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The JAL Group's published JAL REPORT 2023 to inform stakeholders about our business activities and its results for the previous fiscal year, and to provide an understanding of the Group's pursuit of social and economic values, and sustainable growth. This report includes a wide range of both financial and nonfinancial information that the JAL Group has deemed to be of particular importance to stakeholders. This report was prepared from a wide range of both financial and nonfinancial information that the JAL Group has deemed to be of particular importance to stakeholders.

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Period covered by the report

Primarily April 2022 to March 2023 (FY2022)

Scope of the report

This report covers 191 JAL Group companies, comprising Japan Airlines Co., Ltd., 137 subsidiaries and 53 affiliates.

Reference guidelines

The International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry were used as references in preparing this report. The GHG Standard issued by the Global Reporting Initiative (GRI) was used as a reference for ESG information.

Date of publication

August 2023

The JAL Group Corporate Policy:

Pursue the material and intellectual growth of all our employees;
- Deliver unparalleled service to our customers;
- Increase corporate value and contribute to the betterment of society.

Safety and Peace of Mind

Build a society where everyone can live safely, securely and with a peace of mind.

JAL Vision 2030

Build a better future where everyone can feel fulfilled and hopeful.

To become the world’s most preferred and valued airline group, by helping to create a vibrant society and a future where many people and goods freely move around.
By placing ESG strategy at the top of our strategy, we will create a society of safety and peace of mind and a sustainable future by solving social issues, and realizing long-term improvement in corporate value.

AKASAKA Yuji
Representative Director, President
Japan Airlines Co., Ltd.
JAL Group CEO

As the third year of the Medium Term Management Plan FY2021 to FY2025, JAL Group has formulated its Rolling Plan 2023, and placed their ESG strategy, one of the three pillars of the management strategy, as the top-tier strategy to realize JAL Vision 2030. How to achieve carbon neutrality and to secure human resources is a major issue for the airline industry. We will work together to realize our purpose to become the world’s most preferred and valued airline group, by helping to create vibrant society and a future where people and goods can move around freely, and to improve our corporate value over a long term.
Looking Back on Three Years of the COVID-19 Pandemic

Thank you very much for your continued support to JAL Group. From May 2023, COVID-19 has been downgraded in the Infectious Diseases Control Law, bringing back the bright wonderful days. I am truly delighted to see the smiling faces of our customers and workers at the airport and on board our flights. We would like to express our deepest gratitude again for the tremendous support and cooperation we received from our stakeholders during the COVID-19 pandemic.

The outbreak of the COVID-19 pandemic in the early 2020s brought about the disappearance of demand, an unprecedented crisis that the airline industry had never experienced before. Amid the uncertainty of the future, we took a step forward towards the post-COVID period by formulating our Medium-Term Management Plan in May 2021 in order to unite all employees and move forward. With a great deal of their support, we had to feel our way through the darkness, our revenue recovered to pre-COVID levels last year. We were able to generate profits and pay dividends for the first time in three years. Although it is necessary to continue to respond to global risks, including the Ukrainian situation, the business performance of this fiscal year has been on track due to the further acceleration of the pent-up demand. We feel that our Medium Term Management Plan has been on track due to the further acceleration of the pent-up demand. We feel that our Medium Term Management Plan has been on track due to the further acceleration of the pent-up demand.

First, I realized the importance of preparing for all risks. We were able to overcome this unprecedented crisis not only because of the strong financial base we had accumulated prior to COVID-19, but also because we realized that this was not enough in terms of business continuity and employee motivation. We are accelerating our business structure reform to build a more resilient and sustainable business management system by diversifying our business beyond just aviation.

Next, we reaffirmed the underlying strength of the human resources gathered in the JAL Group. I saw that everyone in JAL Group practiced JAL Philosophy under the slogan “What we can do now” by taking up challenges to develop new businesses and services. Also 2,000 employees, who were relocated outside the company received high praise wherever they went and returned with great confidence. I can now believe that we have an unlimited potential in our staff. At the same time, I was keenly aware of my responsibility to make better use of these human resource capabilities.

The other realization was the deep relationship between social issues and our business. Encountering the COVID-19 pandemic, a human crisis, increased my awareness of global issues, including environmental problems. I also think that restricting the movement of people affected people’s connections, which expanded further to various social problems. I felt responsible, as an airline operator, that we were causing considerable environmental impact. As the COVID-19 pandemic brought travel to a standstill, as a social infrastructure, I decided to make it my business mission to solve these problems. [Figure 1]

ESG Strategy for JAL Vision 2030

In JAL Vision 2030, I am drawn to create a society with safety and peace of mind and a sustainable future towards 2030, in which many people and various goods can move around freely. With the aim of accelerating the JAL Group’s initiatives for a sustainable growth toward this vision, we have decided to review and reorient our Medium-Term Management Plan based on lessons learned from the COVID-19 pandemic into our Rolling Plan 2023:

The Value of Air Transportation and Societal Connections

Originally, air transportation is essential for both people and goods. To date, we have developed air transportation as a means to achieve this goal into a safe and secure social infrastructure, thereby generating social value. Recently, we aim to improve sustainable value by realizing carbon neutrality even further. On the other hand, through the COVID-19 pandemic, the movement of people and goods created not only physical values, but also connections and permanent relationships between people and goods, which are connected to fundamental social values such as the environment, biodiversity, the local economy, and above all, human well-being. In fact, some studies state that active people are happier.

Going forward, we would like to provide the movement of people and goods as well as new social values by creating connections and relationships between people beyond their movement. We will develop new businesses other than in the aviation field to generate new revenue. We believe that the newly generated connections between people and goods can stimulate the air transport demand and lead to increased profits in the airline business. We believe that this ESG strategy will realize the sustainability of air transportation and the improvement of corporate value. [Figure 2]

Redefining Business Objectives

We have defined four main business domains for the future and are diversifying our business by restructuring our business structure. We have redefined our business objectives in order to align our top ESG strategy with each business strategy to strongly promote our ESG strategy.

The FSC business domain aims to achieve both environmental measures and network expansion. We aim to create a more efficient fluid network not only for aviation but also for the entire transportation system by cooperating with other airlines such as oneworld alliance, other transportation modes such as railways and regional aviation, among others, while enhancing competitiveness by introducing fuel-efficient and state-of-the-art aircrafts.

The mission of the LCC business domain is to create new flows of people. We will offer easy-to-understand services especially for the younger generation, families with children,
and inbound travelers and regions through high-speed transportation. In particular, we focus on creating connections between people and regions that can provide various technologies and raw materials, including the petroleum and plant industries.

We strive for growth in each of these four business domains, and we achieve a business structure in which approximately half of our profits will be generated through LCC and Mileage, Lifestyle, and Infrastructure in FY2025. (Figure 3 and Figure 4)

For a Sustainable Air Transport

During the COVID-19 pandemic, the entire airline industry lost substantial revenue, but at the same time, the importance of air transport was acknowledged, such as being able to meet people quickly and being able to go anywhere. In order to make air transportation sustainable in the future, we currently have two major management issues. One is to realize carbon neutrality in air transportation, and the other is to secure human resources in a society with a declining population.

Toward Carbon Neutrality in the Sky

We have been working to achieve carbon neutrality in net Zero CO2 emissions by 2050 (N2050) as one of the most important issues for the global environment. I, however, feel that the importance of this is growing day by day. In Europe, a law to replace short-haul air routes with railways came into effect, and the Japanese government’s broad policy clearly states the direction of carbon neutrality in the aviation sector. One of the pillars of CO2 reduction is the renewal to fuel-efficient aircrafts. In addition to the Airbus A350 and Boeing 787, which are our main fleets, we decided to introduce Boeing 737MAX in FY2036. In all the new generation aircraft, the share of these advanced fuel-efficient aircraft is expected to be more than 70 percent in FY2030, up from about 30 percent before the COVID-19 pandemic, and we continue to steadily promote aircraft renewal. Another pillar is the use of sustainable aviation fuel or SAF. SAF is a new fuel that can reduce CO2 emissions by approximately 80 percent compared to conventional aviation fuel. In FY2030, we plan to replace 10 percent of all on-board fuel with SAF. Heretofore we have been procuring SAF from overseas as European and North American countries have been preceding Japan in the SAF production. Hereafter, we will procure domestic SAF for use in Japan. If SAF cannot be refueled at Japanese airports, overseas airlines may find it difficult to continue flights to Japan. Thus, Japan in definitely essential to support our country’s aviation infrastructure. At present, we are rapidly developing and manufacturing SAF in Japan in cooperation with suppliers that provide various technologies and raw materials, including the petroleum and plant industries.

“Passenger aircrafts with more than 100 seats.

JAL Style Human Capital Management

The population in Japan is declining, and the time has come to reconsider how to operate conventional land-intensive air services. In addition to strengthening our ability to secure and nurture airline personnel, we need to increase productivity and value creatively both independently and as a team. It is thus essential to reform operations to achieve the same output with fewer people by utilizing digital and new technologies and promoting automation and multi-skilling. The other important factor is diversity equity and inclusion (DEI). In our past efforts, there were many cases where creating a work environment where diverse human resources can play an active role and adding new education and experiences to the people who work there have led to the creation of novel ideas and new systems. This has led to the growth of individual employees and organizations. There are various regulations and restrictions on aviation, but if the enigmatic power of DEI can be used in workplaces such as in airports and cabins, it will lead to a significant change in aviation. I would like to add that we are on track to achieve 30 percent of female managers, one of our management targets, by FY2025.

In order to further unleash the power of human resources, which is the JAL Group’s greatest strength, we will actively invest in human resources such as wages, promotion, and education, while promoting human capital management by enhancing productivity and value creativity through two pillars: technology and diversity. (Figure 5)

To Conclude: Work to Further Enhance Corporate Value Based on Safety and Security

This year, exactly 120 years after the Wright brothers’ first flight, we believe that the reason the aviation industry has grown through the numberous event risks is because the safety of airplanes has improved dramatically and has established as a social infrastructure. Now, as new technologies such as drones and eVTOL air mobility are being developed, and as we prepare to try in EXPO 2025 OSAKA, KANSAI in 2025, it is of utmost importance that they will be accepted by society as safe and secure vehicles. Our mission has always been and always will be to contribute to the progress and development of society by flying safely and securely.

The JAL Group will fulfill its responsibilities as a social infrastructure with a more resilient business structure. We will grow into a corporate group that further enhances the power of human resources and creates connections and relationships among people through air transportation, while thanking our customers who always warmly support us. We will work together to become “the world’s most preferred and valued airline group” for all stakeholders. We look forward to your continued support.

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In order to further unleash the power of human resources, which is the JAL Group’s greatest strength, we will actively invest in human resources such as wages, promotion, and education, while promoting human capital management by enhancing productivity and value creativity through two pillars: technology and diversity. (Figure 5)

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This year, exactly 120 years after the Wright brothers’ first flight, we believe that the reason the aviation industry has grown through the numberous event risks is because the safety of airplanes has improved dramatically and has established as a social infrastructure. Now, as new technologies such as drones and eVTOL air mobility are being developed, and as we prepare to try in EXPO 2025 OSAKA, KANSAI in 2025, it is of utmost importance that they will be accepted by society as safe and secure vehicles. Our mission has always been and always will be to contribute to the progress and development of society by flying safely and securely.

The JAL Group will fulfill its responsibilities as a social infrastructure with a more resilient business structure. We will grow into a corporate group that further enhances the power of human resources and creates connections and relationships among people through air transportation, while thanking our customers who always warmly support us. We will work together to become “the world’s most preferred and valued airline group” for all stakeholders. We look forward to your continued support.
COVID-19 has been repositioned as an infectious disease since May 2023 putting an end to the COVID-19 pandemic, which has been uncontrollable for roughly three and a half years. We can now look back and reflect on the struggle we experienced over the COVID-19 pandemic and recognize its tremendous impact. We will use our knowledge and experience gained through the pandemic to improve our resilience and enhance the sustainability of the JAL Group.

Initiated a Crisis Management System led by the President Immediately After the Outbreak

In January 2020, in line with the spread of the virus in Asian countries, we launched a task force headed by the President of our Business Contingency (BCT), under the assurance of an emergency center specializing in infectious diseases. Therefore, we have held weekly meetings in the task force headquarters until May 2023 to ensure efficient decision-making and instant dissemination in case of emergencies such as infections among our customers and employees, our fixed plane, and improvement of the income and expenditure.

① Protecting Customers - For Safety and Peace of Mind

- Promote a Wide Range of Initiatives not only to Prevent the Spread of Infection, but also to Ensure Safe Travel
- Improve hygiene and cleanliness
- Providing support during travel

② Protecting the Route Network - To Meet the Social Demands for Transportation as an Infrastructure

- International passengers: <Before Corona> 146.9 flights per day on 57 routes, 83.4% boarding rate (August 2019)
- [COVID-19 pandemic] 17.5 flights/day on 28 routes, 14.4% boarding rate (April 2020)

③ Protecting the JAL Group - To Expand Our Customer Base by Maintaining and Strengthening Our Human Resources and Financial Base in Preparation for a Post-pandemic

- Human Capital: Maintaining and Strengthening Human Resources Base who can Transform to face the Challenges in Creating New and Diverse Values
- Cargo and Mail business revenue initiated a Crisis Management System led by the President immediately after the outbreak of the JAL Group.

Disruptions in shipping and a sharp decline in supply from passenger services led to tighter supply and demand, as well as new demand for vaccine shipments and home deliveries. In response to this, we expanded our capacity to meet the demand by operating freight-only flights by ZIPIAIR, a newly established LCC, and by utilizing freight-only aircraft from other companies. We were able to realize high-quality transportation utilizing our know-how.

Funding Based on Decisions and Measures from Lessons Learnt from our Past Bankruptcy

- In 1988, we were on the brink of bankruptcy with a debt of around 350 billion yen, which was declared after the state of emergency for another year after the state of emergency was declared.
- By taking advantage of our financial position, we devised an equity story that would satisfy investors and undertook a public offering.
- We raised funds with interest bearing debt for one year after experiencing flight demand after SARS returned in six months. However, we prepared for a prolonged risk impact for another year after the state of emergency for another year after the state of emergency was declared.
- Despite the difficult financial situation, we quickly made the necessary investments to achieve zero CO2 emissions and zero environmental impact and further growth.

Voice

An Unusual Case Among LCCs - ZIPAIR Sets the Stage for Early Profitability by Launching Freight-only Flights

The COVID-19 pandemic occurred when Japan’s first medium and long haul ICC-ZIPAIR was preparing to start operations. For this reason, the pandemic caused delays and disruptions, including the start-up of the business. With the outbreak of the virus in early March, Japan’s first medium and long haul ICC-ZIPAIR was forced to delay its launch as a freight-only flight. This was unusual for an LCC as its business is to generate profits with high passenger boarding rates. Being a freight-only flight was considered when we wondered what we could do to help society at that time. ZIPAIR is now responding to the demand recovery period through a total of six (8) routes as of August 2023, which operated during the COVID-19 pandemic. As a result, ZIPAIR achieved profits in FY2022.