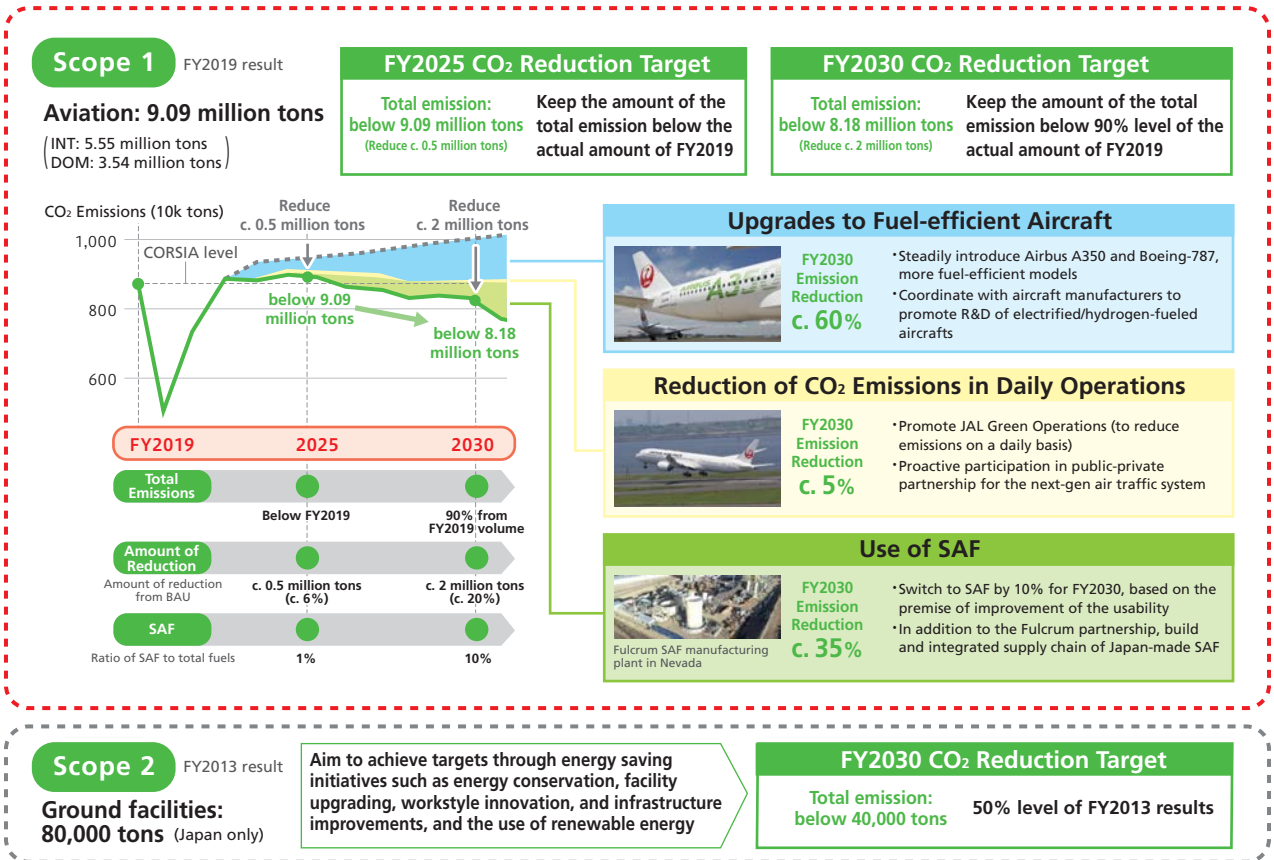
- Upgrades to fuel-efficient aircraft** Utilizing the latest fuel-efficient aircraft today and aim to introduce aircraft using new technologies in the near future, such as hydrogen and electric powered aircraft
- Reduction in daily operations** In addition to "JAL Green Operations" to reduce CO<sub>2</sub> emissions in daily operations, promoting collaboration across the entire industry, including air traffic control agency, airlines, and airport operators
- Use of SAF** Collaboration with stakeholders to aim for a decarbonized society to secure SAF supply and reduce costs

\* Achieving a balance between the amount of carbon emissions actually generated by business activities and the amount of reduction achieved through measures = Net Zero Emission (including emissions trading and CCS (CO<sub>2</sub> absorption technology))

Targets and Initiatives towards CO<sub>2</sub> emission reduction by 2030

The JAL Group's target for 2030 to keep total emissions below 90% level of that of fiscal 2019 is one of the most ambitious targets for airlines around the world. We will strive to achieve our goals by steadily upgrading to the latest aircraft based on stable financial base, reducing CO<sub>2</sub> emissions in daily operations through the promotion of JAL Green Operations,

and expanding sustainable aviation fuel (SAF) load. As for SAF, manufacturing and distribution overseas is accelerating, and in Japan, the government's Green Growth Strategy laid out a concrete path to SAF manufacturing and distribution by 2030. The JAL Group has set an ambitious goal of replacing 10% of fuel loads by SAF in 2030 and will work on SAF commercialization in cooperation with stakeholders in Japan and overseas through public-private partnerships.



Cooperation with external parties to reduce CO<sub>2</sub> emissions

While strengthening coordination and collaboration with various stakeholders in and outside Japan, we will lead the industry in pursuing cutting-edge initiatives based on the international framework for CO<sub>2</sub> reduction and in line with the Green Growth Strategy of the Japanese government. Specifically, in addition to actively participating in study meetings organized by Ministry of Land, Infrastructure, Transport and Tourism on CO<sub>2</sub> reduction in flight operations, airports and other domains, we will consider appropriate CO<sub>2</sub> reduction targets of the aviation industry to be achieved by 2030 as the Secretariat of the Scheduled Airlines Association of Japan, promote the use of SAF, and engage in high quality, inexpensive carbon credits in Japan.

<https://www.jal.com/en/sustainability/environment/partnership/>

**Environmental data disclosures**

In order to pass on the precious Earth to the next generation, the JAL Group has set targets for CO<sub>2</sub> emissions, waste and water consumption, and other environmental data, and discloses the results.

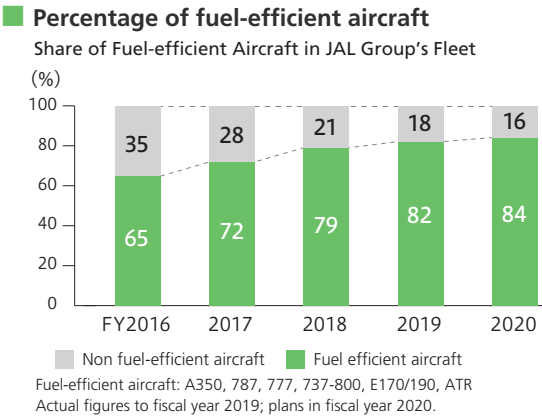
<https://www.jal.com/en/sustainability/esg/pdf/esg.pdf>

Environment

Addressing Climate Change

Specific Initiatives

**■ Upgrading to fuel-efficient aircraft**  
In September 2019, the Airbus A350 entered service on domestic routes, and in October 2019, the Boeing 787, which had been in service on international routes since 2012, entered service on domestic routes. These aircraft are fuel-efficient and produce less noise and can reduce the amount of CO<sub>2</sub> emissions by 15% to 25% compared with conventional aircraft.  
Utilizing funds raised in public equity offering in 2020, the JAL Group will steadily continue to upgrade to fuel-efficient aircraft in fiscal 2021 and beyond.



With the acceleration of next generation aircraft development such as the announcement of plans by Airbus to introduce hydrogen powered aircraft to the market from 2035, the JAL Group will cooperate with aircraft manufacturers to promote technological innovation toward for the development of electric and hydrogen powered aircraft.  
We will decide the specific schedule of upgrading our fleet while monitoring aircraft development and will steadily upgrade to state-of-the art aircraft that emit less CO<sub>2</sub>. As infrastructure including airports need to be developed as well, we will work with various stakeholders including the government and airport companies to improve the environment.

**■ Reducing CO<sub>2</sub> emissions in daily operations**  
Based on the fundamental premise of aviation safety's adherence to the principles, a variety of measures to reduce CO<sub>2</sub> emissions are devised, including eco-flight initiatives by devising the timing and choice of handling during flight operations, reducing weight of aircraft, and improving fuel efficiency through regular engine internal cleaning.  
Furthermore, by promoting JAL Green Operations, a cross-organizational activity, which monitor the status of each initiative and share the progress within the company, thereby promoting the PDCA cycle to reduce CO<sub>2</sub> emissions.

VOICE

**Frontline's ingenuity in reducing CO<sub>2</sub> emissions**  
We, as pilots, are working to reduce the volume carbon emissions and devising various operations that take the global environment into consideration. As a company, we have set a target for net zero CO<sub>2</sub> emissions by 2050, and in order to achieve further reductions in CO<sub>2</sub> emissions, it is necessary to deregulate by revising laws and take new measures in cooperation with airports and air traffic control. While the Japanese government is committed to achieving net zero carbon emissions, the Study Group on CO<sub>2</sub> Reduction in Aircraft Operations was established to further accelerate and promote initiatives to reduce carbon emissions in all aspects of aircraft operations. We will also participate in the study group and work together with stakeholders to realize new measures.



MATSUNAMI Koji  
Vice President, Flight Standards Engineering Department  
Boeing 777 Captain

**■ Supporting the development and use of SAF**  
Aiming to be a leading airline in the use of SAF, JAL Group is working on a variety of projects, including investment in Fulcrum, a US-based SAF manufacturer, use of SAF produced in Japan for the first time in scheduled flights, and collaboration with partner companies to build supply chains for Japan domestic SAF.



**[Overseas SAF Procurement]**  
In the U.S., we invested in Fulcrum in 2018, and the first plant was completed and started operation in July 2021. JAL Group plans to begin utilizing the SAF procured from Fulcrum in scheduled flights, departing from the West Coast of the United States, around 2024.  
In addition to procurement from Fulcrum, we also plan to contribute to reducing the volume of carbon emissions by starting to utilize SAF in flights from Europe and the United States, where mass production is progressing.

**[Efforts towards the adoption of domestically produced SAF]**  
Since February 2020, we have collaborated with Marubeni Corporation and ENEOS Corporation in a business assessment on the feasibility of a domestic supply chain for the manufacture, distribution and sales of SAF derived from plastic waste and other industrial wastes.  
In view of growing global demand for SAF, we will actively work with the public and private sectors and the aviation industry to establish a mass production system for domestic SAF and a supply chain for continuous SAF loads at hub airports in Japan.

Project to turn used clothing into SAF

As part of these efforts to commercialize domestic SAF, we produced Japan's first domestic SAF made from cotton clothing supplied by customers using only domestic technology with the cooperation of many Japanese companies, and after passing compliance testing for international fuel standard ASTM D7566 and quality inspections, the SAF was loaded on a scheduled domestic flight for the first time.



**[Details]**  
Date: February 4, 2021  
Flight Number: JL319  
Route: Tokyo Haneda to Fukuoka (Departure 13:00)  
Aircraft Type: Boeing 787-8 (JA849J)

Successful domestic SAF project

As the first step to commercialize domestic SAF, the SAF, that was manufactured in the project involving many years of work by public organizations, SAF manufacturers and airlines, passed quality inspections and was approved for use in actual flight operations. The JAL Group loaded two types of SAF, produced from different raw materials in a demonstration plant, for the first time on a scheduled flight.



**[Details]**  
Date: Thursday, June 17, 2021  
Flight number: JL 515 (Departing from Tokyo (Haneda) bound for Sapporo (New Chitose airport))  
Aircraft Type: Airbus A 350

**■ Engaging in emissions trading**  
In addition to responding to Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the JAL Group also offers JAL Carbon Offset, in cooperation with Blue Dot Green Co., Ltd., as a unique initiative that allows passengers to offset their own CO<sub>2</sub> emissions on their flights.

**[JAL Carbon Offsetting]**  
In response from feedback from customers who have a keen interest in protecting the environment and preventing global warming, the JAL Group, in collaboration with blue dot green Inc., offers passengers the option to offset the CO<sub>2</sub> emitted by the aircraft they fly on through our JAL Carbon Offsets program.

~ 4 Initiatives ~

- Forest management project in Oguni, Kumamoto prefecture
- Deforestation prevention project in Rimba Raya Biodiversity Reserve, Indonesia
- Forest management project of 4 towns in Hokkaido
- Investment in water infrastructure project in Africa aimed at improving sanitation.

**■ Measures to reduce CO<sub>2</sub> emissions from ground facilities**  
In the area of ground facilities, initiatives with the goal of reducing unit energy consumption by 1% or more on average have been promoted. Under the "operator classification evaluation system" of Act on the Rational Use of Energy (Energy Conservation Act) implemented by Ministry of Economy, Trade and Industry, the Group has been certified as "S Class", an excellent business operator, for 6 consecutive years since 2015.



LED high ceiling apparatus for hangar  
Near the entrance of the renewed and reopened "JAL factory tour ~ SKY MUSEUM ~"

CONTRAIL Project

The JAL Group has been working on in flight atmospheric observation since 1993. In 2005, the National Institute for Environmental Studies (NIES) and aircraft parts manufacturer JAMCO Corporation joined the efforts to expand and enhance the scope of these atmospheric observations, and with each party putting their expertise to use, the CONTRAIL Project was born. The CONTRAIL Project is the world's first planned ongoing, global-scale continuous measurement of greenhouse gases using equipment installed on scheduled passenger flights, and this joint public-private project continues its activities today.





Environment

Effective Use of Limited Resources

Basic Concept

- In accordance with the JAL Group Environmental Policy, the JAL Group promotes the 4Rs (Refuse/Reduce/Reuse/Recycle) in each business process in order to create a recycling-based society.
- As a key initiative, we are working to reduce the use of petroleum-derived single-use plastics and reduce food loss and waste.

Specific initiatives to reduce single-use plastics

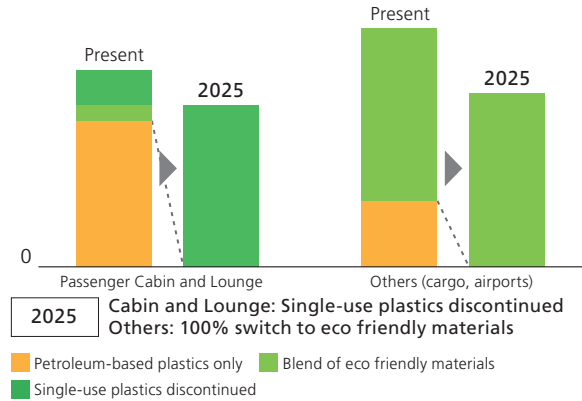
The JAL Group is taking steps to deal with plastic problems that cause global warming and marine pollution. We have set single-use plastic reduction targets as management targets and aim to achieve them through the 3Rs (Reduce, Reuse, Recycle) + 1 (Redesign)\*1.

\*1 Redesign means redesigning products such as reviewing their use, procurement and disposal methods, and developing a collection and recycling system in cooperation with external companies.

Discontinuation of use of single-use plastics in-cabin and in lounges

In order to address the plastics problem, we are discussing reduction methods and targets, driven by the company-wide Plastic Working Group. In September 2019, we removed plastic straws and plastic muddlers from our cabin service and lounge service goods. Further, in May 2021, we announced single-use plastic reduction targets in the Medium Term Management Plan. By promoting the 3Rs (Reduce, Reuse, Recycle) + 1 (Redesign), we will reduce the use of single-use plastics provided to customers by 2030 through the following process.

Single-use plastics used (Japan Airlines Co., Ltd.)



Priority	High	<div>Reduce</div> <ul style="list-style-type: none"> <li>○ Fundamental review of the need for/by changing the way of thinking</li> <li>○ Reducing the number of purchases, weight, and size</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed the bottled dipping sauce for soba noodles (fiscal 2019 results: 4.9 tons)</li> <li>• Reviewed the service style; switched to a gelled dipping sauce for soba noodles</li> </ul>	Bottled sauce            Noodles with gelled sauce
		<div>Reuse</div> <ul style="list-style-type: none"> <li>○ Long life design through reuse and parts replacement</li> <li>○ Breaking away from disposable (converting to silicon materials reinforced plastics, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Introduced polyurethane coated gloves as a COVID-19 infection prevention measure</li> <li>• Reduced the consumption of plastic gloves</li> </ul>	
		<div>Redesign</div> <ul style="list-style-type: none"> <li>○ Elimination of plastic (convert to other sustainable materials)</li> <li>○ Recyclable materials (recycled plastic/Bagasse-based plastic, etc.)</li> <li>○ Conversion to environmentally friendly materials (biomass/compostable)</li> </ul>	<ul style="list-style-type: none"> <li>• Discontinued the use of all plastic straws and muddlers in 2019.</li> <li>• Switched to paper straw using FSC® certified paper and wooden muddlers</li> <li>• Switched Economy Class plastic drink cups to FSC® certified paper cups.</li> </ul>	
	Low	<div>Recycle</div> <ul style="list-style-type: none"> <li>○ Establishment of collection and recycling schemes in cooperation with customers and suppliers</li> <li>○ Thorough separation of waste and promotion of recycling</li> </ul>	<ul style="list-style-type: none"> <li>• As a unique JAL initiative, to reduce incineration of plastic bottles, cabin attendants segregate waste from flights after arrival for recycling (converted to plastic bottles by beverage manufacturers)</li> </ul>	

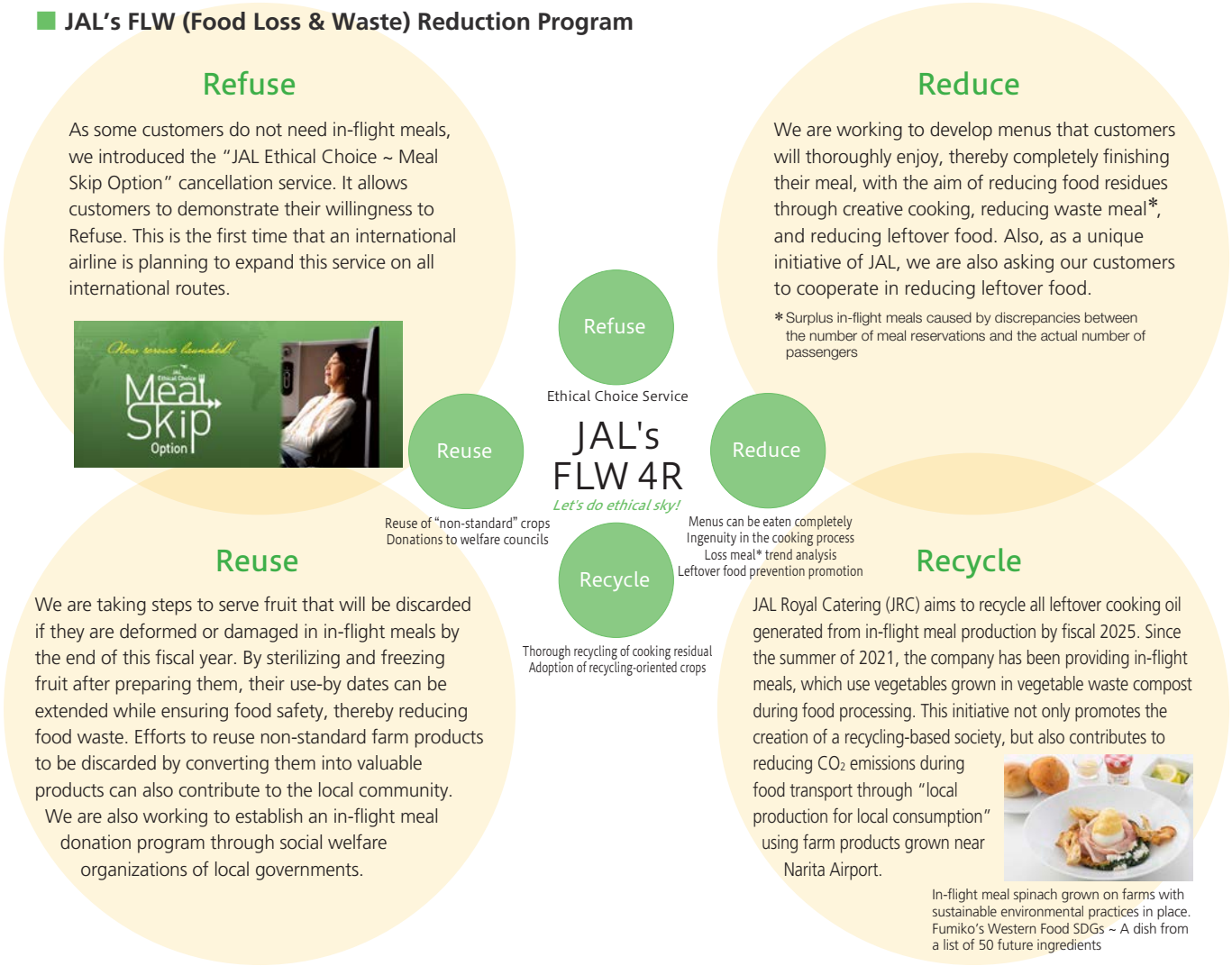
Aggressively purchase commercial products manufactured with the same priority

Specific initiatives to reduce food loss and waste

Greenhouse gas emissions from food including waste are estimated to be 21 ~ 37% of global emissions. The JAL Group is aware of the problem of food loss and waste and is implementing initiatives to prevent this. The JAL Group is reducing food waste through the 3Rs (Reduce, Reuse, Recycle) + 1R (Refuse).

WEB https://www.jal.com/en/sustainability/environment/limited-resources/#anc09

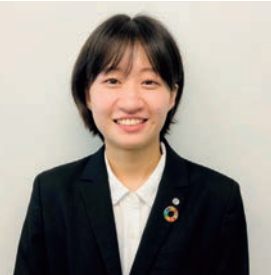
JAL's FLW (Food Loss & Waste) Reduction Program



VOICE

As a member of the Food Loss and Waste Reduction Project

After working at Gimpo Airport in South Korea, I was in charge of in-flight meal menu development at JAL Head Office and engaged in CO<sub>2</sub> emission reduction as a member of the food loss and waste reduction project. We are working day and night to create tasty menus that our customers would thoroughly enjoy. We started a new service that allows customers to refuse their in-flight meal to stop preparing more in-flight meals than necessary. We are taking steps to leave a greener environment for the next generation.



SIN Jae-yoon  
Catering Operations, Quality Management Group, Product and Services Department

Environment

## Prevention of Environmental Pollution

### Basic Concept

- In accordance with PRTR (Pollutant release and transfer register) regulations, the JAL Group manages hazardous chemical substances and strives to reduce the amounts handled and released.

### Specific Initiatives

We aim to achieve a final disposal rate of 1% or less by promoting the segregation and collection of industrial waste at maintenance facilities and thorough waste management including the selection of disposal sites. Furthermore, we are working to reduce emissions of carbon dioxide (CO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), hydrocarbons (HC), and other substances emitted by aircraft in order to prevent air pollution. All JAL Group aircraft engines conform to all regulatory values and the appropriate standards set by ICAO (International Civil Aviation Organization) (ICAO CAEP6/CAEP8 standards for NO<sub>x</sub> regulations; standards differ at the time of type certification).

Environment

## Biodiversity Conservation

### Basic Concept

- The JAL Group is aware of the direct and indirect impacts of its air transportation business on biodiversity conservation. In accordance with the JAL Group Environmental Policy, the JAL Group will address biodiversity conservation in a proactive manner by “fulfilling our responsibilities for biodiversity conservation as an air transport operator” and “reducing the environmental impact of our business and minimizing impacts on the ecosystem.”

### Specific Initiatives

#### Challenge toward registration as a World Natural Heritage Site

In July 2021, the Japanese islands of Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island, which were separated from the mainland several million years ago and are home to rare species such as the Amami rabbit and Iriomote wildcat, were registered as a World Natural Heritage Site in recognition of their biodiversity and rich natural environment. The JAL Group is also closely involved in these activities. JAPAN AIR COMMUTER (JAC) and JAL Kagoshima Office, both located in Kagoshima, Japan Transocean Air (JTA) and RYUKYU AIR COMMUTER (RAC) based in Okinawa joined hands with the local community to protect and raise awareness of the natural environment.

#### Examples of initiatives

- Participation in the Liaison Conference on Measures against Poaching and Smuggling
- Installation of road signs to prevent road kill of rare species
- Maintenance and PR of the Amami hiking trail, which covers the Amami Islands
- Beach clean-up activities to pick up litter

Environment

## Noise Reduction

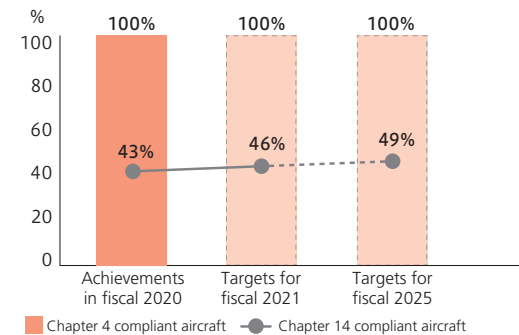
### Basic Concept

- In order to fulfill our responsibility as social infrastructure, the JAL Group is actively working to reduce noise in order to coexist with residents in communities near airports and sea routes.

### Specific Initiatives

#### Changes in the percentage of ICAO noise standard compliant aircraft

We are steadily upgrading our fleet to the latest aircraft models that emit less CO<sub>2</sub> and meet noise standards (ICAO Chapter 4, Chapter 14) and are taking measures to reduce noise around airports.



#### World Natural Heritage Promotion Joint Association (Okinawa) World Natural Heritage Promotion Community (Kagoshima)

Launched in 2019 by JAL, JAC, JTA, NTT DOCOMO and other parties, this joint community promotes the registration of World Heritage Sites by connecting local companies and organizations. We are utilizing the strengths of participating companies and organizations to protect the natural environment and promote regional development through nature.



The moment the participants, at venues in Kagoshima and Okinawa, share the joy when the decision was made to add the islands to the World Natural Heritage list. (The photo was taken in front of the special livery aircraft at JTA Maintenance Center “Corporate Venue”)

#### Coral sexual reproduction and coral regeneration project

One of the charms of Okinawa is its blue waters and colorful and vibrant coral reefs. In addition to its scenic function as a tourism resource, the coral reefs are also habitats to many species, and play various roles such as national land conservation and disaster prevention through wave dissipation effects. In recent years, the depletion of coral reefs along the coast of Okinawa Prefecture has become a problem, as seen by bleaching caused by rising sea temperatures and the emergence of many starfish. The JAL Group is working to restore coral reefs.

#### Sexual Reproduction and Coral Regeneration Support Council

In April 2020, JTA, established a joint committee to examine mechanisms for coral reef restoration activities in Yaeyama, based on a plan to support the Yaeyama Fisheries Cooperative in Ishigaki City, Okinawa Prefecture together with local companies and the Fisheries Civil Engineering Technology Center for six years. Although coral may look inorganic, they are creatures such as jellyfish and sea anemones that lay eggs once a year. Sexual reproduction is a method of breeding coral eggs. By 2018, the Fisheries Agency developed technology to efficiently fertilize coral eggs in a form close to nature, enabling the production of large numbers of seeds and seedlings. The Yaeyama Fisheries Cooperative is engaged in coral reef breeding, which requires a high level of technical expertise, under the technical guidance of the Council.

#### Official Supporter of International Year of Plant Health 2020

The United Nations declared 2020 as International Year of Plant Health to raise global awareness of the importance of preventing the spread of plant pests. As an official supporter of International Year of Plant Health 2020 of approved by the Ministry of Agriculture, Forestry and Fisheries (MAFF), the JAL Group is working raise internal and external awareness of the importance of plant protection. Not only do we need to be careful when taking plants overseas or bringing them into Japan, there are also restrictions on the movement of plants in Japan. For example, taking out sweet potatoes from the Nansei Islands (the Amami Islands in Okinawa and Kagoshima prefectures) and the Ogasawara Islands is restricted. At an in-house workshop held in February 2020, we invited MAFF officials to talk about plant damage caused by diseases and pests, plant quarantine, and their relationship with the aviation industry. As pest and disease control is costly, it is extremely important to prevent the invasion and spread of pests and diseases. We raised staff awareness through e-Learning, published an article in the May edition of our in-flight magazine “SKYWARD” and showed an in-flight video on plant quarantine in cooperation with MAFF from September to December 2020.



Inflight video image

#### Preventing illegal wildlife trade

In June 2018, the JAL Group signed the Buckingham Palace Declaration by the United for Wildlife Transport Taskforce to reduce illegal wildlife trade promoted by the International Air Transport Association (IATA). Wildlife trafficking is one of the world’s largest crimes, with a trade value of trillions of yen, next to drugs and human trafficking. In order to prevent crimes, Ishigaki Airport staff found coconut crabs, an endangered species, being taken out of the island in baggage labeled “pineapple” and Amami Airport staff found rare frogs and snakes being taken out. In this way, the transportation stage plays a vital role in preventing illegal trade in wildlife. In 2020 and March 2021, we invited officials from the World Wide Fund Japan (WWF Japan) to hold a workshop on the current situation of illegal wildlife trade and how to respond in case live animals are found during transport. Furthermore, we are increasing more opportunities to raise awareness internally by training instructor-staff, strengthening efforts to eradicate illegal wildlife trade in cooperation with external parties, and endorsing the joint statement by WWF Japan, “People, Animals, and Ecosystems: One Health\*.” The JAL Group is committed to the conservation and sustainable use of biodiversity.

\* One Health is an integrated approach to ensure the circle of life remains healthy and balanced recognizing the interconnection of the health of people, animals and ecosystems.



Workshop on prevention of illegal wildlife trade

#### World Heritage programs to commemorate registration as World Natural Heritage

The JAL Group is planning and implementing a “unique to the JAL Group” World Heritage Guests Program to visit, see, and interact with areas that have become treasures of the world, as part of its efforts to commemorate World Heritage registration under the themes of “connecting the world with Japan’s World Heritage, which has become a treasure of the world from local treasures” and “connecting Japan’s World Heritage to future generations through coexistence and conservation with nature”.





► People



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
<b>Pursuit of customer satisfaction</b> The JAL Group provides information on products and services appropriately, takes comments from customers sincerely, and continuously strives to develop and provide better products and services in order to deliver unparalleled service to our customers. When doing so, we put ourselves in the customers' position and develop innovative products and services to meet diverse customer needs.	Promotion of D&I	• P.89-90 • <a href="https://www.jal.com/en/sustainability/human/diversity/">https://www.jal.com/en/sustainability/human/diversity/</a>
	Workstyle Innovation	• P.91 • <a href="https://www.jal.com/en/sustainability/human/work_style/">https://www.jal.com/en/sustainability/human/work_style/</a>
	Health and Productivity Management	• P.92 • <a href="https://www.jal.com/en/sustainability/human/health-management/">https://www.jal.com/en/sustainability/human/health-management/</a>
	Respect for Human Rights	• P.93 • <a href="https://www.jal.com/en/sustainability/human/human_rights/">https://www.jal.com/en/sustainability/human/human_rights/</a>
	Human Resources Development	• P.94 • <a href="https://www.jal.com/en/sustainability/human/human-resources-management/">https://www.jal.com/en/sustainability/human/human-resources-management/</a>
	Improving Accessibility	• P.95 • <a href="https://www.jal.com/en/sustainability/human/accessibility/">https://www.jal.com/en/sustainability/human/accessibility/</a>
<b>Respect for human rights and job satisfaction (human rights and labor)</b> Respecting others means respecting different cultures and values. To achieve this, we actively interact with diverse cultures from around the world. To create productive workplaces where employees are motivated in their jobs, we take pride and joy in doing our best for our colleagues.	Preventing the Spread of Infectious Diseases	• P.96 • <a href="https://www.jal.com/en/sustainability/prevent-infection-spread/">https://www.jal.com/en/sustainability/prevent-infection-spread/</a>

WEB <https://www.jal.com/en/sustainability/codeofconduct/>

TOPIC 1 Promotion of D&I

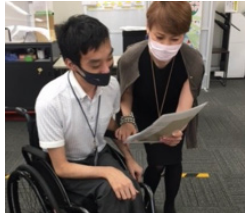
Creativity and individuality are the sources of value creation

In April 2020, a former cabin attendant became President of JAL Sunlight Co., Ltd., a company which espouses the philosophy to “continuously create new value by leveraging diversity in an environment where disability is not a barrier.” Immediately after her appointment, she began embracing challenges as a new leader by drawing on her individuality and abilities. Her high sensitivity toward service cultivated from frontline experience and her experience as a cabin attendant which requires quick action, are reflected in her speedy actions, from the time of conceptualization of a business idea to implementation. This is a successful example of D&I in value creation from a woman’s perspective.

VOICE

Embracing challenges with respect for individuality

With a strong aspiration to “create a company where employees, with or without disabilities, can play an even more active role,” I thought of ideas for new challenges while communicating closely with staff. We found that some employees had a strong interest and talent in art and painting, and in March 2021, launched the nail room business run by employees with disabilities. This is not the only new business we have created. We will continue to embrace challenges that recognize and utilize the individuality of every employee.



MIYASAKA Kumiko  
(photo right)  
President of JAL Sunlight

TOPIC 2 Respect for Human Rights

Dialogue with external experts

In 2019, we established the JAL Group Human Rights Policy to clearly define our approach to respecting human rights. Aligned with the UN Guiding Principles on Business and Human Rights, the policy states that we will incorporate human rights due diligence (Human Rights DD) in business processes in order to respect human rights throughout our operations. In December 2020, we conducted a company-wide risk survey on human rights risks of the JAL Group and compiled the results in a risk map to identify human rights issues of importance. To address these risks, we invited SHIMOTAYA Takeshi, Representative Director of



Dialogue between ASSC President Shimotaya and the directors of key divisions at the time

TOPIC 3 Improving Accessibility

Serving customers with disabilities in the COVID-19 pandemic

In order to appropriately serve customers with disabilities in the pandemic, we established Customer Service Guidelines dealing with COVID-19. For example, we changed ways of assisting wheelchair users and guiding customers with visual impairment in order to prevent infection to both customers and employees. Wooden wheelchairs for rental service are given antiviral and antibacterial coatings and other equipment are disinfected after each use to create an environment of ensuring safety and comfort for all customers.

Support based on COVID-19 measures:  
WEB <https://www.jal.co.jp/jalpri/flysafe/>

the Global Alliance for Sustainable Supply Chain (ASSC), which promotes international human rights initiatives, to participate in dialogue with directors of key divisions, which have relationships with important stakeholders across the value chain, such as Human Resources, General Affairs, Procurement, and Products and Services. Mr. Shimotaya provided valuable advice from various perspectives, including human rights risks related to COVID-19, based on which we summarized our efforts on important human rights issues and disclosed them on the JAL website. Going forward, the JAL Group will continue to engage in dialogue with society and fulfill its responsibility to respect the human rights of all people, in accordance with the Human Rights DD mechanism defined in internal regulations, as we believe that respecting human rights is a universal value.



Furthermore, in cooperation with other airlines, airport building companies, and airport operating companies, we are exchanging views with people with disabilities on how to deliver safety and comfort in air travel services provided by the aviation industry including the JAL Group. Through demonstrations of appropriate service methods during the pandemic, the participating companies made new discoveries, deepened their understanding of people with disabilities, and are working to improve customer service and create a seamless mobility environment.

People



Promotion of D&I

Basic Concept

■ Ever since top management announced its commitment to diversity in 2014, we have taken steps to become a company where all employees can work in a positive environment regardless of gender, age, nationality, race, disability, sexual orientation, gender identity, or other personal attributes. To achieve this, we respect individuality and ensure equal treatment in all important aspects of human resource development, such as recruitment, job assignment and advancement, and promote D&I and workstyle innovation in an integrated manner to facilitate the active participation of diverse human resources.

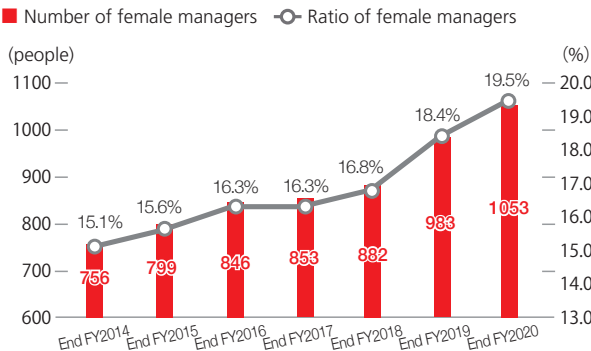
Specific Initiatives

Promoting women’s advancement

The JAL Group has focused on the development and advancement of women and global human resources to ensure fair and equitable treatment and allow everyone to play a leadership role. As of the end of March 2021, women held 19.5% of manager-level positions in the JAL Group, which shows steady progress of our efforts. The Medium Term Management Plan sets a target of raising the proportion of women in management roles in the JAL Group to 30%, and we are accelerating efforts to achieve this. Furthermore, to increase women at the board and executive levels, we are taking steps to increase women at the Vice President and senior manager levels. In the past two years, the number of female Vice Presidents has increased 1.5-fold (57 as of June 2021), and many women have been promoted to station managers at hub airports such as Haneda, Narita, Osaka, and Fukuoka. In the Cabin Attendants Division, leaders of frontline departments are all women. In order to further increase the number of women in leadership roles, we hold study meetings

in which top management leaders serve as lecturers. Going forward, we would like to see more women step up as leaders in terms of both development and advancement. In recognition of our efforts to develop women leaders, JAL received both the Second Award (Corporate Award) and the Executive Award (Individual Award) in the Advance category of the 2021 J-Win Diversity Awards\*.

Number and ratio of female managers in the JAL Group



\* Awards sponsored by the Japan Women's Innovative Network (J-Win), a non-profit organization, to recognize companies and individuals who promote D&I

VOICE

Women’s Leadership Workshop

As the further growth of women in top management is essential to women’s participation and advancement in the workplace, we have held the Women’s Leadership Workshop, “Akasaka-Juku (school),” regularly since fiscal 2021 under the direct guidance of President Akasaka. Many of the participants are Vice Presidents and senior managers in frontline divisions such as at Airports and Cabin Attendants. As Secretariat, I have pursued a career as a cabin attendant and I am currently in charge of employee training in the Work Philosophy Development Department. The objectives of the Female Leader’s Workshop “Akasaka-Juku (school)” are:

- To acquire the ability to think, discuss and act by looking ahead, grasp the overall situation and implement strategy; and
- To create new value through cross-functional coordination and mutual learning.

Participants are making efforts to improve their abilities from what they learned from the workshops and are contributing to developing the next generation of women leaders.



Naoko Shishido  
Vice President, Work Philosophy Development

Promoting the participation and advancement of human resources hired outside Japan

In a global environment, we respect diverse cultures and are working to develop human resources who can create new value. Despite travel restrictions during the pandemic, we are continuing to work on this through online training and remote support. We are also promoting career advancement of employees outside Japan, who currently account for about 30% of important posts in overseas offices (airport offices, district sales offices, etc.). We will continue to develop human resources under a well thought out plan and increase the ratio of managers both inside and outside Japan.



Recruitment and advancement of experienced employees from outside the company

We have been actively hiring experienced employees to link diverse knowledge acquired outside the company to value creation. These experienced professionals work in fields that require advanced knowledge such as business creation, digital innovation and ESG, and are creating new value. Many of them have been promoted to managers, with an increasing number of employees participating in important decision-making each year and even advancing to management positions. As many of these experienced employees, who joined the company during a certain period, will be reaching retirement age soon, we expect a temporary decline in the total number of managers among them. We will therefore resume recruitment of employees possessing diverse knowledge and experience and strive to achieve the same ratio of managers and the ratio of new graduate recruits.

Promoting of challenges by employees with disabilities

In order to promote the active participation of employees with disabilities, we are embracing the challenge of developing new fields where they can utilize their talents and abilities. In addition to cafés and massage rooms, we opened a nail room in Haneda in fiscal 2020, where employees with disabilities play an active role and employees can deepen their understanding of D&I.



Nail room opened in fiscal 2020

Diversity promotion project by employees

As a bottom-up approach to promoting D&I, we are carrying out a project called “JAL D&I Lab.” In fiscal 2021, the members divided into teams under the themes: Globalization, The Active Participation of People with Disabilities, The Active Participation of Women, and Life and Career Development, and have been creating ideas based on free-thinking and are shaping them into measures for implementation this fiscal year. Together with the top-down approach of top management, we will foster a corporate culture that respects diversity conducive to value creation.



Presentation of JAL D&I Lab Activities

Diversity at management level (Executive Officer)

○ Female



NAKANO Hoshiko  
Deputy Senior Vice President, Passenger Sales  
Senior Vice President, Eastern Japan



ABE Eri  
Deputy Senior Vice President, Regional Revitalization  
In charge of Support



YASHIKI Kazuko  
Senior Vice President, Haneda Airport  
President of JAL Sky Co., Ltd.



TOTTORI Mitsuko  
Senior Vice President, Cabin Attendants

○ Hired outside Japan



Ross Leggett  
Deputy Senior Vice President, Route Marketing  
In charge of International Relations and Alliances

○ Experienced employee



OMORI Yasushi  
Senior Vice President, Mileage and Lifestyle Business



People

Workstyle Innovation

Basic Concept

- In pursuit of workstyles that are not bound by location, we will create an environment where everyone can actively participate in the workplace under an appropriate working hours management system.

■ We will promote “workcation” and “bleisure” to encourage employees to take long vacations.

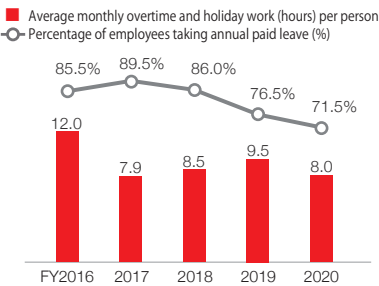
Specific Initiatives

Optimizing working hours

The JAL Group is working continuously to foster a climate where employees with time constraints, such as childcare and nursing care, receive fair and impartial treatment and where diverse human resources can embrace challenges, and thus create a society where everyone can play an active role. Although the percentage of employees taking annual paid leave has slightly declined during the pandemic, we are striving to optimize working hours as well as promoting the planned acquisition of paid leave. In fiscal 2020, the percentage of annual paid leave applicants was 71.5%, and the average monthly overtime and holiday (days off) working hours per person was 8.0 hours (excluding general staff with shift work). In fiscal 2020, we achieved 1,878 hours, or 98.5% of the target of 1,850 actual working hours.

\* Data: Japan Airlines Co., Ltd.

Overtime Work and Annual Paid Leave Applicants



Pursuing a workstyle not bound by location

Remote work

The JAL Group introduced remote work in fiscal 2014 as a means of promoting D&I and work-life balance and has continued to improve the IT environment and system to promote this workstyle. The improved system has enabled the smooth shift to a workstyle in a remote work environment mainly in support departments, even when businesses were asked to reduce the number of staff commuting to the office in the pandemic. We will further promote this workstyle, while solving the communication problem and finding the best way for managing remote work.

Promoting workcation and bleisure

In order to promote flexible workstyles, in 2017 we introduced workcation, which means working while on vacation (work+vacation=workcation), and bleisure, which means travel combining both business and leisure (business+leisure=bleisure). We would like to nurture employee’s sensitivity through experiences only possible in a local area and promote personal growth. Workcation, in particular, has drawn people’s attention as a means of regional revitalization by increasing the population engaged in this field and creating jobs, and has developed into a co-creation activity.

Verifying new workstyles in the New Normal

By taking a workcation, employees can participate in social contribution activities during their free time, discover needs of the local community, and think of ideas to create jobs and participants to revitalize the regional economy. Through these experiences, we aim to nurture employees’ awareness leading to personal growth and discover new workstyles and new ways of taking holidays through co-creation with local communities. At the same time, we would like to assist in solving region-specific problems and contribute to regional revitalization. We will then review new workstyles in the New Normal from a long-term perspective, considering conditions during and after the pandemic, and introduce workstyles that are appropriate for our objectives.

Outline of social contribution activities program through workcation

- Ehime Prefecture:

Farm maintenance such as mowing and watering orchards. Create new regional recipes.
- Ishikawa Prefecture:

Manage sheep grazing. Support hands-on nature activities for parents and children.
- Iwate Prefecture:

Plan events held at important cultural assets in cities.
- Hyogo Prefecture:

Hold events to keep culture alive in old local movie theaters that were reopened by the local residents.



Activities in Ehime Prefecture



Repair of Kumano Kodo pilgrimage routes

People

Health and Productivity Management

Basic Concept

- The JAL Group health promotion project “JAL Wellness” was launched with the recognition that the physical and mental well-being our employees and their families is essential to “pursuing the material and intellectual growth of all our employees and delivering unparalleled service to our customers” as articulated in the JAL Group Corporate Policy. We are currently working on “JAL Wellness 2025” based on five major indicators; lifestyle-related diseases, cancer, mental health, smoking and women’s health.

Promotion system

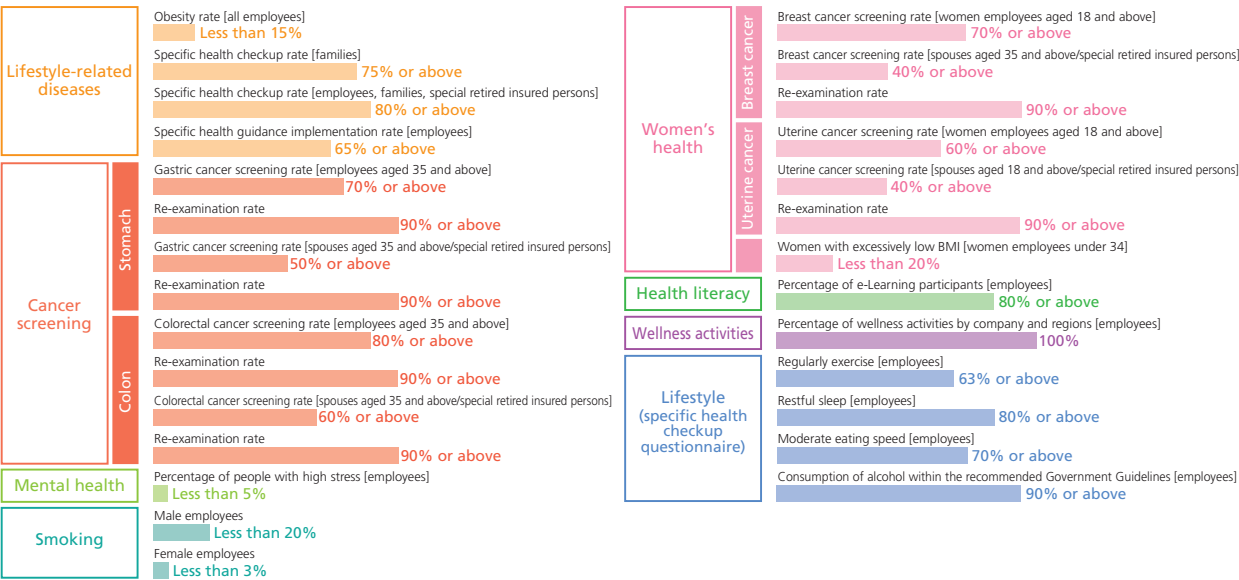
Under the strong leadership of the CWO (Chief Wellness Officer, Representative Director, Executive Vice President), we are vigorously promoting health and productivity management through management-level initiatives led by the JAL Wellness Promotion Committee comprising directors, and workplace-level initiatives led by Wellness Leaders in each workplace.

Specific Initiatives

Health promotion initiatives

Female employees play a central role in various JAL Group workplaces, and their health is an important issue. As a result of efforts to fully subsidize the cost of gynecological examinations, expand opportunities for health checks for women and improve health literacy through seminars and e-Learning including male participants, we achieved the target check-up rate for employees and are making steady progress on the target check-up rate for their families. Even in the unlikely event of illness, we have a comprehensive support system to enable employees to continue work and achieve work-life balance. By promoting wellness and encouraging employees to maintain awareness of their wellbeing, we would like all our employees to work cheerfully and energetically and improve productivity and increase corporate value.

JAL Wellness 2025 KPI targets



Certified as Outstanding Health and Productivity Management Company

As part of efforts to promote health management, the JAL Group has actively participated in the Certified Health and Productivity Management Outstanding Organizations Recognition Program designed by the Ministry of Economy, Trade and Industry of Japan. In fiscal 2015, the first year of the program, JAL was awarded with health and productivity certification. In fiscal 2020, eight companies including JAL were certified as White 500 for Outstanding Health and Productivity Management, and four companies were recognized in the large enterprise category. By considering employee health management from a management perspective and implementing strategic health management, we aim to revitalize our organization by improving employee vitality and productivity, and thereby improve our business performance and stock price. We will continue to work to communicate and contribute to society through promotion of health and productivity management.



JAL Wellness 2025 MyBook



People

## Respect for Human Rights

### Basic Concept

- The JAL Group will fulfill its responsibility to respect human rights for all people based on the belief that respect for human rights is a universal value and is consistent with the realization of the Corporate Policy.

### Specific Initiatives

#### ■ Framework for respecting human rights

In order to promote respect for human rights, the JAL Group has established internal regulations outlining a framework for human rights due diligence (Human Rights DD) and a grievance handling mechanism.

Based on these regulations, we conduct an annual human rights risk survey of all JAL Group companies, and then assess risks, extract issues, and identify those that are of particular importance through dialogue with external experts, and take concrete action to eliminate negative impacts on human rights. Currently, we have defined priority issues in the value chain; supply chain management, products and services, and the internal environment, and have disclosed them on the JAL website.

For example, one of the issues affecting human rights during the pandemic was preventing infection among employees. In addition to encouraging remote work mainly in support departments and reducing the percentage of employees commuting to the office, we have established rules on coming to and leaving work and a policy on social distancing based on guidelines of the Ministry of Health, Labour and Welfare and public organizations, and are continuously taking action to protect our employees. In June 2021, we began a workplace vaccination program to prevent the spread of COVID-19.

#### ■ Promoting understanding of gender equality and LGBTQ

The JAL Group continues to promote understanding of LGBTQ. We were awarded the highest “Gold” award for five consecutive years in the PRIDE index, which evaluates initiatives for LGBTQ and other sexual minorities of companies and organizations, established by the voluntary organization “work with Pride”.

Since October 2020, we have changed announcements at airports and in the cabin from “ladies and gentlemen” to gender neutral terms, “everyone” and “all passengers” depending on the context.

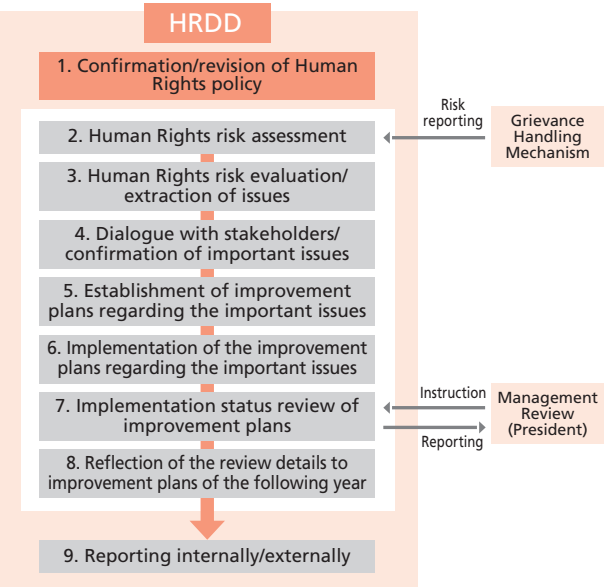
We will continue to provide services that respect diversity.

#### ■ Initiatives to prevent human trafficking

A particularly important human rights issue for the JAL Group is unintended involvement in human trafficking through air transportation. To prevent human trafficking, in fiscal 2021 we showed videos to raise awareness of human trafficking prevention on board JAL Group domestic and international flights, in cooperation with “It’s a Penalty Tokyo Campaign” sponsored by the U.K. NPO, It’s a Penalty, and co-sponsored by General Incorporated Association Sport For Smile. In addition, we are conducting a training program for all employees on respect for human rights including the prevention of human trafficking.



Going forward, the JAL Group will continue to improve Human Rights DD and grievance handling mechanisms to increase their effectiveness and fulfill our responsibility to respect the fundamental human rights of all people through specific initiatives.



Flow for Human Rights DD Initiatives  
(We follow this flow each fiscal year to promote respect for human rights.)

People

## Human Resources Development

### Basic Concept

- As individual growth will lead to organizational growth and sustainable growth of the company, employee engagement is of great importance, that is, to understand and empathize with the corporate vision and to think, act and contribute autonomously towards the vision. The JAL Group will actively invest in human resource development to enhance employee engagement.

### Specific Initiatives

#### ■ Human resource development programs to support activities of diverse human resources

We have established a guideline on the skills and characteristics expected of JAL Group employees based on the JAL Philosophy, and exchange human resources across companies and job types in the JAL Group. By providing specialized training for each job type and education and training unique to each company, we are developing leaders and safety and service professionals.

##### < Main Education and Training Programs >

- New Employee Orientation
- JAL Philosophy Workshop
- Career development training by age group
- Business skills training courses
- Leader’s Workshop
- Training for Managers

Going forward, we will further improve the quality of education and training using digital technology to promote participation and advancement of diverse human resources and develop human resources to support sustainable growth of the JAL Group.

#### ■ Expanding online education and training courses

Seizing the opportunity brought about by the current harsh business environment to develop human resources, we are increasing the number of training courses and creating an environment where employees around the world and employees with disabilities can participate online. As a result, the number of education and training hours per person in fiscal 2020 reached 276.5 hours, about four times as much as the previous year.



##### Human resource development outside the company

The JAL Group is focused on educating university students in order to pass on knowledge and experience cultivated in the airline business. While deepening their understanding of the airline business, we would like to develop human resources who can contribute to not only transportation and tourism but also development of a wide range of industries and thereby contribute to energizing regional economies and industries. We are also expanding the scope of our education business utilizing the know-how cultivated through educational activities such as lectures at universities and seminars for the general public.



#### ■ Developing autonomous employees (in-house recruitment, etc.)

The JAL Group aims to become an autonomous team through “JAL OODA” (Observe, Orient, Decide, Act) and has conducted implemented awareness reform of managers and various activities to practice JAL OODA. One such example is the W-PIT activity\* launched by young employees, in which they challenge themselves to co-create new businesses with other industries and conduct in-house ventures leading to “exciting” businesses. Furthermore, since 2017, we have been holding an intra-entrepreneur new business contest called “Sozo no Tsubasa” (Wings of Creation). Winners have been transferred to the business creation department and are working to realize their ideas.

\* Abbreviation for Wakuwaku (exciting)  
Platform Innovation Team



Employee who started W-PIT

#### ■ Autonomous Career Design (New CAREER Page)

In order to encourage employees to develop their own careers, we have established a site on the Group intranet called CAREER Page, which provides information on designing your career (duties, vision and mission of each department, career path of employees). We also hold online JAL Career Talk Live programs, where JAL Group employees discuss their careers, to give employees the opportunity to think about their own career. The Cabin Attendants Division has begun trialing a system for providing consultation on career design by professional career consultants.

We will continue these efforts to create an environment, where employees can design their own careers.



Participant in JAL CAREER TALK LIVE



From CAREER Page



## People

# Improving Accessibility

## Basic Concept

- The JAL Group has established the JAL Group Accessibility Service Policy to “create a society where everyone can enjoy life through travel.”
- Based on this service policy, we are promoting initiatives to improve accessibility focused on four areas: development of an environment for users, promotion of accessible tourism, provision of information, and education for employees.

### JAL Group Accessibility Service Policy

Based on the JAL Philosophy, which defines the basic attitude of employees, we will:

1. provide stress-free travel for all customers;
2. offer a variety of travel options to all our customers; and
3. co-create enjoyment and delight through travel with customers and society.

## Specific Initiatives

### Development of an environment for users

In order to ensure the comfort of all passengers, we have introduced a “Welcome Information” card and provide subtitles and audio service for video programs. In addition to support tools at airports such as wooden wheelchairs and MIRAI SPEAKER, designed for people with and without hearing impairment for delivering crisp, clear sound, in 2020 we renewed domestic flight counters at Haneda for customers requesting special assistance through the development of smart airports (JAL SMART AIRPORT) that deliver convenience and comfort in air travel. In fiscal 2021, JAL SMART AIRPORT services were expanded to Sapporo (New Chitose) Airport, Osaka (Itami) Airport, Fukuoka Airport and Okinawa (Naha) Airport.



A “Welcome Information” card that provides information on in-flight announcements to customers with hearing impairment



Wheelchair de Hawaii Tour

### Promotion of accessible tourism

We offer special tours for people with disabilities (accessible tours) so that they can enjoy a variety of travel options. Last year, we held a Hawaiian surfing tour for wheelchair users. JAL Dynamic Package offers a special plan\* for guests to use the hotel's Universal Design (barrier free) room whenever they like to make their trip more enjoyable.

\* [WEB https://www.jal.co.jp/jp/en/domtour/jaldp/universal\\_journey/](https://www.jal.co.jp/jp/en/domtour/jaldp/universal_journey/)

### Provision of information

We are working to improve provision of information to erase any worries before a trip. The JAL website provides boarding details and enjoyable travel articles\* for customers who request special assistance.

We also offer an Airport Experience Program that navigates the flow from reservations to boarding in order to relieve concerns. This program includes individual consultation time to eliminate individual concerns through direct communication. It was held online during the pandemic.

\* [WEB https://www.jal.co.jp/jalpri/deals/info.html](https://www.jal.co.jp/jalpri/deals/info.html)



Airport Experience Program (online)

### Education for employees

We continuously educate our employees to deepen their understanding of the needs of people with disabilities and foster a barrier-free mindset. During the pandemic, we educated them on appropriate ways of serving customers to prevent the spread of COVID-19 and ensuring a safe and comfortable journey for all passengers.

We also hold sign language classes conducted by JAL Group employees with hearing impairment to improve sign language skills among employees.



COVID-19 safety measures (example)

## People

# Preventing the Spread of Infectious Diseases

## Basic Concept



The JAL Group is implementing JAL FlySafe hygiene measures based on the following three points with top priority on ensuring the customers' safety and comfort.

- Enhanced hygiene and cleanliness precautionary measures
- Touchless and self-services using the latest technologies
- Support to ensure a safe and comfortable journey for all passengers

## Specific Initiatives

### Enhanced hygiene and cleanliness precautionary measures at touchpoints

JAL was the first airline in Japan to apply antiviral and antibacterial coating at all customer touchpoints including JAL PLAZA (city ticket counter), airports, lounges, and aircraft cabins. Going forward, we will establish new cleanliness standards based on specialized knowledge, inspect manual cleaning procedures, and welcome customers in a clean and hygienic environment.



### Support to ensure a safe and comfortable journey for all passengers

We not only take precautionary measures to prevent the spread of infectious diseases at airports and in aircraft cabins but also provide pre-travel and post-travel support to ensure the customers' peace of mind. For domestic flights, we offer JAL PCR Test Service\*<sup>1</sup>, which is inexpensive, easy and convenient to use. For international flights, we offer JAL Covid-19 Cover\*<sup>2</sup>, which covers medical, treatment and accommodation expenses in case customers test positive or have close contacts.

\*1 [WEB https://www.jal.co.jp/jp/en/dom/option/pcr-srv/](https://www.jal.co.jp/jp/en/dom/option/pcr-srv/)

\*2 [WEB https://www.jal.co.jp/jp/en/inter/jalcoronacover/](https://www.jal.co.jp/jp/en/inter/jalcoronacover/)

\*3 Available airports: Five hubs in Japan; Haneda Airport, New Chitose Airport, Itami Airport, Fukuoka Airport, Naha Airport

[WEB https://press.jal.co.jp/en/release/202012/005903.html](https://press.jal.co.jp/en/release/202012/005903.html)

### Touchless and self-services using the latest technologies

#### < Expansion of JAL SMART AIRPORT >

We have been expanding JAL SMART AIRPORT\*<sup>3</sup> services to hub airports in Japan since 2020. By installing self-service check-in kiosks and Self Baggage Drop (SBD) with a touchless sensor on the screen, customers can check in touch-free at the airport. At Haneda Airport, we are trialing a remote-controlled robot to assist customers remotely via the robot. For international flights departing from Narita and Haneda airports, we have introduced JAL FaceExpress for smooth and contactless boarding using facial recognition technology.



Remote controlled robot

#### < Introduction of services available on mobile devices >

With the aim of ensuring safe, secure and smooth international travel, we trialed mobile apps displaying digital COVID-19 test certificates. In international lounges at Haneda and Narita airports, we are also conducting trials of a self-ordering system via smartphone, and in JAL-operated lounges in Japan, we have introduced an e-library for guests to read their favorite e-books on their mobile devices.



Ordering system via smartphones in lounges

### First in Japan to receive highest certifications for infectious disease precautionary measures from two external organizations

JAL became the first airline in Asia to receive the world's highest awards\* from two external organizations for providing the highest levels of safety and security measures. Each audit covered a wide range of assessment items including staff service with consideration for infectious diseases and provision of easy-to-understand information. JAL's hygiene and cleanliness standards and touchless, self-services and travel assistance were highly recognized.

[WEB https://press.jal.co.jp/en/items/uploads/a74140652a1bee34e707fb3896f0184fc81f0620.pdf](https://press.jal.co.jp/en/items/uploads/a74140652a1bee34e707fb3896f0184fc81f0620.pdf)

\* JAL received the highest COVID-19 Safety Rating from SKYTRAX and the highest certification in the Health Safety powered by SimpliFlying Audit conducted by the Airline Passenger Experience Association (APEX). The audits cover not only hygiene and cleanliness but also infectious disease measures in general, such as touchless and automation technology and travel assistance. As of June 30, only two airlines including JAL have received both of these awards.



# ► Communities



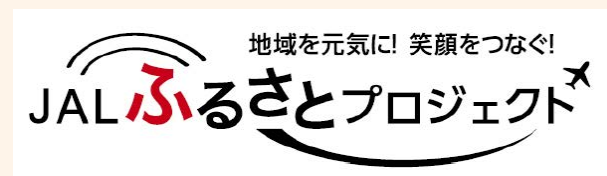
Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
<b>Mission and responsibility as a member of society</b> We are grateful to play a role in delivering social infrastructure and repay our gratitude by fulfilling our mission as a public transport operator.  (1) Contributing to regional revitalization through our business The JAL Group contributes to the sustainable development of regions across Japan that support our air transportation business. To achieve this, we make efforts to enhance the appeal and value of regions using our know-how accumulated in the aviation business and networks, and contribute to vitalizing regional economies by expanding the distribution and flow of people and goods.  (2) Responsibility as a company that plays a role in social infrastructure The JAL Group conducts organizational risk management to be prepared against terrorism, cyber-attacks, natural disasters and other events that threaten civil life and corporate activities. In the event of a natural disaster, we make efforts to resume air transport services as quickly as possible, cooperate in disaster recovery efforts through air transport, etc. and fulfill our social mission and responsibility as a public transport operator that plays a role in social infrastructure.  (3) Responsibility as a corporate citizen The JAL Group contributes to solving social issues and promoting social development as a corporate citizen by nurturing the next generation, supporting culture and sports, cooperating with disaster recovery operations, and through regional exchanges, international cooperation and other activities.	Route Network Expansion	● P.45-50, 99 ● <a href="https://www.jal.com/en/sustainability/community/network/">https://www.jal.com/en/sustainability/community/network/</a>
	Increasing Inbound Tourism	● P.45-50, 99 ● <a href="https://www.jal.com/en/sustainability/community/inbound/">https://www.jal.com/en/sustainability/community/inbound/</a>
	Improving Convenience in Travel	● P.57, 99 ● <a href="https://www.jal.com/en/sustainability/community/maas/">https://www.jal.com/en/sustainability/community/maas/</a>
	Regional Revitalization	● P.55, 99-100 ● <a href="https://www.jal.com/en/sustainability/community/regional_revitalization/">https://www.jal.com/en/sustainability/community/regional_revitalization/</a>
	Community Relations	● P.101-102 ● <a href="https://www.jal.com/en/sustainability/community/community_relations/">https://www.jal.com/en/sustainability/community/community_relations/</a>
	Disaster Assistance Restoration	● P.102 ● <a href="https://www.jal.com/en/sustainability/community/disaster/">https://www.jal.com/en/sustainability/community/disaster/</a>

<https://www.jal.com/en/sustainability/codeofconduct/>

## TOPIC 1 Regional Revitalization

### Energize regional areas in Japan! Bring smiles! JAL FURUSATO PROJECT

After the launch of the JAPAN PROJECT in May 2011, the JAL Group has been working since September 2015 on the NEW JAPAN PROJECT to revitalize regional areas, focused on industry and tourism promotion of all 47 prefectures and municipalities through regional promotion activities and product development utilizing local resources. In April 2021, we upgraded these activities from the NEW JAPAN PROJECT to the JAL FURUSATO PROJECT. As an airline that connects people, goods and regions, we would like to further strengthen our relationships with regional areas and address regional problems through the joint efforts of all employees who have special thoughts about their FURUSATO (hometown). Based on the keywords, “joint efforts, originality and continuity,” we will promote various initiatives to meet diverse regional needs and revitalize local communities and economies.



The logo is designed based on the concept of “connecting” with FURUSATO (hometown) and the double lines represent travel to and from the region in addition to symbolizing the aircraft contrails.

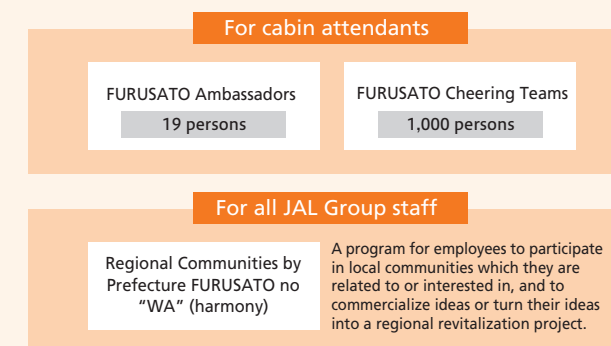


JAL FURUSATO PROJECT Website  
<https://japan.jal.co.jp/>

## TOPIC 2 Regional Revitalization

### Regional activities throughout Japan by cabin attendants

JAL FURUSATO Ambassadors are cabin attendants who have been selected from among applicants with a strong desire to revitalize their hometown or regions with which they have close ties. They actually relocate to these areas and use their knowledge to create content and develop products utilizing local resources, in cooperation with the local government, tourism association, Destination Management and Marketing Organization (DMO) and local producers.

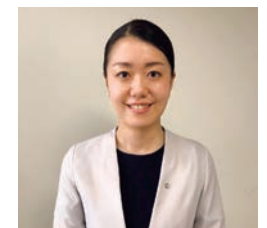


Each JAL FURUSATO Cheering Team has about 20 members from each of the 47 prefectures, who are recruited internally to provide detailed support for regional vitalization. Along with flight duty, they participate in local events and plan and publicize local products, through which they discover even more local delights, build bonds with the people, and revitalize the local community.

## VOICE

### Deliver cheer and smiles of my hometown to everyone

After leaving my hometown in Aomori, I visited cities around the world and was reminded of the wonderful people, culture and nature in Aomori. When I learned about the opportunity to become an Ambassador and contribute to my hometown, I decided to apply. Currently, I am involved in product development using local specialties and PR activities while strengthening bonds with the local community. To most people, Aomori brings to mind apples, but it has many delights that are still unknown. Going forward, I will think of what I can do together with the local community to contribute to sustainable development during and post COVID-19, convey the charms of Aomori, and deliver cheer and smiles of my hometown to everyone.



KASAI Eri  
JAL FURUSATO Ambassador  
In charge of Tohoku Region,  
Regional Ambassador Office

## TOPIC 3 Community Relations

### < Fostering the Next Generation - JAL SORAIKU® > Full renovation of JAL SKY MUSEUM

The Sky Museum located in the Haneda Airport Maintenance Center Building is open to the public as a hands-on activity facility of JAL SORAIKU®, which is part of our activities as a corporate citizen. Visitors can get to know jobs in an airline and JAL Group’s history and see real airplanes up close. We have had more than 120,000 visitors ranging from elementary school children to senior citizens. Recently the exhibition area underwent a complete renovation based on the concept of “have more fun.” In addition to renewing the exhibition method and introducing large multi-displays, current employees displayed on a life-size monitor explain their jobs and a new digital chronology using historical materials explains the history and future of aviation in Japan.



JAL Factory Tour -SKY MUSEUM- Homepage (closed as of September 2021)  
<https://www.jal.co.jp/kengaku/>



Communities



Route Network Expansion

P.45-50  
[WEB](https://www.jal.com/en/sustainability/community/network/)

Communities



Increasing Inbound Tourism

P.45-50  
[WEB](https://www.jal.com/en/sustainability/community/inbound/)

Communities



Improving Convenience in Travel

P.57  
[WEB](https://www.jal.com/en/sustainability/community/maas/)

\* Specific initiatives are detailed above.

Communities



Regional Revitalization

Basic Concept

- We would like to create new value by strengthening bonds with FURUSATO (hometown), where we were born and raised, and FURUSATO in our hearts, and carry out activities to create sustainable communities.

Specific Initiatives

■ Regional Promotions (monthly activities)

The JAL Group has conducted a total of 125 regional promotions up till September 2021 since the launch in May 2011. Through collaborative initiatives with local restaurants and Japanese-style restaurants, in-flight meals for domestic First Class use an array of local ingredients, while our in-flight magazine “SKYWARD” features articles on the various regional charms of Japan, such as recommended sightseeing spots, local products and traditional crafts, and

recommended JALPAK tours.

Since April 2021, we have been publishing articles on our web magazine “OnTrip JAL” of the charms of Japan’s regions by our reporters, JAL FURUSATO Ambassadors and JAL FURUSATO Cheering Teams, and have been showing in-flight videos of JAL FURUSATO Cheering Teams introducing local sightseeing spots and delicious cuisine on “JAL on YouTube.”



Tokushima was featured in July 2021.



In-flight meals served in domestic First Class using ingredients from Tokushima under the supervision of a local restaurant

■ Product development using local specialties

Japan that stretches from north to south has a rich history of regional dishes, nurtured by the rich natural environment of the different seasons. The JAL Group is working to develop, introduce and commercialize products using attractive local specialties throughout Japan. For example, in Aomori Prefecture, one of Japan’s leading agricultural prefectures blessed with abundant water resources and a cool climate, we drew our attention to Japan’s largest production of garlic and blackcurrants in addition to apples, which they are known for. We developed three products, Unfiltered Apple Juice, Garlic and Japanese Basil Oil Sauce, and Aomori Blackcurrant Frozen Yogurt, in cooperation with manufacturers, and conducted sales promotions at retail stores

across Japan and over our social media and in-flight magazine. Going forward, we will continue to introduce attractive products through collaboration with various regions.



Unfiltered Apple Juice recreates the crispness of apples. Available in JAL First Class from April 2021

■ Ideas for new travel

In order to adjust to changes in behavior during and post COVID-19, the JAL Group is offering new ideas for travel in cooperation with local companies by mutually combining our assets, knowledge and know-how on tourism. In Hokkaido, JAL FURUSATO Ambassadors utilized the charms of their hometowns and their knowledge of travel acquired through flight duty to plan “travel products focused on regional charms” and “new travel products that ensure safety and comfort during the pandemic.” They will continue to plan inspiring tours and safe and comfortable tour packages for inbound visitors, in anticipation of the recovery of inbound demand.



Opened a special website introducing and selling tours available from May 2021 to October 2021



■ Passing on traditional culture and protecting the natural environment

The JAL Group has supported efforts to protect the natural environment and pass on traditional Japanese culture, such as support for Upopoi, a space symbolizing ethnic coexistence for the purpose of cultural restoration and development of the indigenous Ainu people of Hokkaido, and beach clean-up activities in Amami and Okinawa. To commemorate the registration of “Hokkaido and Northern Tohoku Jomon Period archaeological sites” to the World Cultural Heritage list and “Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island,

and Iriomote Island” to the World Natural Heritage list in July 2021, we opened a special World Heritage site on the JAL website; featured World Heritage Sites and specially painted aircraft under the theme of “connecting” on our web magazine “OnTrip JAL”; and introduced all World Heritage Sites in Japan including the recent two listings and special tours on our domestic tour site. Going forward, we will continue to contribute to passing on Japan’s natural and cultural heritage, which we take pride in, to the next generation through travel and PR.



Opened a special site to commemorate the listing of World Heritage Sites on the JAL website  
[WEB](https://www.jal.co.jp/jp/en/dom/special/sekaiisan/)



Introduction of World Heritage Sites and sales of tour packages



Communities

Community Relations

Basic Concept

- As a good corporate citizen, the JAL Group engages in a variety of activities that leverage JAL Group’s strengths in order to build better relationships with our stakeholders and contribute to the betterment of society.

Specific Initiatives

JAL SORAIKU®  
Start of online classes

JAL SORAIKU® aims to provide opportunities for children to think about their own future and the future of the global environment by experiencing the wonders of the sky and the fun of flying. The program offers origami plane classes, classes on jobs in an airline, and Sky Eco classes. In fiscal 2020, as classes could not be held face-to-face due to COVID-19, we launched online classes to allow children to participate easily from anywhere. Through quizzes, we introduce behind-the-scenes stories of jobs performed by airline staff and scenes from training that are not usually shown.

JAL SORAIKU® participants (past 3 years)

Fiscal year	2018	2019	2020
Number of people	197,469	191,840	20,435

Virtual JAL Factory Tour

We also started virtual JAL Factory Tours online to allow participants to experience JAL Group’s history and jobs of airline staff and see real airplanes up close. We offer new experiential value through factory tours and online classes from home.



Developed educational content for the Ministry of Economy, Trade and Industry’s STEAM Library

To develop educational content based on insights into the airline business utilizing know-how accumulated through our educational program for the younger generation, JAL SORAIKU®, JAL submitted an application to become a content creator for the 2020 Ministry of Economy, Trade and Industry “Future Class” STEAM\* Library Business and was the only airline to be selected. Under the theme, “Thinking of the airline industry 10 years from now ~ History and Future Vision Based on Climate Change,” we created and provided an educational program that is widely used in schools and educational institutions.

\* STEAM: A universal educational method that comprehensively studies Science, Technology, Engineering, Art and Mathematics. It is an educational philosophy that adds creativity to science and mathematics, and refers to cross-disciplinary learning that creates a cycle of learning (exploration) and creation.

■ Supporting the health of the next generation and women’s health

In support of the Japan Committee for UNICEF’s “Protection of Children’s Lives, Health and Rights,” we have been cooperating in collecting donations on board flights and transporting foreign currency coins since 1991 using the characteristics of an airline. From fiscal 2004, we began breast cancer awareness campaign activities every October to raise awareness of the importance of early detection and screening test for breast cancer. In international exchange activities, we are working in cooperation with the JAL Foundation to conduct activities and cultural exchanges to foster the sensitivity of children around the world. The JAL Scholarship Program invites university students from the Asia-Oceania region to Japan to interact with Japanese students and conduct research on a specific theme to deepen mutual understanding across national borders.



During Breast Cancer Awareness Month, pilots also wear a pink epaulet to raise awareness.

■ Support for culture and sports  
Challenge for Tomorrow School

Launched in April 2017, the Challenge for Tomorrow School, which JAL cosponsors to let everyone shine through sports, held its 1,000th event on October 20, 2020.

In fiscal 2020, events were suspended for a certain period of time, but in order to “provide children with opportunities to experience para-sports and live with dreams and hopes,” we established safety guidelines in addition to national and local government laws to provide safe and secure learning opportunities.

\* Para-athlete hands-on activities for elementary, junior and senior high schools sponsored by the Japan Foundation Paralympic Support Center



Photo courtesy of The Nippon Foundation Paralympic Support Center

Results (past 3 years)

Fiscal year	2018	2019	2020
Participating schools	296 schools	287 schools	129 schools
Number of people	(46,253 persons)	(41,889 persons)	(12,559 persons)

Support for art exhibitions

We cooperate in the transportation of paintings, sculptures and other artworks displayed in art exhibitions using our air freight networks and technologies. In addition to creating opportunities for the Japanese people to see artworks and art, it also plays a role of disseminating Japanese culture overseas.

Results (past 3 years)

Fiscal year	2018	2019	2020
Number of art exhibitions (times)	41	27	6

Reading by cabin attendants

Cabin attendants based in Bangkok support studies at local schools for visually impaired students by reading aloud to children. The mobile app used in these activities has since been widely used by people with visual impairment in local communities.



Communities

Disaster Assistance Restoration

Basic Concept

- In order to fulfill our social mission and responsibility as transportation infrastructure, we cooperate in the early resumption of air transport services and air transport for disaster relief operations. We are also providing continuous support to those affected in disasters.

Specific Initiatives

In the recovery phase immediately after a disaster, we strive to resume air transport early in order to fulfill our social mission and responsibility as transportation infrastructure. We also cooperate with the national and local government, and the network of NGOs and NPOs to transport emergency supplies and volunteers to disaster stricken areas. JAL also organizes a charitable mileage program for JAL Mileage members to donate their miles and fund-raising activities by employees.

In the reconstruction phase, we work with the local government to promote local industries and create tourism demand though PR of local products and other activities.

FY2020 Support Results

	Charity miles	Employee fund-raising
Heavy rains in July 2020	11,328,500 miles	1,431,415 yen



In typhoon-affected areas where town water supply has been cut, we sent JAL specialized snow removal trucks that can carry hot water to allow people to bathe. (2019)



In front of Akita Bisaikan, an antenna shop of Akita Prefecture in Tokyo (2020)



# ► Governance



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
<b>Trust with stakeholders</b> The JAL Group ensures fair disclosure of information while maintaining constructive dialogue with a board range of stakeholders in order to achieve sustainable growth and increase corporate value. (1) Information disclosure and dialogue (2) Prohibiting insider trading  <b>Fair business practices</b> We comply with laws and rules and conduct ourselves with honesty and integrity as a member of a company that is genuinely trusted by society. (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 antisocial forces	Fair Business Practices	• P.105 • <a href="https://www.jal.com/en/sustainability/governance/fair-business-practices/">https://www.jal.com/en/sustainability/governance/fair-business-practices/</a>
	Disclosure	• P.106 • <a href="https://www.jal.com/en/sustainability/governance/information-disclosure/">https://www.jal.com/en/sustainability/governance/information-disclosure/</a>
	Responsible Procurement	• P.107-108 • <a href="https://www.jal.com/en/sustainability/csr-procurement/">https://www.jal.com/en/sustainability/csr-procurement/</a>
	Robust Risk Management (Promotion of BCM)	• P.109-112 • <a href="https://www.jal.com/en/sustainability/governance/bcm/">https://www.jal.com/en/sustainability/governance/bcm/</a>

TOPIC

1

Fair Business Practices

Information security to protect the personal information of our customers

The JAL Group handles a large amount of customer information every day in various situations, such as reservations and airports, when flying.

Going forward, we will continue to position information security as one of the most important issues, and will promote various measures from both a tangible aspect, including systems for detecting and auditing external threats, such as increasingly sophisticated and complex cyber attacks, as well as an intangible aspect, including increasing employees’ awareness of this issue.

### VOICE

As many customers use JAL Group services each day, it is extremely important that every employee who handles information maintains a high awareness of information security and protection of personal information.

For this reason, all employees are periodically educated on information security and undergo targeted email attack drills.

Furthermore, in cooperation with IT Planning, our department visits domestic and overseas offices and airports to check whether information security is handled according to information security standards and rules, identify risks early, take necessary measures, and thereby strengthen information security throughout the JAL Group.

We particularly keep in mind to communicate with frontline staff, together think of measures from the frontline perspective, and build a trusting relationship.

We often receive ideas and suggestions from workplaces on new services using personal information. However, in order to eliminate potential security risks and guarantee safety of personal information, it is difficult to determine the extent permissible and strike a balance between convenience and personal information protection.

We will maintain awareness that we are entrusted with important information of customers and strive to ensure information security and keep our customer data secure to ensure customers can use our services with peace of mind.



TAKAKI Shoji  
Social Risk Management Group  
Risk Management

TOPIC

2

Responsible Procurement

Providing cabin service goods using FSC® certified paper

We are working together with our suppliers to use FSC® certified cabin service goods from the perspective of building a sustainable supply chain, including regulatory compliance, global environmental protection, respect for human rights, fair labor practices, and fair business practices.

We will continue to work to increase the use of products that have acquired international certification.



### VOICE

I am currently working as ground crew using my experience as a cabin attendant to purchase cups and dishes that passengers use on board. From the end of last year to spring of this year, I was responsible for introducing paper cups made of FSC® (Forest Stewardship Council) certified paper for serving hot drinks in First Class on short-haul domestic flights. As the raw material for making the paper cups was special and different from ordinary paper products, a higher price was inevitable if we were to use FSC® certified paper. However, by changing the specifications while maintaining quality and the delivery method in collaboration with the supplier while coordinating with internal departments, we were able to purchase paper cups made of FSC® certified paper at an appropriate price. I will continue to offer quality assurance to customers and introduce certified commodities that give due consideration to the environment and human rights while keeping in mind profitability.



KOJIMA Mari  
Goods and Materials Procurement  
Group  
General Procurement

TOPIC

3

Robust Risk Management (Promotion of BCM)

To maintain business continuity of important businesses in case of a large-scale disaster

Since 2005, when the Cabinet Office of the Government of Japan published Business Continuity Guidelines, Business Continuity Management (BCM) and a Business Continuity Plan (BCP) have become increasingly widespread in Japan. In particular, the experience of the Great East Japan Earthquake in 2011 and publication of international standard ISO 22301 have led to rapid proliferation of BCP formulation by companies and renewed recognition of its importance.

The JAL Group has also established a BCM system, formulated a BCP, and established and documented strategies to ensure that air transportation, which is a vital business, can be restored within a targeted time frame even if business is disrupted by a serious event. We will review the content according to environmental changes, disseminate our business continuity policy and strategies to internal organizations, and conduct education and training regularly to strengthen disaster response capabilities to ensure optimal decision-making and actions in the event of an unpredictable serious disaster.

### VOICE

A report has predicted that there is a 70% chance of a major earthquake striking the capital region in the next 30 years. To be prepared, we conduct drills each quarter for all employees including executives to ensure business continuity and fulfill our social responsibility as a public transport operator even if JAL’s central organizations, namely, JAL Head Office and Haneda Airport, were to be hit by a magnitude six earthquake and suffer major damage. We also conduct company-wide drills across divisions and instruct each division to conduct drills in teams in order to instill knowledge and actions to be taken in the event of a disaster.

Although it is extremely difficult to find the best way to achieve business continuity (restoration), we will strive to enhance effectiveness and effectiveness of our BCP through close communication and coordination among divisions that are intricately interrelated.



MIURA Kanako  
Risk Management Group  
Risk Management

## Fair Business Practices (Compliance)

### Basic Concept

- The JAL Group conducts business activities in compliance with applicable laws and regulations.
- In order to strengthen compliance, JAL Group employees act in accordance with the JAL Group Code of Conduct “Commitment to Society” and practice the JAL Philosophy.
- The Risk Management Department of Japan Airlines is positioned as the department in charge of overseeing compliance throughout the JAL Group and works to raise staff awareness through various measures.
- We will maintain awareness of issues and proactively implement timely measures, while paying attention to social trends.

### Specific Initiatives

#### ■ Developing an environment for promoting compliance

##### ① Related regulations and handbook

Regulations are posted on the intranet so that every JAL Group employee can check them at any time.

For the main regulations and handbook please see below.

[WEB](https://www.jal.com/en/sustainability/governance/fair-business-practices/) <https://www.jal.com/en/sustainability/governance/fair-business-practices/>

Furthermore, a director of each JAL Group company is appointed as Chief Compliance Officer and by establishing the JAL Group Compliance Network, we achieve clarification of roles and responsibilities, timely exchange of information, and development of compliance measures.

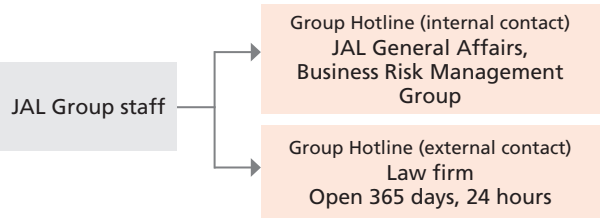
##### ② Enhancing employee education

In order to realize the JAL Group Code of Conduct “Commitment to Society,” we are enhancing education through face-to-face courses and e-Learning, such as compliance education for all employees (twice a year) and seminars for officers and by job grade.

##### ③ Consultation desk

The JAL Group has established internal and external Group Hotlines (open 365 days/24 hours, in Japanese and English) as a whistleblower hotline available to all JAL Group employees.

Also, each Group company has its own hotline to quickly spot and handle misconduct in the JAL Group.



#### ■ Promotion of various initiatives

We are continuously promoting various activities to raise compliance awareness, strengthen information security, and reduce legal risks.

Please visit the following site for main initiatives.

[WEB](https://www.jal.com/en/sustainability/governance/fair-business-practices/) <https://www.jal.com/en/sustainability/governance/fair-business-practices/>

#### Anti-corruption measures

In order to seek fair and just profit, the JAL Group Code of Conduct “Commitment to Society” declares our commitment to “prevent corruption” in order to intensify crackdown on corrupt practices and prevent money laundering.

With the expansion of global business activities, we also comply with applicable laws and regulations of countries and regions where we conduct business (domestic laws such as the Unfair Competition Prevention Law (Japan), Foreign Corrupt Practices Law (U.S.), Bribery Prevention Law (U.K.), Commercial Bribery Regulations (China)) and international conventions, and promote efforts to prevent corruption as a corporate citizen.

#### ■ Number of breaches to Code of Conduct in FY2020

The number of fines and sanctions imposed on our company\* for violations of laws and regulations is as follows.

\* Japan Airlines Co., Ltd. and its subsidiaries

Item (Relevant Code of contact items in parentheses)	FY2020
Bribery (Preventing corruption)	0
Antitrust violations (Free and fair competition)	0
Information leakage (Management of personal information and intellectual property)	0
Human rights abuse (Respecting human rights and diversity)	0
Insider Trading (Prohibition of Insider Trading)	0

## Disclosure

### Basic Concept

- The JAL Group great importance to disclosure in business and discloses a wide range of information on the JAL website, such as the Fundamental Policies of Corporate Governance, the Corporate Policy, company profile, safety and quality information, sustainability information, and investor relations information, in order to provide stakeholders with an understanding of our corporate stance. The JAL Group Safety Report provides our stance and approach to safety, and the annually published JAL REPORT (this report) is an integrated report that comprehensively covers financial and sustainability information. A broad spectrum of information is immediately disclosed on the JAL website, and the JAL REPORT outlines important matters.

[WEB](https://www.jal.com/en/) 【JAL website】 <https://www.jal.com/en/>

[WEB](https://www.jal.com/en/flight/report/) 【JAL Group Safety Report】 <https://www.jal.com/en/flight/report/>

### Specific Initiatives

#### ■ Providing information

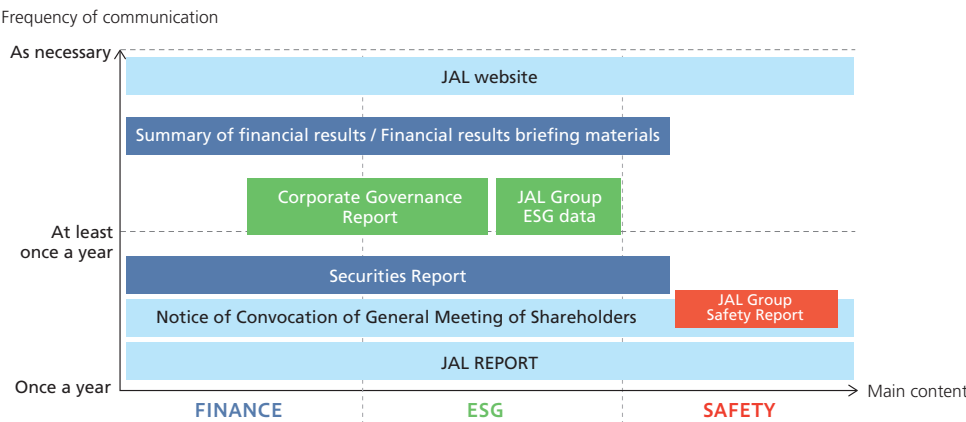
To provide our stakeholders with a deeper understanding of the latest situation, we are working to improve the quality of disclosures and build relationships of trust through two-way communication. In recognition of our proactive approach to information disclosure, the Securities Analysts Association of Japan (SAAJ) has awarded the JAL Group first place in the transportation category for the third time in the past four years as a company with excellent disclosure.

Further, when COVID-19 infections began to run rampant around the globe in spring of 2019, many people were worried about using public transportation and many investors were concerned about the risk of infection inside the cabin. We prepared financial results briefing materials that were easier to understand and had a stronger message, and using the hand-drawn illustration below to promote cabin safety, we were awarded the IR Good Visual Award sponsored by the Japan Investor Relations Association in recognition of the drawing’s high quality, creative and unique presentation.

Despite the extreme difficulty of disclosing our earnings forecast for fiscal 2020 due to COVID-19, we have been commended for our stance on disclosure. For example, the announcement of the Company’s first quarter financial results was highlighted as an example of good disclosure by the Tokyo Stock Exchange for providing detailed information on the extent of the impact of the virus. Going forward, we will continue our efforts to improve disclosure and information quality so that we may realize better dialogue with stakeholders.



#### Characteristics and correlation of our media





## Responsible Procurement

### Basic Concept

- The JAL Group is aware of the need to gain the cooperation and support of many suppliers to operate its flights and provide products and services to customers on a daily basis. Therefore, we strive to build strong partnerships with suppliers based on mutual trust by ensuring fair and transparent procurement activities and showing our appreciation for their support.
- When selecting suppliers, we comprehensively assess not only the quality, price and delivery date of their services and products, but also their reliability, ESG and sustainability initiatives.
- To deliver a sense of security to customers when they board our flights, we cultivate a culture of safety as top priority with our suppliers and conduct rigorous quality management to offer the finest hospitality.
- We work with suppliers to build sustainable supply chains, including initiatives aimed at legal compliance, global environment preservation, respecting of human rights, appropriate labor practices, and fair business practices.

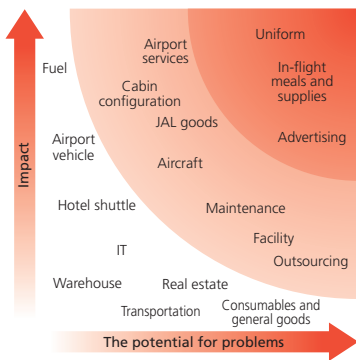
<https://www.jal.com/en/outline/client/>

### Specific Initiatives

#### Strengthening cooperation with business partners

##### Identifying primary suppliers and risk products

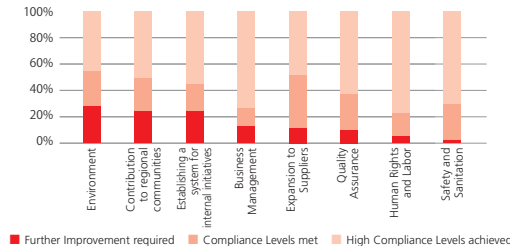
Approximately 500 companies in Japan and overseas have been designated as primary suppliers based on procurement cost and volume, and product importance and substitutability. We also screen all commodities that are procured and create a risk map from the viewpoint of sustainability including the environment, human rights, and labor to identify those with high sustainability risks.



##### Monitoring and cooperation with business partners

We ask our suppliers to cooperate in conforming to the JAL Group Supplier Code of Conduct, which defines sustainability initiatives that give consideration to the environment, human rights, labor and other issues. Since fiscal 2019, we have been asking primary suppliers to respond to Sedex's\*1 Self-Assessment Questionnaire (SAQ) or a JAL questionnaire to verify the status of compliance.

Compliance with JAL Group Supplier Code of Conduct in Fiscal 2020 (percentage by field)



##### Requests to suppliers for improvement

The results of the self-assessment questionnaires are assessed, and if they do not meet our criteria, we request suppliers to make improvements. Fulfilment of criteria by a specified deadline or submission of a corrective action plan are requirements for continuing business.

##### Conversation with business partners and ESG management

In fiscal 2020, we held online briefings with our suppliers to introduce our CO<sub>2</sub> reduction initiatives and improve their understanding of sustainability. We are enhancing sustainability education for procurement staff, and bear in mind sustainability in procurement processes such as selection of suppliers and business negotiations. In addition to quality, price and delivery date, we also assess suppliers from the perspective of sustainability through self-assessment questionnaires.

##### Targets and Results

We have completed confirmation of compliance of 37% of our suppliers by the end of fiscal 2020 and aim to complete compliance checks of all primary suppliers by the end of fiscal 2023. We will continue to conduct responsible procurement to achieve SDGs.

Key Performance Indicators (KPI)	Period	Target	Achievement
Monitoring completion rate of critical suppliers	FY19 to FY23	100%	63%
Soundness confirmation rate of critical suppliers		100%	37%
Auditing rate of suppliers requiring audit		100%	No Target
Training rate of procurement staff	Each year	100%	100%

\*1 An NPO that provides a platform for managing and sharing ethical supply chain data with the aim of achieving responsible business practices in the supply chain. Established in the U.K. in 2004.

### Use of Certified Products

In these times when there is growing demand for responsible procurement with environmental consideration for supply chains and worker's rights, there are various types of certifications that objectively demonstrate that certain requirements are met. The JAL Group compares and examines the standards of each type of certification and uses international third-party certifications with high requirement standards regarding the environment, society and governance, and for food, the previous three standards plus safety.

Use of Certified Products

<https://www.jal.com/en/sustainability/certified-products/>

#### Certifications for cabin service goods

##### FSC® certification (paper products)

Since September 2018, we have introduced in-flight service goods certified by FSC® (Forest Stewardship Council®). We also ask our suppliers to acquire FSC® CoC (Chain of Custody) (distribution and management certification). As a result, more than half of our paper products such as paper cups, menu cards, in-flight magazines, confectionery boxes and wooden toys are FSC® certified products.



(Note) Content shown on receiving FSC® promotional license (FSC® N003038)

##### GOTS certification (organic cotton)

Loungewear for First Class are made of 100% organic cotton certified by Global Organic Textile Standard (GOTS), an international standard for organic fibers.

##### ST Standard (toys)

We are introducing toys that have undergone and passed ST (Safety Toy) Standard compliance inspections by a third-party inspection agency.

#### Food certification

##### Rainforest Alliance certification (coffee)

In 2011, we began serving sustainable coffee, using Rainforest Alliance certified coffee beans, in the cabin and in the lounge, ahead of other airlines.



##### MSC/ASC certification (seafood)

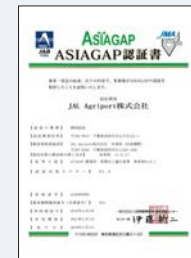
Since June 2019, we have been purchasing seafood certified by MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) through AEON Co., Ltd. and used them in Business Class in-flight meals. In February 2020, we became the first airline in the world to receive MSC/ASC CoC (Chain of Custody) certifications. We established traceability management procedures for our in-flight meal catering facilities to ensure that we obtain fish and aquaculture products from responsible farms and established an operating system to ensure that in-flight catering companies strictly observe these procedures.



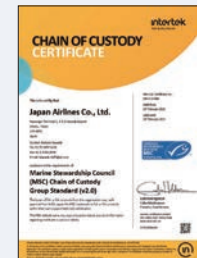
In-flight SDGs menu using ASC certified ingredients ~ A future dish from a list of 50 foods ~

##### ASIAGAP certification (vegetables)

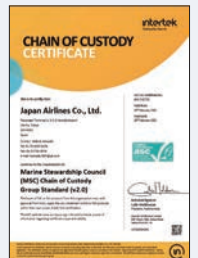
Since December 2018, we have been serving food certified by ASIAGAP (good agricultural practices) for Business Class and Economy Class in-flight meals. JAL Agriport, a JAL Group company, acquired ASIAGAP in November 2019 at its farm and their vegetables have been used in in-flight meals and lounges.



ASIAGAP



MSC CoC



ASC CoC

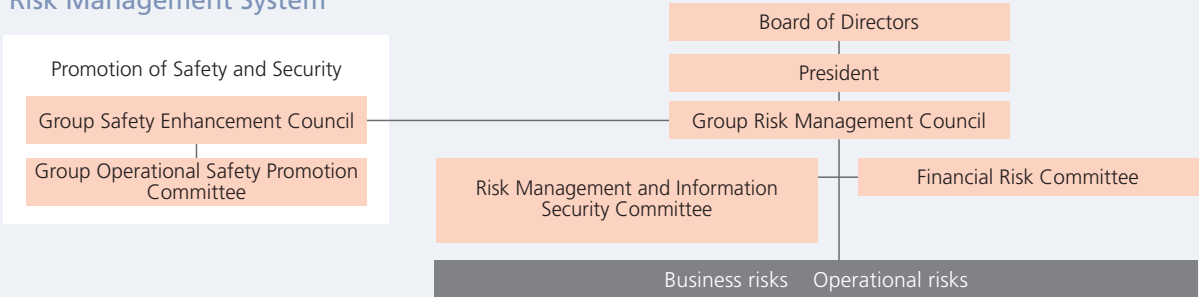
Robust Risk Management (Promotion of BCM)

BCM: Business Continuity Management

Basic Concept

- In order to protect and enhance public trust as air transport infrastructure with safety as the basic foundation of business, the JAL Group strives to achieve stable Group management through comprehensive risk management and promotes corporate social responsibility (CSR) activities.
- Even JAL Group companies that are not directly engaged in air transport promote activities to deepen understanding and implementation of risk management, in coordination with other Group companies.
- To achieve JAL Group's management targets, we have clarified that organizational leaders are held accountable for risk management and have defined "risk" as "any event or act that threatens the achievement of the mission, purpose or goals of any individual or organization." Risks are classified into two groups: "operational risk" relating to air transportation and "business risk" that is not related to air transportation, and priority risks are identified through a biannual risk survey and treated intensively.

Risk Management System



Promotion system

Group Risk Management Council

The Group Risk Management Council is chaired by the President and comprises Senior Vice Presidents and Audit and Supervisory Board Members. The council comprehensively oversees risk management, crisis management and the business continuity system, assesses current risks, and discusses and decides necessary risk treatment.

Risk Management and Information Security Committee

As the subcommittee of the Group Risk Management Council, the committee plays two roles. To deal with risks in general, the committee chaired by the Senior Vice President of General Affairs and comprising Senior Vice Presidents of relevant departments, plays an administrative role to support the Group Risk Management Council. The committee is also responsible for personal data management and information security. Chaired by the Senior Vice President of General Affairs and Senior Vice President of IT Planning, the committee continuously strengthens information management.

Financial Risk Committee

Chaired by the Senior Vice President of Finance and Accounting and comprising the President, Executive Vice President and Senior Vice Presidents of relevant divisions, the Financial Risk Committee identifies financial risks to support

corporate management, performs financial simulations regularly, and in case a crisis or large-scale disaster is deemed to have a significant and quantitative impact on business performance, estimates the impact, and treats the risk together with the Group Risk Management Council, as necessary.

Group Safety Enhancement Council

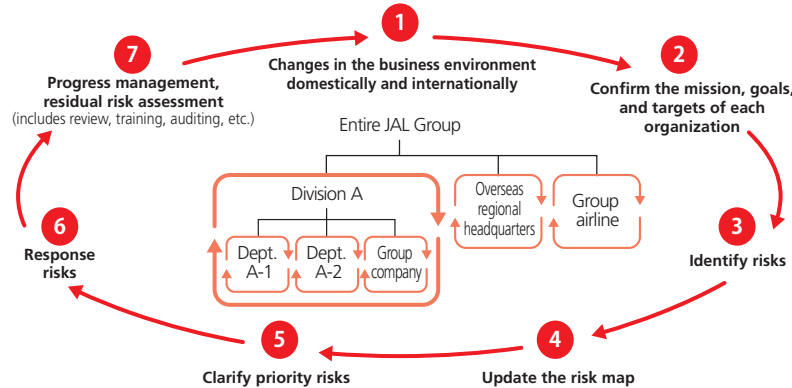
Chaired by the President and comprising the General Safety Manager and directors and presidents of Group airlines appointed by the Chair, the Group Safety Enhancement Council establishes important safety management policies, grasps the actual state of business activities, and reviews organizations, systems and measures, as necessary, to achieve Group safety and promote safety management.

Group Operational Safety Promotion Committee

As the subcommittee of the Group Safety Enhancement Council, the Group Operational Safety Promotion Committee works to improve air transport safety by maintaining and strengthening cooperation on safety between divisions and Group airlines.

Specific Initiatives

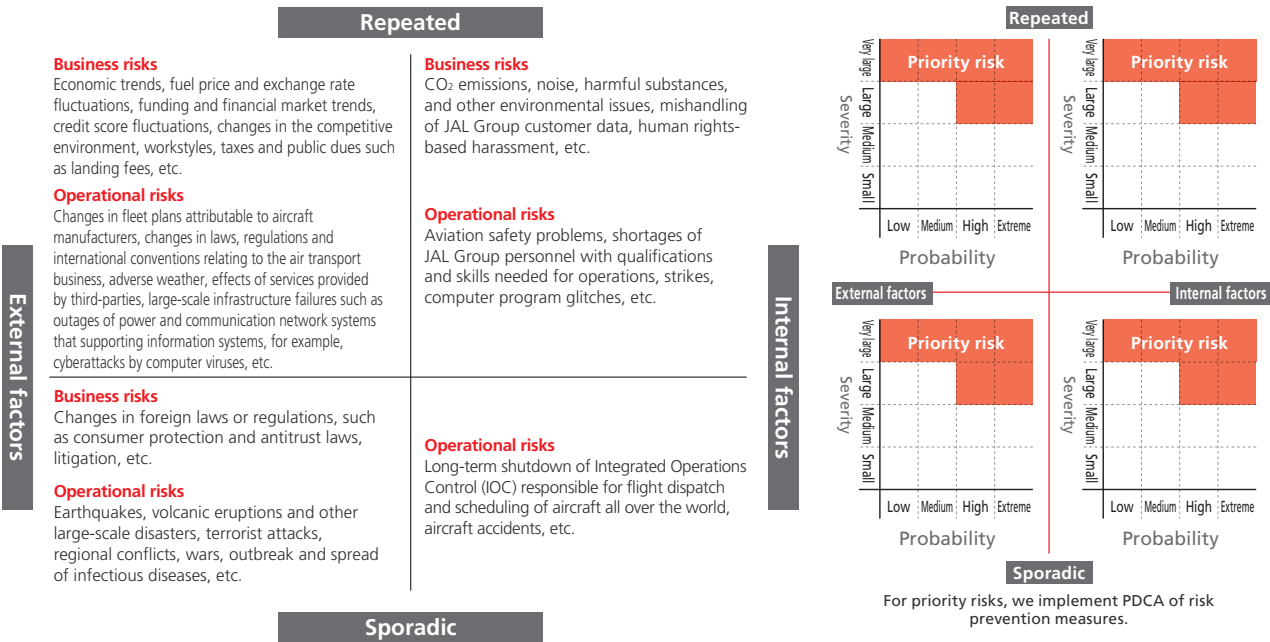
Risk Management Cycle



We execute regular risk management cycles so that each organization can achieve their goals.

Risk Survey

(For details of each risk and countermeasures, see pages 136 to 138.) We conduct risk assessments biannually in accordance with the risk management cycle. After classifying operational risks relating to air transportation and business risks not relating to air transportation into four categories: recurrent, incidental, external factors and internal factors, we assess the likelihood and severity of each category and create a risk map and treat priority risks of each organization. We also conduct a comprehensive analysis of priority risks of all organizations to identify priority risks of the JAL Group.



Control Self-Assessment

For company-wide priority risks, a workshop is held with relevant risk managers to evaluate the vulnerability of our responses. If additional measures are deemed necessary, the risks are treated immediately.

Risk Consulting

Under the Group Risk Management Council, consulting services are provided to vulnerable organizations by risk management teams, in cooperation with Audit and Supervisory Board Members and the Auditing Department.

Management Review

The Risk Management Committee assesses the process and risk treatment of primarily priority risks of the JAL Group, including reports from other committees. As a result of assessment, the committee gives instructions for additional investigations and risk treatment, as necessary.



### BCP (Business Continuity Plan)

In addition to risk management of aviation safety such as aircraft accidents and incidents, we have established Disaster Handling Regulations, which outline the system and procedures for putting top priority on protecting the lives of customers, employees and all affected persons, and a risk prevention and mitigation system. We have also established a Business Continuity Plan (BCP) in the event our regular operations are disrupted regardless of the cause, and a BCP covering specific risks that disrupt central functions and processes in all areas, such as a pandemic or an earthquake striking the Tokyo metropolitan area. To put the BCP to practice, we conduct drills regularly, and review and revise the plan whenever the need arises.

A BCP for COVID-19 was initiated on January 21, 2020 and remains in effect.

In the BCP in case an earthquake occurs beneath Tokyo, we partially transferred Integrated Operations Control (IOC) functions to Osaka to establish an alternative system. Japan Airlines Co., Ltd. received the Business Continuity and Social Contribution Resilience Certification from the Resilience Japan Promotion Council on November 30, 2019, and a high A rating (special interest rate II) for business continuity management from the Development Bank of Japan on March 30, 2020.

### Risk response

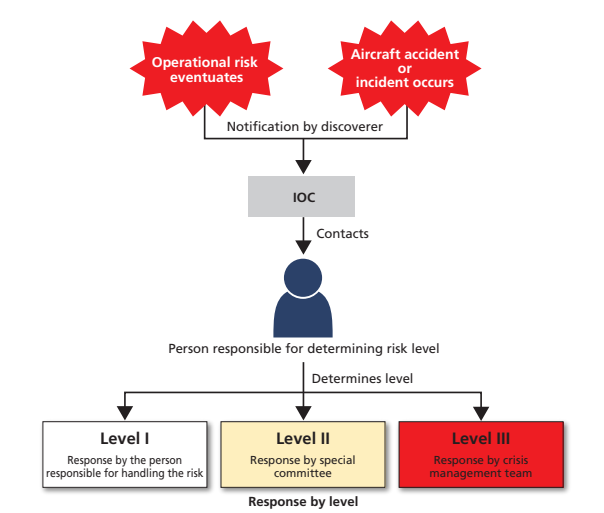
When a risk has arisen, or is likely to arise, that will affect aviation security, and the performance of air transportation business (operational risk), this risk is promptly notified to Integrated Operations Control (IOC) within 15 minutes of the occurrence.

The person in charge of making Level I to III decisions for crisis management depending on the situation decides the applicable level and responds to the crisis according to that level. Drills, reviews, education and training are conducted regularly for each type of disaster with the objective to raise awareness of crisis management of every employee.

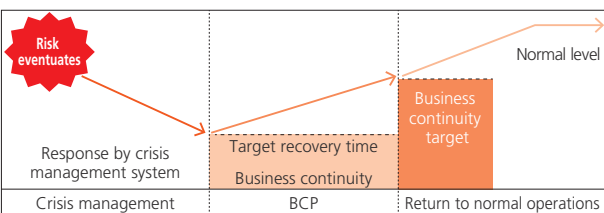
Level I Response by the person responsible for handling the risk
<ul style="list-style-type: none"> <li>The person in charge (leader of organization where the risk has occurred) responds by assembling people deemed necessary.</li> <li>The person in charge advises the person responsible for determining the level of risk to shift to Level II or III according to the severity of the situation.</li> </ul>
Level II Response by special committee
<ul style="list-style-type: none"> <li>A committee is formed by Vice Presidents of main departments with Vice President of General Affairs as Secretariat and risk response is implemented. Vice President of General Affairs advises the person in charge for determining the risk level to shift to Level III or I depending on the situation.</li> </ul>
Level III Response by Command Office
<ul style="list-style-type: none"> <li>A Head Office Command Office chaired by the President (or Executive Vice President) is set up and normal operations quickly shift to the crisis management system.</li> </ul>



Flow for Determining Risk Level



Flow of BCP Activation



### Information Security Measures

#### Basic Policy

In light of the importance of information security and personal information protection in an advanced information communications society, the JAL Group has established the JAL Group Basic Policy on Information Security and Personal Information Protection. Information security measures are disclosed on the JAL website, such as compliance with laws, regulations and internal rules, establishment of a management system, implementation of safety measures, education and awareness-raising activities, collaboration with contractors, responses to accidents, to make staff aware of consultation services available around the information security issue. By implementing these policies, we are striving to properly manage and protect the information held by the company.

#### Management System

Given past incidents of personal data breaches caused by unauthorized access to the JAL Mileage Bank and customer data management system, we have positioned enhancement of information security as a high priority issue. We establish and update measures for regulatory compliance and classify and manage customer data and other data appropriately. We also educate all employees regularly through e-Learning.

In addition, the Risk Management and Information Security Committee, which is responsible for personal data management and information security, takes steps to enhance information security and reduce business risk.

To respond to increasing threats of cyber-attacks, which are becoming more sophisticated and complex, we have established measures to detect, quickly respond, and quickly recover from them. Going forward, we will continue to evolve prevention measures and take all possible steps to protect our business from cyber threats.



#### Promotion of Security

Under the leadership of the Chief Information Security Officer (CISO) appointed from among Executive Officers, the information security organization promotes information security throughout the JAL Group. As a major public transport operator, we implement data breach prevention measures and virus prevention measures in accordance with guidelines<sup>\*1</sup> established by the Ministry of Land, Infrastructure, Transport and Tourism.

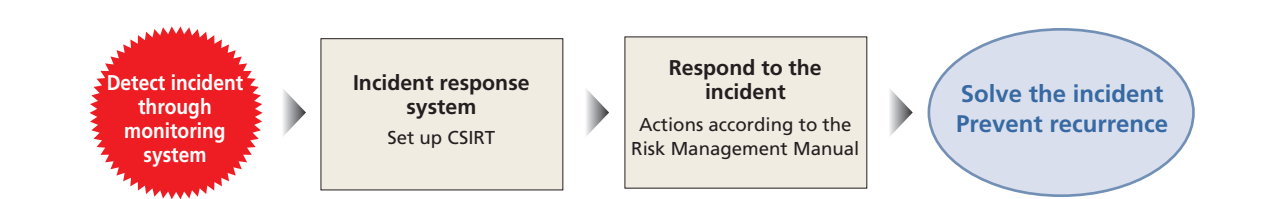
To be prepared for an incident, we monitor unauthorized access, virus infections and other threats 24 hours a day, 365 days a year, in cooperation with external specialized agencies. In case an incident occurs, a Computer Security Incident Response Team (CSIRT) is set up, with the information security organization as Secretariat, and quick action and recurrence prevention measures are implemented.

As prior information gathering is essential to strengthening cyber security, we participate in Transport ISAC<sup>\*2</sup>, the Information Sharing And Analysis Center for transport operators, and use the information obtained to continuously enhance information security measures. Furthermore, we continuously implement the PDCA cycle, including an annual audit by an external specialized agency, and make necessary improvements.

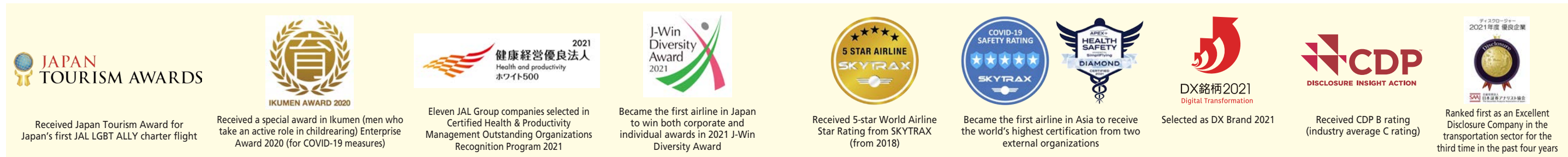
To counter changing risks in recent years due to the proliferation of remote work, we have enhanced information security in the New Normal, including the use of company provided computers installed with data breach prevention measures that can be used safely even outside the company.

<sup>\*1</sup> Safety Guidelines for Information Security in the Aviation Field  
<sup>\*2</sup> A system for promoting activities that contribute to the improvement of collective defense capabilities against cyber attacks by businesses in public transportation and transport sector

Flow to treat cyber incidents



## Major External Ratings 2020 – 2021




















## Major Sustainability Initiatives and Results to Date



We have set a medium target for each of the “4 areas/22 issues” that the JAL Group is working on. The JAL Group will aim to realize a sustainable society through daily business activities and promote ESG management to achieve the SDGs.

	22 issues	Main initiatives	Performance indicators	Results of FY19	Results of FY20	Target for FY25	Contribution to SDGs
E	Address to Climate Change	Reduction of CO <sub>2</sub> emissions	CO <sub>2</sub> emission Scope 1 [aviation]	9.09 million tons	4.39 million tons	Below 9.09 million tons <b>Management Target</b>	
			CO <sub>2</sub> emission Scope 2 [ground facilities]	57,000 tons	51,000 tons	54,000 tons	
			Ratio of fuel-efficient aircrafts	82%	84%	86%	
			Ratio of SAF loaded in total fuel amount	Loaded to all 5 delivered A350 aircrafts	0%	Replace 1% of total fuels to SAF	
			Amount of reduction by JAL Green Operations (reducing CO <sub>2</sub> emissions in daily operations)	157,000 tons (1.7% of total emission)	82,000 tons (1.8% of total emission)	Reduce 2.5% amount of CO <sub>2</sub> emitted from aircrafts	
	Effective Use of Limited Resources	Plastic use reduction	Reduction ratio of new petroleum derived single plastic use items in in-house standard products used in-flight and in lounges	2.5%	To be disclosed within FY21	100% <b>Management Target</b>	
			Ratio of eco-friendly material in plastic bags used for checked baggage at airports	*started from FY20	36.3%	100% <b>Management Target</b>	
			Ratio of eco-friendly material in plastic used in cargo transportation	91%	90%	100% <b>Management Target</b>	
		In-flight meals disposal reduction	Number of routes with meal reservation service introduced	*started from FY20	2 routes	All routes	
			Recycling ratio of cooking residue in preparing in-flight meals	7.7%	28.0%	100%	
		Paper reduction	Paperless in cargo sheds	*started from FY20	—	Complete paperless in JAL flights	
	Prevention of Environmental Pollution	Industrial waste reduction	Final disposal rate	0.3%	0.6%	Keep below 1%	
	Noise Reduction	Operation with low-noise aircrafts	Ratio of ICAO Chapter 4 standard compliant aircraft	100%	100%	100%	
	Biodiversity Conservation	Prevention of illegal wildlife trade	Number of illegal wildlife transported	0 times	0 times	0 times	
		Use of certified products	Ratio of paper items with FSC® certified paper used in-flight	24.2%	66.5%	100%	



		22 issues	Main initiatives	Performance indicators	Results of FY19	Results of FY20	Target for FY25	Contribution to SDGs
S	People	Promotion of D&I	Promotion of diverse talent participating actively in work	Ratio of disabled staff hiring*1	2.62%	2.67%	To be established in accordance with the statutory employment rate	
				Ratio of female managers*2	18.4%	19.5%	30% <span>Management Target</span>	
				Number of people who used nursing care leave system	53 people	40 people	Track record	
		Workstyle Innovation	Improvement of working productivity	Total work hours	1,862 hours	1,878 hours	1,850 hours	
				Ratio of annual paid leave taken	79.0%	71.5%	100%	
				Monthly overtime/working hours on holidays per employee	9.5 hours	8.0 hours	4 hours (linked with the annual total work hour target of 1,850 hours)	
			Promotion of diverse workstyles	Cumulative total number of people who used telework	36,352 people	640,579 people	Track record	
				Number of workcation/bleisure system used	247 times (workcation only)	To be disclosed within FY21	Track record	
		Health and Productivity Management	Improvement of health check-up ratio	Ratio of check-ups taken by employee	100%	100%	Keep 100%	
				Ratio of check-ups taken by family members	37.5%	To be disclosed within FY21	75%	
			Ratio improvement of gynecological check-ups	Ratio of breast cancer check-up taken	36.7%		70%	
				Ratio of uterine cancer check-up taken	30.7%		70%	
		Respect for Human Rights	Conducting of Human Rights Due Diligence	Handling against issues (establishment of PDCA and appropriate operation)	—	—	Specification of issues and conducting of improvement plans	
		Human Resources Development	Enhancement of employee training	Training hours per person	72.3 hours/person	277.1 hours/person	Track record	
				Training cost per person	¥449,480/person	¥109,321/person	Track record	
		Improving Accessibility	Promotion of boarding passengers who feel barriers to travelling	Ratio of such passengers onboard	0.36%	0.29%	2.5 times v.s. FY19 result	
				Number of wooden chairs which do not get caught in metal detectors	478 wheelchairs	478 wheelchairs	To be disclosed within FY21	
		Prevent the Spread of Infectious Diseases	Activation of medical items transportation	Weight of transported medical items	610 tons	721 tons (118% v.s. FY19 result)	+50% v.s. FY19 result	
S	Communities	Route Network Expansion	Preserving and development of regional routes including island routes	Number of Domestic sites (including code share)	62 sites	61 sites	More than 62 sites	
		Increase Inbound Tourism	Promotion of passengers from outside of Japan boarding on domestic flights	Number of people boarded	701,240 people	To be disclosed within FY21	1,505,000 people	
		Improving Convenience in Travel	Commercialization of drone logistics/"flying cars" air taxi	Realization of commercialization	—	—	FY23: commercialization of drone logistics FY25: commercialization of flying cars	
		Regional Revitalization	Increase of tourists to regional areas	Ratio of increase	—	25.8% v.s. FY19 result	+10% v.s. FY19 result <span>Management Target</span>	
		Community Relations	Promotion of volunteerism	Number of people joined	7,745 people	9,772 people	Track record	
				Total hours	51,734 hours	33,600 hours	Track record	
			Nurturing the next generation	Number of people who joined the SORAIKU®*3	191,840 people	20,435 people	Track record	
		Disaster Restoration Assistance	Disaster relief	Amount of money donated by Charity Miles	¥9,208,500	¥11,328,500	Track record	
G	Governance	Fair Business Practices	Compliance to the Corporate Governance Code	Compliance rate	100%	100%	Keep 100%	
			Function improvement of Board of Directors	Ratio of External Directors	30%	30%	Over one third	
				Attendance ratio of External Directors and Auditors to Board of Directors	98.3%	100%	Keep over 80%	
			Prevention of information leakage	Number of incidents occurred	0 cases	2 cases	0 cases	
			Prevention of corruption and bribery	Number of corruption and bribery	0 cases	0 cases	0 cases	
		Disclosure	Reinforcement of information disclosure in Sustainability pages of the Corporate website	Number of views	765,912	786,229	Over 1,000,000	
		Responsible Procurement	Supply chain management	Soundness confirmation ratio of primary suppliers	18%	37%	100%	
				Number of regulatory safety audits of all caterer factories and in-flight supply storerooms per year	2 times	2 times	2 times	
		Promotion of BCM	Improvement of BCP effectiveness	Number of exercises conducted per BCP	1 time	1 time	2 times	

\*1: Combined data for Japan Airlines Co., Ltd. and its special subsidiary JAL Sunlight Co., Ltd.

\*2: Data of the JAL Group

\*3: Activities in order to think about their own futures, future of Japan, the World and the Earth by experiencing the wonder of the skies



## TOPIC Olympic and Paralympic Games Tokyo 2020

### As an Official Airline Partner

As the official airline partner of the Olympic and Paralympic Games Tokyo 2020 (Tokyo 2020), JAL contributed to the realization of the Games Vision, "Sport has the power to change the world and the future" and supported the historic event by communicating emotions and courage to the world. As a supporting partner of the Tokyo 2020 Olympic Torch Relay, in March 2020 we transported the Tokyo 2020 Olympic Torch from Greece in cooperation with ANA. We also provided safe and secure air transport during the pandemic so that athletes and tournament officials from around the world could gather in Tokyo with peace of mind.

#### JAL's Policy of Approaches to Tokyo 2020

- Contribute to the success of the Games as proof of revival and reconstruction
- Contribute to creating a society that recognizes diversity
- Make efforts to recover demand and contribute to regional revitalization
- Enhance safety and security and deliver smooth and comfortable travel

### Major Initiatives and Employee Activities

#### ■ JAL's third aircraft with special livery "Everyone's JAL 2020 Jet" goes into service on domestic flights

In 2019, we launched the first and second special aircraft for Tokyo 2020 to build momentum, and in 2021, the third special jet (A350) with gold livery on domestic routes to coincide with the opening of Tokyo 2020. Under the slogan "Gambaro Nippon! (Go, Japan!)," the aircraft is designed with pictures of Japanese athletes supported by JAL on the fuselage and a gold Tsurumaru (Japanese crane) logo on the tail so that everyone in Japan as well as the athletes can feel hope for a brighter future. We also conducted related measures in the cabin, at airports and on the JAL website.



#### ■ JAL athlete-employees participate in Tokyo 2020

JAL athlete-employees, Koki Kano (fencing epee), Naoto Tobe (high jump) and Haruka Kitaguchi (javelin), were selected to represent Japan for the first time. JAL will continue to support athletes who strive to reach world's top level.

KANO Koki: Finished 15th in the men's fencing epee individual competition and won the gold medal in the team competition, a first for Japan.

TOBE Naoto: (High Jump Japanese record holder) Japan's team advances to finals for the first time in 49 years (13th place)

KITAGUCHI Haruka: (Javelin Throw Japanese record holder) Japan's team advances to the finals for the first time in 57 years (12th place)

# chapter 03

## Data Book

