

1. Overall Strategy —Realize Value Creation through ESG Strategies for Medium-to Long-term Growth—

The Medium Term Management Plan will place ESG strategies at the top of its management strategy to create new social values such as the sustainable flow of people, goods, and distribution channels. We aim for medium- to long-term growth by focusing on solving social issues in Japan and other countries around the world through "air transportation" and "connection."

►Medium Term Management Plan Rolling Plan
Based on the results of the first two years of the FY2021 to FY2025 Medium Term Management Plan and environmental changes, we revised and materialized specific strategies and plans for the three years to FY2025, and formulated the Rolling Plan 2023.
While the COVID-19 pandemic is coming to an end, new challenges have emerged, including changes in geopolitical conditions, global price increases, and a shortage of human resources.
In response to these changes in the business environment, we will achieve our Medium-Term Management Plan by steadily implementing our ESG strategy, which is the top strategy for achieving growth, in order to shift from "recovery and stability" to "growth."

►Creating Values through air transportation and Connection
As an important social infrastructure, air transportation provided by the JAL Group has created social and economic values as a "safe and secure" means of transportation through which many people and various goods can freely move around.
Air transportation is both a means of transportation and a source of societal connection.
Through this "connection," we contribute to the well-being of people and the well-being of society, as well as revitalizing local communities.

See pp.49-50 ESG Strategy for details.

The importance of enhancing sustainability in society was reacknowledged with the experience of the COVID-19 pandemic.
People who have a continuous and diverse relationship with a particular region are called "related populations".
In a society with a declining population, the sustainability of the region depends on how to stimulate interacting community.
It is our role to address the interests of the local area to people, to have them engage with the area through experiences, and create "connections" between the people and area. We also have the role to create a purpose for this movement.
For example, rather than having one hundred visitors visit the area once, we should deepen the connection with people and the area by having ten people visit the same area ten times.
With the end of the COVID-19 pandemic, traveling restrictions has been

relaxed traveling lifting, we will work across sectors and occupations to create connections through air transportation.
In order to keep air transport sustainable, it is essential to reduce environmental impact.
We will promote the GX strategy and work toward carbon neutrality and biodiversity conservation towards 2050.

►Making the most of human resources to create connections
As a business strategy to promote ESG strategies, we will promote business model reform, DX strategy, human resources strategies (human capital management), and GX strategies.
Among them, we believe that human resources strategies (human capital management) are particularly an important driver.
The JAL Group, a provider of social infrastructure, is a group of human resources with a strong sense of contribution by creating the JAL Group's value of air transportation and connection.
Each employee understands and derives ideas based on the vision of creating "connections" outlined in the Rolling Plan 2023 and creates new values to create connections.
To achieve this, it is important for each employee to create new values, challenge the creation of medium- to long-term values, and transform and grow as a human resource, with aspirations.
More than 20 internal dialogues have been conducted since the publication of the Rolling Plan 2023.
We received an enthusiastic response from many employees who mentioned their satisfaction with the value of air transportation and connection.
And one of the keywords when creating new values is diversity.
We believe that the promotion of diversity, equity and inclusion (DEI), in which diverse human resources are accepted and recognized and can play an active role, will lead to new value creation.
Creating innovation and social change requires highly motivated human resources.
We will adopt a more dynamic system for the utilization and promotion of human resources by providing a work environment in which the human resource performance of the JAL Group can be maximized to evaluate our efforts in creating value.
At the same time, we will support the growth of our employees so that they can build their own careers autonomously. We will also promote measures to increase engagement and advance their careers by providing them with the necessary means of reskilling.

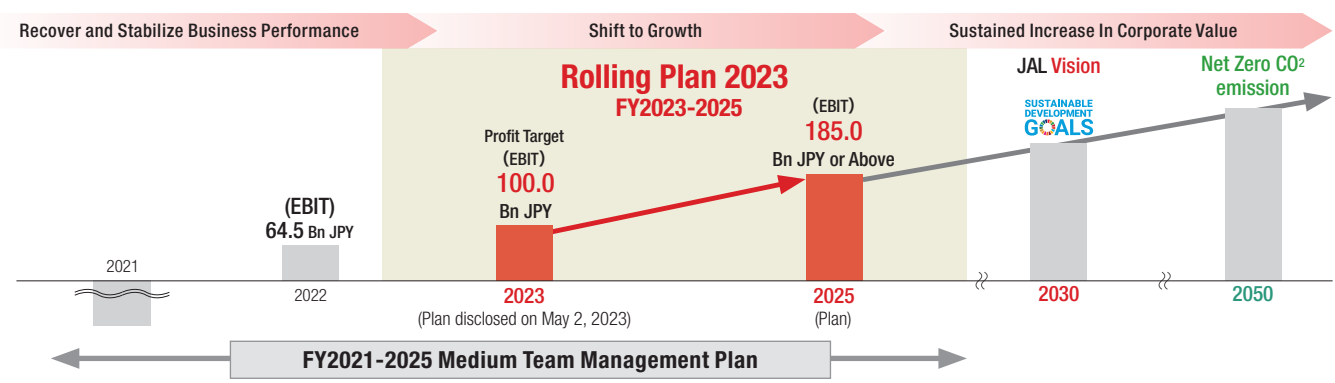
►Promoting capital efficiency with capital costs in mind
In terms of finance to support these efforts, we will strive to improve capital efficiency while keeping in mind the cost of capital.
In FY2025, we raised shareholder's equity ratio (based on credit rating evaluation) from 39.3 percent to about 50 percent, and set the ROIC target at 9 percent and ROE at 10 percent or more by surpassing cost of shareholders' equity.
As we grow by creating new values, we will enhance capital efficiency while strengthening our financial base.
We are also considering the introduction of a new investment efficiency index, "Sustainable ROIC" (tentative name), which takes social values into consideration.
By visualizing the value of ESG strategies, one of our goals is performance and capital efficiency. This takes into account not only the increase in corporate profits and cash, but also the increase in social values delivered through our business.
The JAL Group aims to realize "a vibrant society and a future where many people and goods freely move around," as set forth in JAL Vision 2030, which aims to create a safe, secure and with peace of mind society and a sustainable future.
As an officer in charge, I will contribute to the growth of the JAL Group by striving to gain the understanding and support of our stakeholders and by quantifying and visualizing the social value that the JAL Group brings, such as well-being, productivity, innovation, and regional revitalization through air transportation and connection.

*Sales and EBIT by business area described in this Chapter are calculated using a simplified method for internal management and are not sales and profit by business segment.
In addition, there is no one-to-one correspondence between air transportation business segment and other business areas.



SAITO Yuji
Director Senior Managing Executive Officer
Senior Vice President of Corporate Strategy and Planning
Chief Financial Officer

Timeline

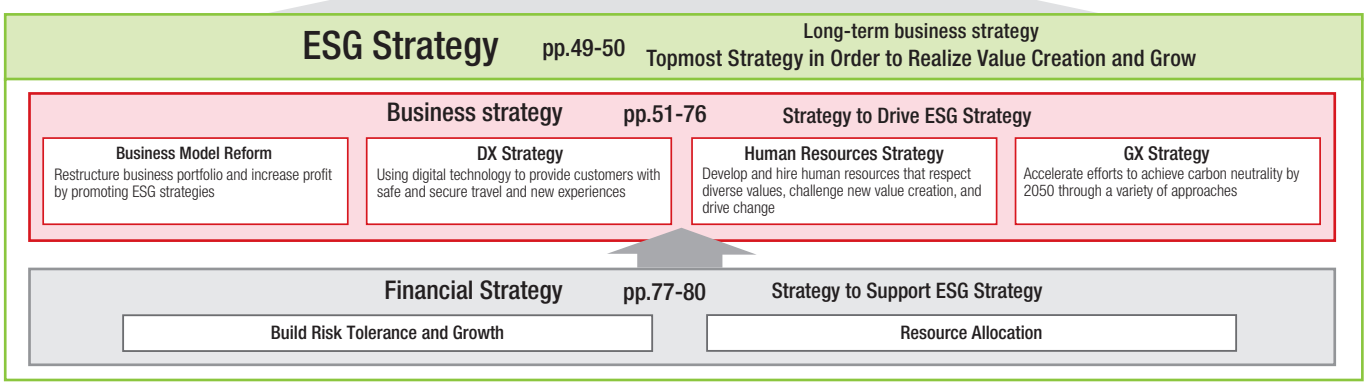


Outline of Environmental Awareness and Strategy

As of May 2023 (Medium-Term Management Plan Rolling Plan 2023)

Politics	Economy	Society and the Environment	Technology
<ul style="list-style-type: none">Digitalization and regional revitalizationEconomic reconstruction by promoting Japan as a tourism-oriented nationHeightened environmental regulations such as greenhouse gas control	<ul style="list-style-type: none">Centralization to decentralization and multipolarizationFluctuations in fuel and foreign exchange market conditionsRecovery from the COVID-19 pandemicUrban and regional disparities	<ul style="list-style-type: none">Transition to a resilient societyA move from "mass" to "personal"Accelerating the movement toward carbon neutrality and biodiversity conservationWorld population growth and decline in JapanShortage of human resources in the aviation and tourism industriesDelay in recovery of international supplies	<ul style="list-style-type: none">Digital acceleration and integration with the real worldBusiness model transformation with DXNon-face-to-face touchless services to become a norm
Main Opportunities Demand: ✓Increased demand for domestic flights ✓Increase in inbound traffic	Main Opportunities Demand: ✓Generation of new demand due to changes in consumer and business behaviors ✓Air transport demand recovers from the COVID-19 pandemic	Main Opportunities Preference: ✓Improve customer preference by addressing needs Demand: ✓Securing and creating demand by maintaining and expanding route networks	Main Opportunities Productivity: ✓Increased productivity Demand: ✓Creating new business models
Major Risks Demand: ✓Decrease in air transport demand due to digitalization Cost: ✓Increased costs associated with environmental regulations	Major Risks Demand: ✓Decrease in passenger demand on local routes Cost: ✓Rapid fluctuations in freight demand	Major Risks Demand: ✓Slower growth in air transport demand due to modal shift ✓Decrease in passenger demand on local routes ✓Difficulty maintaining production system	Major Risks Preference: ✓Loss of competitiveness due to obsolescence Demand: ✓Obsolete existing business

Achieve value creation through ESG strategies to achieve medium- to long-term growth



Amid the end of the COVID-19 pandemic, passenger demand originating in Japan and domestic flights are still weak, and the recovery in flights originating overseas exceeds expectations.
Costs have increased due to the continued high prices in jet fuel market prices and foreign exchange trends.
The movement toward carbon neutrality and biodiversity conservation is accelerating.
Looking ahead to FY2025, although costs will remain high, passenger demand is expected to recover steadily, and a tight demand-supply environment is expected.
We will position our ESG strategy as the top strategy for realizing value creation and growth and will shift to a medium- to long-term growth strategy with value creation as the starting point. We will aim to achieve our management targets by steadily implementing our business actions and financial plans to promote our ESG strategy.

Management Targets —Work Steadily Towards their Achievement by FY2025—

We have established management targets for FY2025 in the areas of safety and peace of mind, sustainability, and finance, taking into account the business environment, global trends, stakeholder expectations, their impact on our business, and their importance to management. These are the key management issues and challenges of the JAL Group.

FY2025 Targets				FY2022 Results	
Peace of Mind	Safety	Aircraft Accidents and Serious Incidents 0 (during the entire period of the Medium-Term Management Plan)		3 cases	
	Peace of Mind	NPS*1 +4.0pt (FSC international/domestic)		Domestic +3.0pt international -3.3pt	
Sustainability	Environment	CO ₂ Emission Reduction	total emissions: below 9.09 million tons	819 million tons	
		Reduction of Single-use Plastic	Cabin and Lounge: No use of virgin petroleum-based plastic Cargo and Airports: 100% switch to eco-friendly materials	45% abolished 91% change	
	Communities	Regional Revitalization	Domestic Passenger*2 and Cargo transport volume +10% vs FY2019	Passengers -15% Cargo -17%	
	People	Promotion of D&I	Group Female Manager Ratio 30%	22.8% (as of March 31, 2023)	
Finance	EBIT Margin	Achieve 10% or Higher		4.7%	
	ROIC (Return on Invested Capital)	9%		3.3%	
	EPS (Earnings Per Share)	c. ¥290 level		¥79	

*1 Net Promoter Score: Objective indicator of customer satisfaction (compared to beginning FY2021)
*2 Increase in passenger count between metropolitan and rural areas by stimulating tourism demand and creating new flows etc. AIM to improve Total Shareholder Return (TSR)

Safety and Security	FY2025 Targets	Achieve a clean record free of aircraft accidents and serious incidents during the period covering the medium term plan, and create a comfortable world-class customer experience that provides peace of mind in all settings.
	FY2022 Results	Safety: We fell short of our target due to three aircraft accidents that caused injury to persons on board from the shaking of the aircraft. In response, we stepped up measures to prevent injury caused by the shaking of the aircraft to protect the safety of our assengers and crew members. Peace of Mind: Human services at airports and in the cabin were highly rated, but there were challenges in dealing with service changes due to COVID-19 and congestion due to rapid demand recovery, and we will make improvements this fiscal year.
See p.48 for our efforts to achieve safety and security goals.		
Sustainability	FY2025 Targets	We have set targets in four social topics that the JAL Group address as important issues.
	FY2022 Results	Environment : The reduction of CO ₂ emissions and single-use plastics emissions is expected to be the target for FY2025. Community : Due to the prolonged impact of the COVID-19 pandemic, the volume of transportation decreased compared to FY2019. People : Ratio of female managers rose 0.9 points to 22.8% from FY2021. We are working to achieve our 2025 target of 30%.
See pp.81-110 for information on sustainability initiatives.		
Finance	FY2025 Targets	We will achieve the level before the COVID-19 pandemic in each indicator. The indicators in FY2023 maintain and improve them thereafter. In particular, we aim to achieve Earnings Per Share (EPS) to counteract the stock dilution caused by the public offering in November 2020.
	FY2022 Results	EBIT for the full year was 64.5 billion yen, which achieved profitability. In terms of EBIT margin, ROIC and EPS, we aim to achieve these targets in FY2025 while simultaneously strengthening risk tolerance and achieving sustainable growth.
See pp.77-80 for our efforts to achieve our financial goals.		

Safety and Security —Accelerate Efforts to Realize JAL Vision 2030—

The JAL Group aims to realize a safe and secure society by deepening the layers of safety as a leading safety company. We aim to realize JAL Vision 2030 by focusing on the sustainable development of our human resources, the final stronghold to protect safety and the driving force for value creation. We also addresses various environmental changes issues surrounding aviation and upgrades fight safety using digital technology.

Environmental Changes Surrounding Safety and Security

Internal Environmental Changes

Top ESG Strategies

- Promotion of ESG-based management strategies
- Progress in business model reform (expansion of business areas)

External Environmental Changes

Global Risk and Technology

- Diversification and manifestation of global risks
- Development and penetration of digital technologies

Development of Safety Personnel

Response to Environmental Changes

Use of Digital Technology and Information

Recognition and Award from Outside Parties

JAL is the only Japanese airline to be certified as APEX *1 "WORLD CLASS" for two consecutive years following 2021. APEX "WORLD CLASS" is an award established in 2021 to evaluate airlines in the post-COVID-19 era, and only airlines that provide high-quality services in line with these new values have been selected due to growing interest in sustainability, safety and security, and well-being. For the sixth consecutive year, SKYTRAX *2 has recognized us as a "5 Star" airline that provides the highest quality in the world, and we are recognized for our staff's consistent knowledge of products, services and safety from the airport to the cabin.

*1 The Airline Passenger Experience Association (APEX) is based in North America and is one of the world's largest airline industry associations.
*2 SKYTRAX is an international air transport rating organization based in the U.K.

Creating a Safe Environment

During the COVID-19 pandemic, to ensure cleanliness, the JAL Group cooperated with Kao Group and carried out hygiene management based on expert knowledge, including supervising the cleaning manual of cabin attendants and airport staff. In August 2022, we completed the introduction of an advanced security inspection system with X-ray inspection equipment, a passable lane (smart lane), and JAL SMART SECURITY equipped with a UV disinfection system for domestic flights at Haneda Airport to enable smooth and hygienic security systems. As COVID-19 was downgraded to common infectious disease on May 8, 2023, daily life is gradually returning to normal. The JAL Group, however, will continue to ensure that all customers can enjoy safe and comfortable air travel through the utilization of the latest technology and the creation of a clean environment.

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Introduction

The JAL Group Value Creation Story

Growth Strategy

Sustainability

Data Section

2. ESG Strategy

—Creating Social and Economic Value and Improving Corporate Value by Creating Relationships and Connections Through Air Transportation—

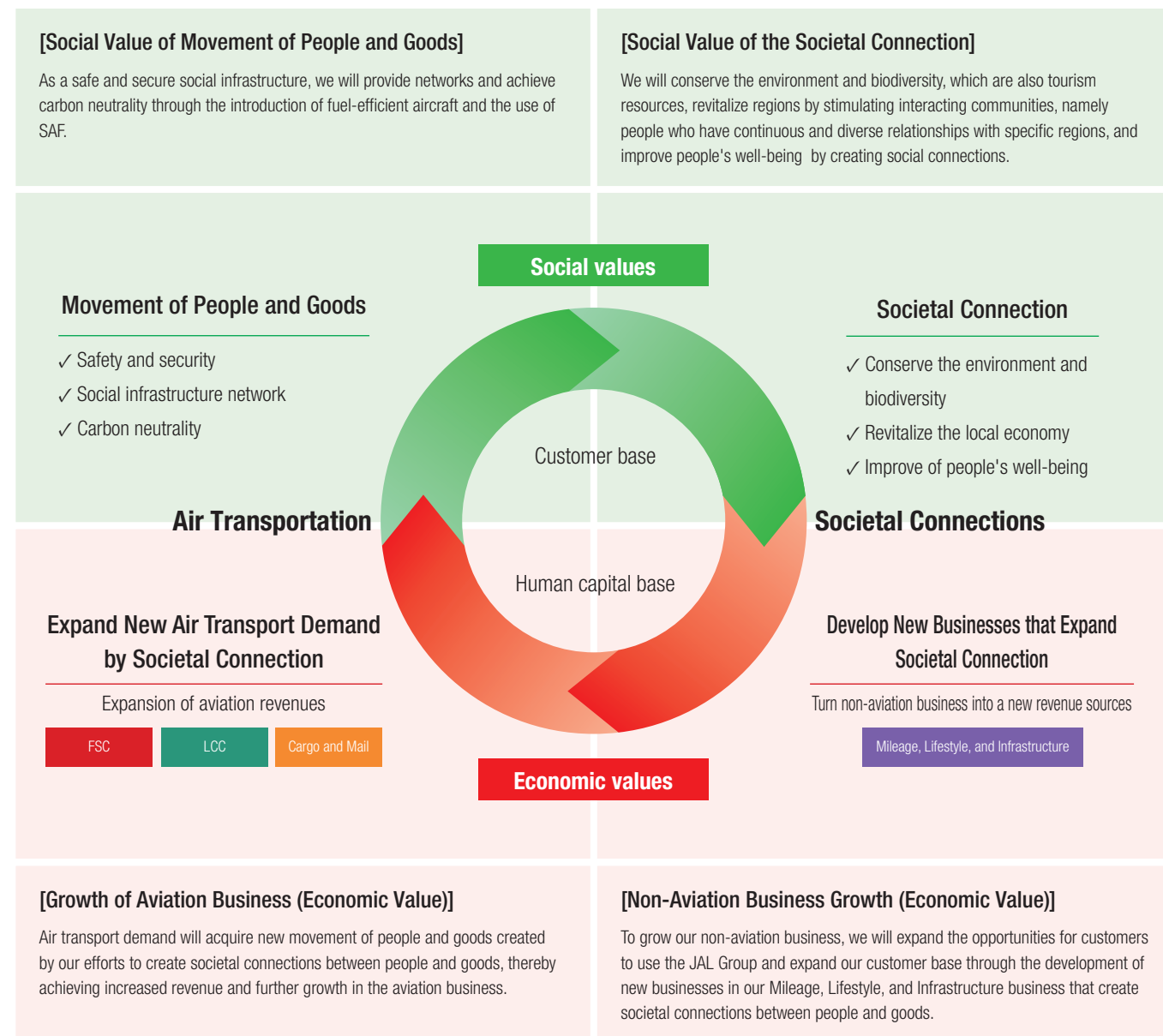
The JAL Group has positioned ESG strategy as its top strategy for growth toward 2030. We will address important social issues we face by creating relationships and connections through air transportation, while creating sustainable social and economic values and enhancing corporate value.

Value Creation and Sustainable Growth by Building Relationships and Connections through Air Transportation

The movement of people and goods, which the JAL Group has provided mainly for air transport, creates societal connections.

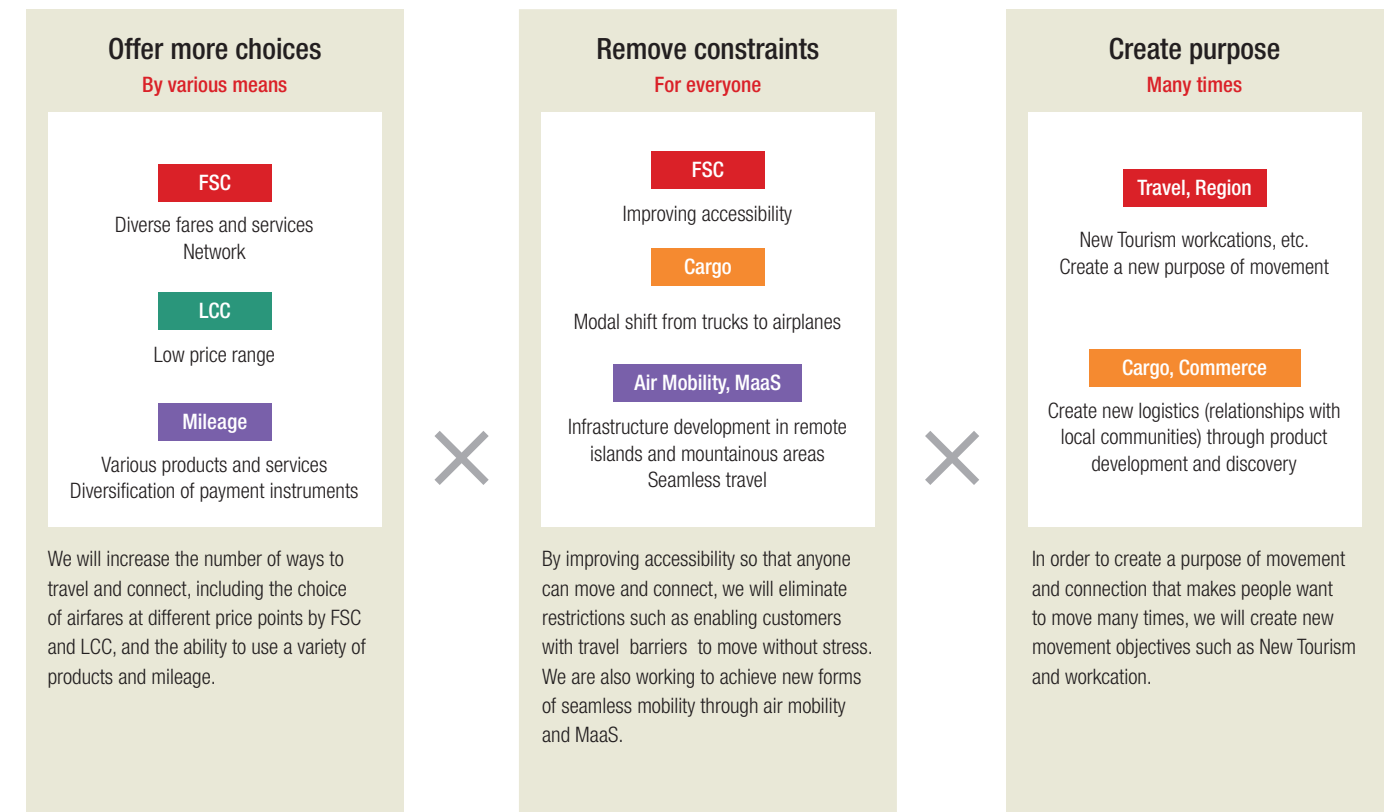
This transportation and connection will solve various social issues, such as revitalizing the regional economy, and creating social value, such as enhancing people's well-being.

To create economic value, we will develop businesses that expand societal connections. By expanding our business in this area, we aim to establish new sources of revenue and achieve growth as a corporate group by leveraging these societal connections to drive increased demand for air travel and expand the profitability of our aviation business.



Initiatives to Create Connections and Relationships Through Air Transportation

In order to create connections and relationships through air transportation, we will work together across business domains to realize our value creation story for ESG by promoting initiatives to offer more choice, remove constraints, and create purpose.



Efforts to Improve Accessibility

■ Creating a More Comfortable Environment

In order to provide stress-free access for all our customers, for customers who require sign language and subtitles, we have introduced a safety video with sign language interpretation and subtitles.

At the airport, we are working to create an environment that is comfortable and easy to use by setting priority seats at Diamond Premier domestic flights and Sakura lounges.

We will also strive and continue to provide intangible services and hospitality.

■ Providing Information to Relieve Concerns

We have created Sky Challenge Video, a video that summarizes the sequence of events from check-in to baggage pick-up. It is posted on our website for customers who require special assistance. This video was made to help eliminate any pre-flight concerns our customers may have.

We are continuing to implement the Airport Experience Program, which allows customers to experience the sequence of events from booking to boarding to relieve anxiety.



Narration: Press this blue button when flushing.

■ Providing Accessible Tour Products

With the aim of providing safe and comfortable air travel for our customers with developmental disabilities, we have integrated valuable information into our programs to identify and eliminate the barriers faced during travel.

Together with the Chuo University Research and Development Organization and the Transportation Ecology and Mobility Foundation, we developed a program for people with disabilities to participate in tours through pre-experience sessions at airports and on planes, and practice wearing seatbelts at home. In October 2022, we held an Autumn Accessible Tour in Yamaagata.

In this joint project, experts including advisors and researchers whose children have developmental disabilities took part from the planning stage.

As a first step to expand this program to other regions, in FY2023, we are planning a tour to depart and arrive from Osaka (Itami) Airport as a first step in regional development and reflect the awareness we gained last year.



3. Business Strategy —Business Strategies to Promote ESG Strategies—

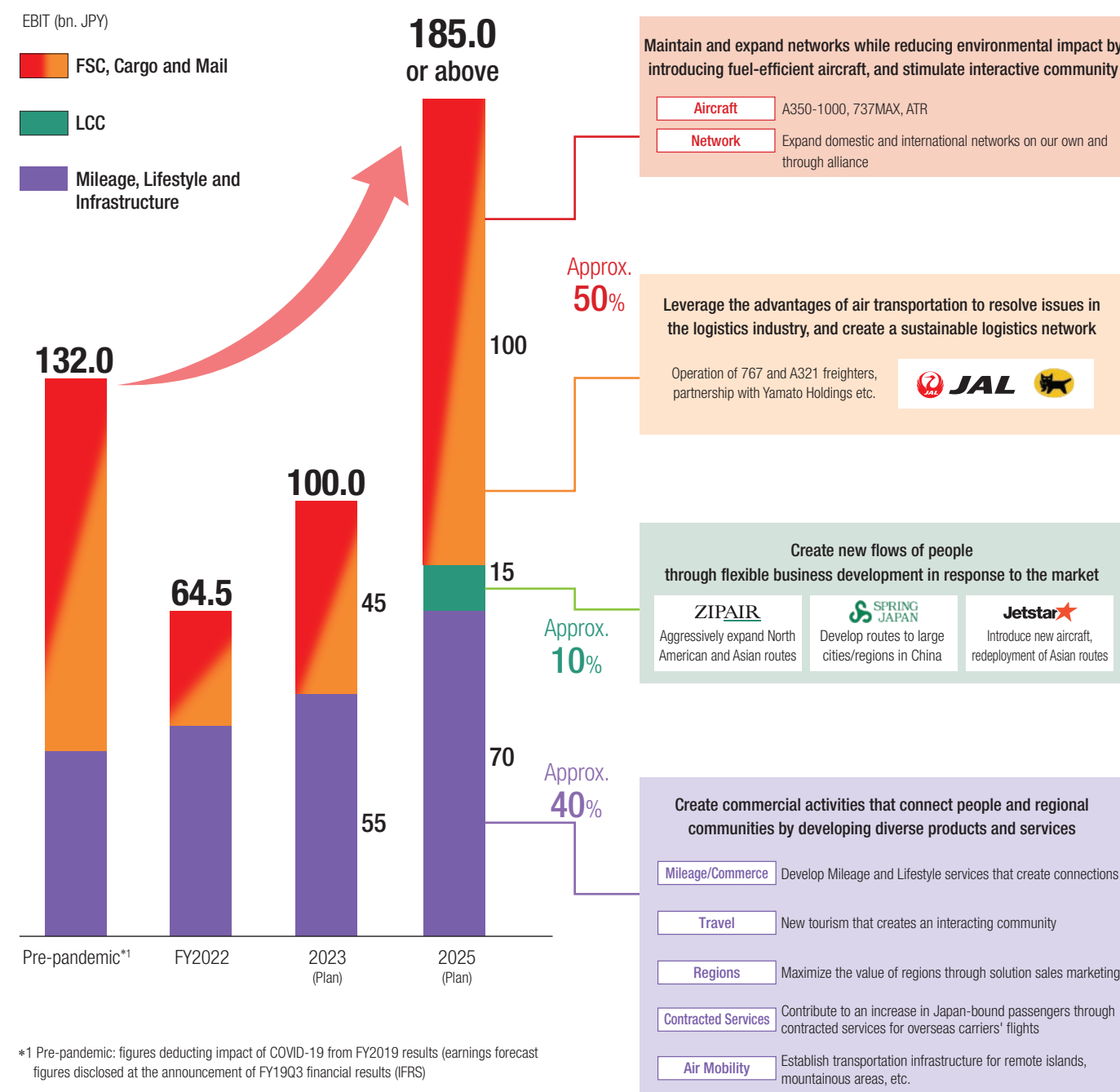
To promote ESG strategies, we will promote business model reform, DX strategies, human resources strategies (human capital management), and GX strategies.

(1) Business Model Reform

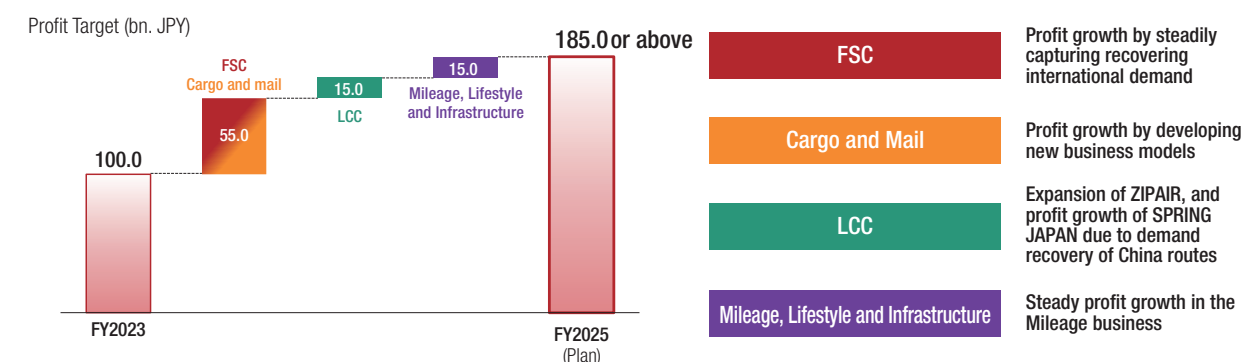
We will restructure our business portfolio by promoting our ESG strategies and address social issues in our four business areas. While changing our revenue structure, we will realize our medium- to long-term profit growth.

In FY2025, we plan to record about half of our profits in the LCC and Mileage, Lifestyle and Infrastructure business areas.

Profit Trends by Business Domain



Changes in EBIT from FY2023 to FY2025



Air Passengers

Achieving Sustainable Growth by Connecting People with the World and Regions

FSC and LCC will maintain and expand networks connecting cities, regions, Japan, and the world, while strengthening cooperation with partnership airlines, to create value for mobility and connection. By updating to fuel-efficient aircraft strategic fleet allocation will strive for sustainable growth that combines network expansion with environmental measures.

Meeting the Needs of a Wide Range of Customers Through the FSC and LCC Lineups

Full Service Carrier (FSC) maintains and expands high-quality products, and services and a highly convenient network. Each airline operates flights according to the scale of demand and route characteristics.

We will deepen our cooperation with partnership airlines, build essential networks for business, tourism and daily life. This will contribute to stable human flow and logistics by connecting cities, regions, Japan, and the world.

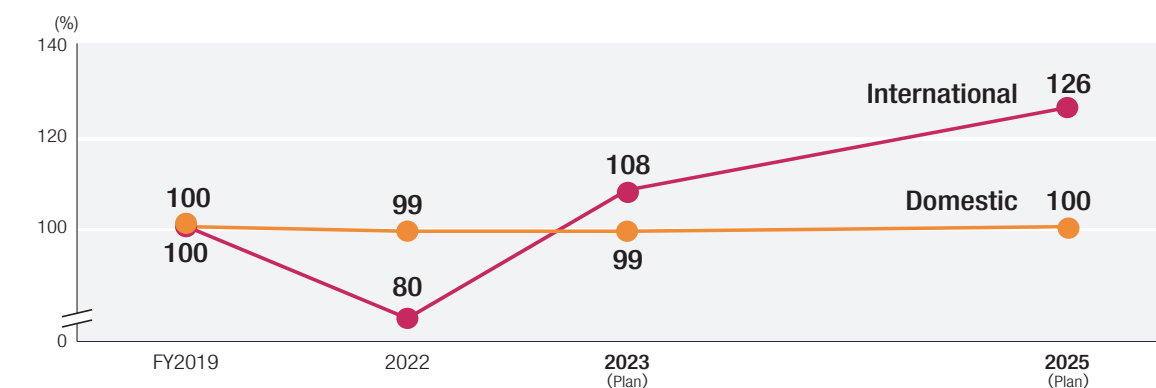
The three LCCs, namely ZIPAIR Tokyo, SPRING JAPAN, and Jetstar Japan, aim to expand their associated demand by offering reasonable prices for tourists and demand for VFR *, which is expected to grow. LCCs will make air travel easier and more accessible.

Based on the diversified needs for prices and services, the JAL Group will provide a wide range of prices and services, covering the entire international and domestic markets.

*1. Visit Friends and Relatives

Business Scale (ASK*2)

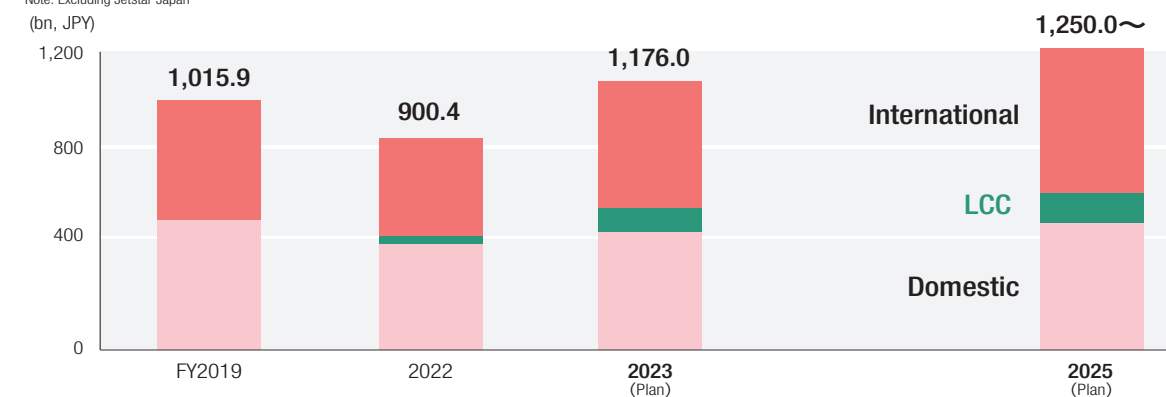
Note: Including ZIPAIR, SPRING JAPAN. Excluding Jetstar Japan.



*2 Available Set-Kilometer (ASK): Unit for capacity to carry passengers. Total number of seats x distance (km)

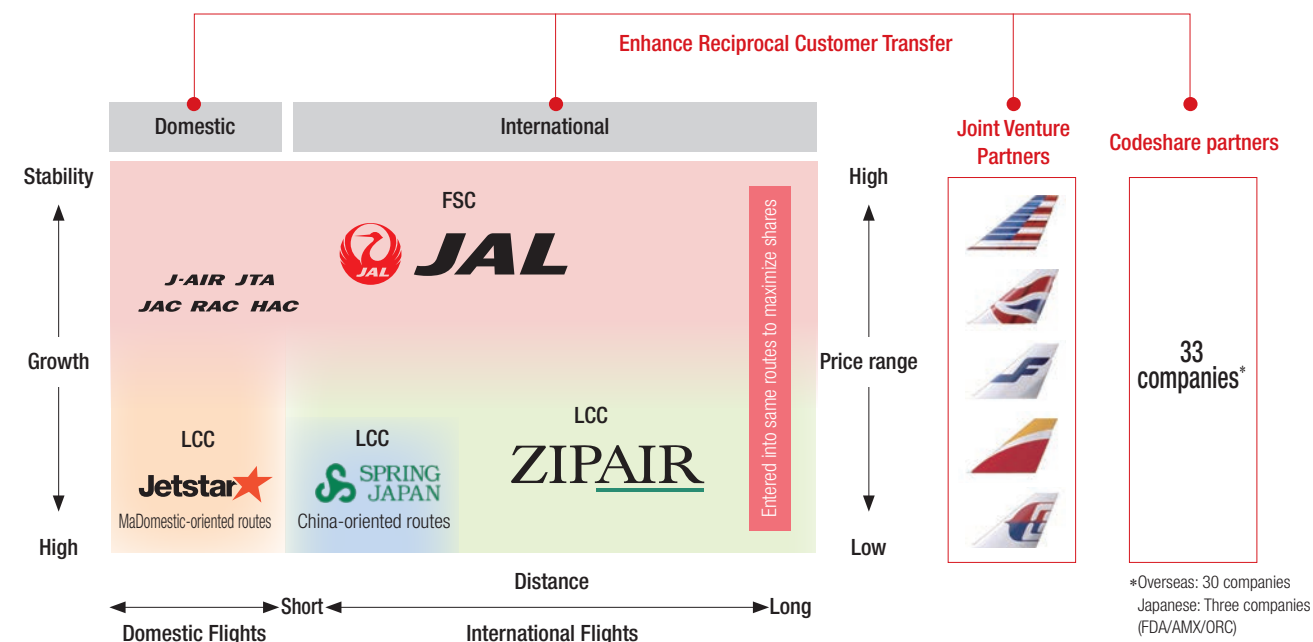
Revenues

Note: Excluding Jetstar Japan



① Portfolio/Aircraft

(i) Portfolio



■ FSC

► International

By expanding routes to and from Haneda, which were planned to be expanded in FY2020, and improving the convenience of connecting to domestic flights, we will contribute to the expansion of human flow and logistics in Japan and overseas. We will also work with our joint business code share partners to increase the share of transit demand between North America and Asia, where demand is recovering quickly, on routes to and from Narita.

► Domestic

Maintain the same level of supply as before the COVID-19 pandemic by maximizing the resources of Group airlines. We will create new demand for travel through co-creation with local communities and promote inbound regional travel. We will also implement code sharing using the framework of Essential Air Service Alliance (EAS LLP), which is composed of three regional airlines in Kyushu with outlying island routes (JAC, Amakusa Airlines Co., Ltd. (AMX), ORIENTAL AIR BRIDGE CO., LTD. (ORC)), JAL, and All Nippon Airways Co., Ltd. (ANA). JAL and ANA will work hand in hand to contribute to regional revitalization by creating human flows to cities and outlying islands.

■ LCC

Through collaboration with JAL, we aim to improve the visibility of each company and the convenience of customers by strengthening our sales power and improving our brand strength. We will also ensure that the three LCCs capture the tourists and VFR markets, which are expected to grow further in the future, and expand our business scale.

(ii) Aircraft Build a Network with 229 Group Aircraft

Aircraft will be placed in growth areas and fuel-efficient aircraft will be introduced to maintain and expand our business scale and create mobility and connections while reducing our environmental impact.

■ Number of Aircraft for the Entire JAL Group*

By the end of FY2025, the JAL Group plans to build up its fleet size to 234 aircraft, the same as the pre-COVID-19 era. We will strategically utilize FSC and LCC using different aircraft to respond to changes in the business environment and fluctuations in demand trends.



Source: Airbus Japan

*The number of aircraft in operation, taking into account decommissioning.

■ Reduction of CO₂ Emissions by Upgrading to New Models

CO₂ emissions will be reduced by replacing the existing Boeing 777 and Boeing 767 with the new Airbus A350 and Boeing 787.

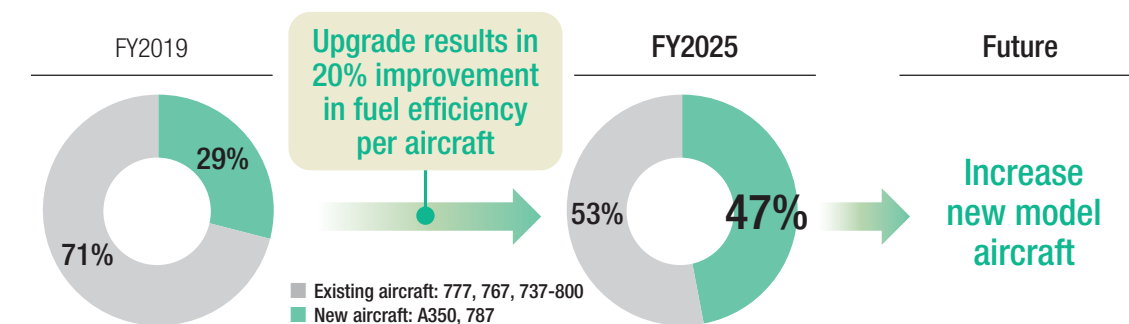
These new aircraft will improve fuel consumption per aircraft by about 20 percent.

In FY2025, 47 percent of the total fleet will be replaced with new models. Specifically, from the second half of FY2023, we will introduce Airbus A350-1000 on international long-haul routes to reduce environmental impact and improve cabin comfort.

Furthermore, from FY2026, Boeing 737-8, a new small aircraft, will gradually renew the conventional Boeing 737-800. Looking ahead to our Medium-Term Management Plan, we will promptly introduce and renew aircraft over the medium to long term.



■ Rate of New Passenger Aircraft (with over 100 seats)



ATR aircraft operated by JAC and HAC are turboprop aircraft with low CO₂ emissions.

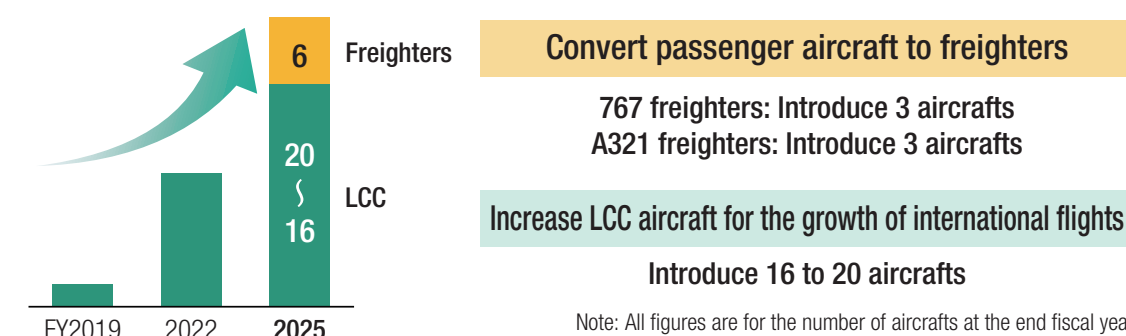
HAC decided to introduce its fourth ATR aircraft in January 2023 and is preparing for the start of operations in the fall.

Maintaining and expanding routes in Hokkaido will improve convenience for citizens and residents as they are important routes for business, medical care, hospital visits, and other social activities.

■ Deployment of Aircraft to Growth Areas (International LCC and Cargo Aircraft Business)

We will actively deploy aircraft in our growth areas of international LCCs and cargo flights.

In FY2025, six cargo aircraft will be upgraded from being passenger aircraft. To stimulate growth in international flights with ZIPAIR and SPRING JAPAN, 16 to 20 aircraft will be introduced in FY2025, up from two in FY2020.



Topic

Noise Reduction

We are steadily upgrading to the most advanced aircraft that complies with noise standards* (ICAO Chapter 4, Chapter 14).

The flagship carrier will be upgraded to the state-of-the-art Airbus A350, which is efficient in fuel consumption and low in noise.

We are also actively working on reducing noise sources with noise abatement operational procedures, which are the responsibilities of the International Civil Aviation Organization (ICAO) Balanced Approach to Aircraft Noise Management.

* Standards established by ICAO. Chapter 4 applies from 2001 and Chapter 14 applies from 2017

■ Percentage of Aircraft Complying with ICAO Noise Standards



1. Overall Strategy	2. ESG Strategy	3. Business Strategy	4. Financial Strategy
(1) Business Model Reform	(2) DX Strategy	(3) Human Resources Strategy	(4) GX strategy

② FSC

Continuously Create Value by Capturing Recovery and Growing Demand for Mobility and Connections

We will increase profitability by expanding our international network in response to the recovery and expansion demand from the COVID-19 pandemic, maintaining and expanding domestic route networks as social infrastructure, and improving our preferences through service innovation. To achieve sustainable growth, we will also promote the development of products and services that reduce environmental impact, and ESG initiatives utilizing alliances and joint businesses.

Progress Towards Achieving FY2025 Targets

FY2022	FY2023	FY2025 Targets
Improve profitability by maximizing JAL Group companies' resources	Accelerate efforts to reduce environmental impact and restore/expand demand	<div><div>Profit target (EBIT)</div><div>(bn, JPY)</div><div>Total FSC business and Cargo and Mail business</div><div><div>150</div><div>100.0</div><div>24.9</div><div>0</div></div><div>FY20222025</div></div> <div>Maintain and expand networks while reducing environmental impact to create a relevant population</div>
<div>Swiftly adjusting the flight schedule in response to demand recovery</div> <div>Expanding domestic services, including the introduction of First Class on the Haneda – Hiroshima route and the Haneda – Kagoshima route, and the introduction of JAL SMART AIRPORT in major domestic cities</div>	<div>Airbus A350, a fuel-efficient aircraft, to improve preference</div> <div>Promote the development and provision of products and services that reduce environmental impact</div> <div>Promote further ESG strategies using alliances and joint business</div> <div>Expand networks in response to demand recovery</div>	

Medium-term Approach Expand Networks in Response to Demand Recovery

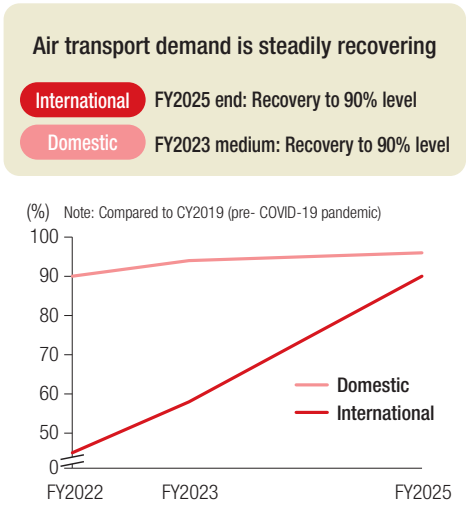
International Flights

For international flights, the total passenger demand is expected to recover 90 percent of the 2019 level (pre- COVID-19 pandemic) by the end of FY2025. As COVID-19 is now classified as Class 5 infectious disease in Japan, we will plan routes and number of flights in response to the recovering travel demand. With the expansion of the Haneda Airport Departure network, which had been suspended during the COVID-19 pandemic, and the introduction of the new flagship Airbus A350-1000, we will develop new services to strengthen the uptake of Japanese business and tourism demand. In addition, we will strive to capture inbound demand and transit demand between North America and inbound demand by code sharing with other Asian airlines as well as route network expansion to and from Narita. By strengthening cooperation with joint business partners and expanding new code shares, we aim to increase customer options and build a highly convenient network. In addition, in 2024, we will open the new Haneda – Doha route in our summer flight schedule, the first direct flight to the Middle East by a Japanese airline. Through the international network of Qatar Airways, which is a member of oneworld Alliance with JAL, it will be possible to connect from Doha to the Middle East, Africa, and South America.

Domestic Flights

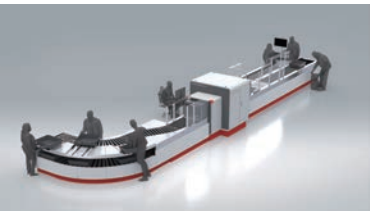
Domestic flights maintain and develop networks as an important infrastructure that supports society. In particular, regional airlines, namely J-AIR, JAC, HAC, JTA, and RAC, have a social mission of supporting daily life routes. We will make the most of their resources to maintain the same supply of total seats as before the COVID-19 pandemic, optimize their networks, create travel demand, and create and disseminate regional attractiveness. The Sapporo (Okadama) -Nemuro Nakashibetsu Line will open from the 2023 winter schedule. By strengthening ties between Sapporo City, which supports medical and disaster prevention, and the Nemuro area, including Nakashibetsu Town, we will contribute to the promotion of local industries and the development of local communities while enhancing the convenience of local medical services. In addition, together with neighboring Memanbetsu Airport, Kushiro Airport and Obihiro Airport, we will enhance wide-area tourism in Higashi Hokkaido and revitalize the Doto area. In addition, we will expand New Tourism by co-creating with local communities based on creating new demand opportunities. Creating new flows of people by countryside stay, anime tourism, travel subscriptions, eco tourism. They will contribute to solve social issues at the same time as increasing the number of passengers on domestic flights and revitalizing the local economy. We will also promote workcation and adventure tourism. In addition, for inbound travel, we will set priority destinations for each country of departure and promote inbound travel.

Estimated total passenger demand (total market demand)



Medium-term Approach Improve Customer Preference by Introducing New Flagships and Renewal of Services

Following Haneda Airport, JAL SMART SECURITY will be introduced at Naha Airport Domestic Flight A security checkpoint in March 2024 (scheduled). By introducing advanced X-ray CT inspection equipment, we will realize safer and more secure inspection without removing liquid materials, personal computers, and plastic bottles. In addition, our customers will be able to prepare and pass the inspection smart lane quickly as three people can go through the lanes. The JAL Group will continue to provide safer, more secure and stress-free airport services for our customers. Starting with our 2023 Winter Schedule, the Airbus A350-1000 will be introduced on the New York route and the aircraft flight will be expanded gradually. As for domestic flights, we have already introduced sixteen A350-900 aircraft, and will steadily upgrade the aircraft with less noise and using less fuel consumption to reduce environmental impact. We also decided to introduce the Boeing 737-8 in March 2023, with the aim of starting operation in 2026. By deploying aircraft with as little environmental impact as possible, we will promote compliance with future environmental regulations and create a foundation for sustainable air transportation. We will also enhance customer preference and comfort, thereby strengthening the business demand, which is the basis of our revenues.



Smart lanes

Medium-term Approach Promoting the Development and Provision of Products and Services that Reduce Environmental Impact

We will eliminate the use of new petroleum-based plastics completely in in-flight services and lounges by FY2025. In order to reduce food waste, the lounge will gradually have staff serve certain buffet menus and introduce online orders. For in-flight meals, JAL Royal Catering will recycle the composts of food residues from the in-flight meal manufacturing process in Haneda and Narita. In December 2022, we expanded the JAL Meal Skip Option for international in-flight meals to all routes to reduce food waste. We are also expanding the use of carbon offset services for individuals and businesses. In November 2022, we conducted a sustainable Charter Flight to realize carbon neutrality. We aim to realize a sustainable society not only with our own efforts but also by cooperating with our customers, companies, and local communities. In addition, the interest in environmental measures is growing year by year. We view this as an important purchasing decision factor and will promote initiatives to encourage customers to choose the JAL Group.



For more information about security, visit our company website.

WEB <https://www.jal.com/ja/sustainability/kakure/>
*Japanese only

For details, please refer to Sustainable Charter Flight on pp.81-82.

Medium-term Approach Further Promotion of ESG Strategies Using Alliances and Joint Businesses

We will strengthen our network with partner carriers, joint businesses and partnerships, with the aim of enhancing customer convenience and attracting a strong number of international visitors to the region. As for ESG, we will deepen our understanding of our mutual ESG strategies and consider opportunities for collaboration. Using the oneworld framework, we will conduct joint procurement of SAF in the United States and expand its presence in scheduled flights. We will also consider promoting SAF production in regions with low manufacturing capacity and making strategic investments with SAF manufacturers.



JAL and oneworld alliance members Alaska Airlines, American Airlines, British Airways, Finnair, and Qatari Airlines have jointly announced their intention to purchase SAF Ziebo. from Gevo Inc., a renewable fuel manufacturer in Colorado, United States. Over the next five years, starting in 2027, the Alliance plans to procure a total of approximately 750,000 kiloliters of SAF, which JAL will ship to Los Angeles on the west coast of the United States, to scheduled flights at Los Angeles, San Francisco, and San Diego International Airports.

Voice



MIYABE Yuka
Route Strategy
Assistant manager

Contribute to Regional Revitalization Through Code Sharing (Joint Operations) beyond the Group

As part of a new initiative by EAS LLP, we began codesharing (joint operations) on October 30, 2022. Although there were variety of systems and airport operations due to the different lineages, we were able to overcome many barriers through cooperation and consultation. In addition, ANA was able to sell seats on AMX and JAC flights and JAL was able to sell seats on ORC flights. This has enabled us to expand our network to areas where we do not operate, and has enabled more customers to travel to outlying islands. In addition, we believe that the increase in the number of passengers using outlying island routes will lead to the revitalization of the service area and enable the stable operation of life routes. JAC and other community-based airlines play a role as a transportation infrastructure closely related to people's lives, and we feel that maintaining these routes has great social significance. We will continue to work with airlines that play such a role to ensure sustainable route management.

1. Overall Strategy	2. ESG Strategy	3. Business Strategy	4. Financial Strategy
(1) Business Model Reform	(2) DX Strategy	(3) Human Resources Strategy	(4) GX strategy

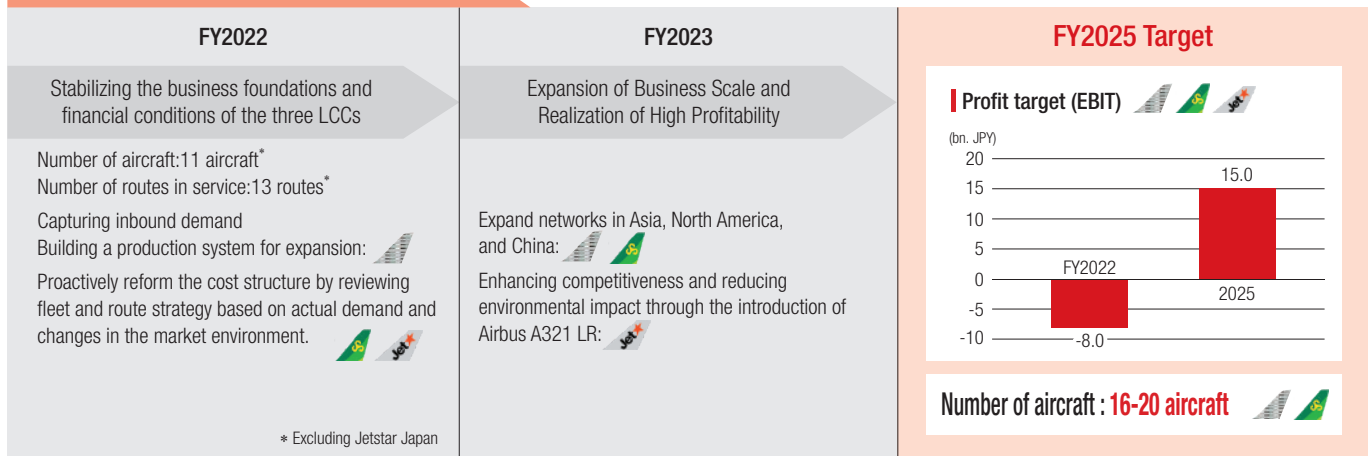
③ LCC

Based on the Growth in Demand, Generate a New Flow of LCC Passenger Traffic

In the growing market, the three LCCs will create value for human mobility and connections with others by offering reasonably priced tickets on their respective network. We will also contribute to the expansion of inbound traffic and the creation of international transit demand with Narita Airport as our hub, thereby achieving high profitability and expanding the scale of our business.

Progress Towards Achieving FY2025 Targets

ZIPAIR: SPRING JAPAN: Jetstar Japan:



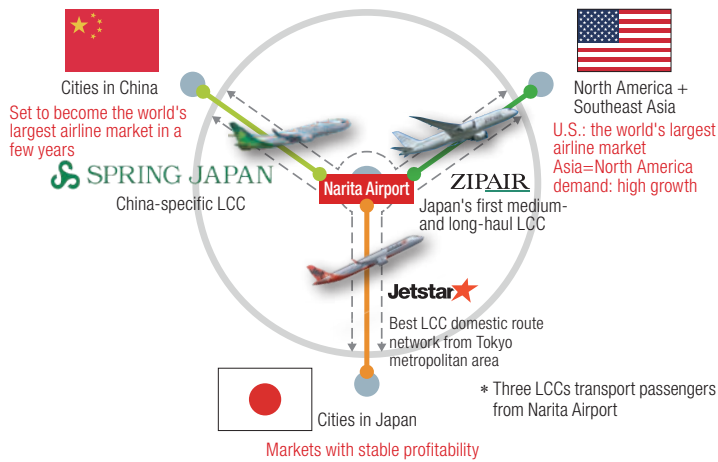
Medium-term Approach Route Network Expansion in Asia, North America, and China

: As the JAL Group's medium- and long-haul LCC, we will expand our network from Japan to North America and Southeast Asia. This will contribute to the expansion of the JAL Group's business areas through the acquisition of new customer segments. Our goal is to create a "NEW BASIC AIRLINE" that provides a high quality of service at the best value for the money paid.

: In line with the recovery of the market in the Japan-China route, to gradually expand the network to China's metropolitan and regional routes, we will leverage Spring Group's sales and brand capabilities to contribute to the expanding and growing inbound traffic from China.

: We will certainly capture the recovering domestic tourism demand and drive the growth of the domestic LCC market, especially in the Tokyo metropolitan area. We will also resume international flights in order to capture the strong inbound demand from Asia. We will strive to improve our competitive advantage by introducing the most environmentally friendly aircraft.

In addition, using Narita Airport, where the three LCC companies are based as a hub, we will utilize the strong network that each has to promote the flow of people between the world and Japan. This will contribute to the expansion of inbound traffic and the creation of international transit demand.



Voice



XU Zhihan
Sales and Marketing Department
SPRING JAPAN Co., Ltd.

Towards the Return and Increase of Flights on the Chinese Routes

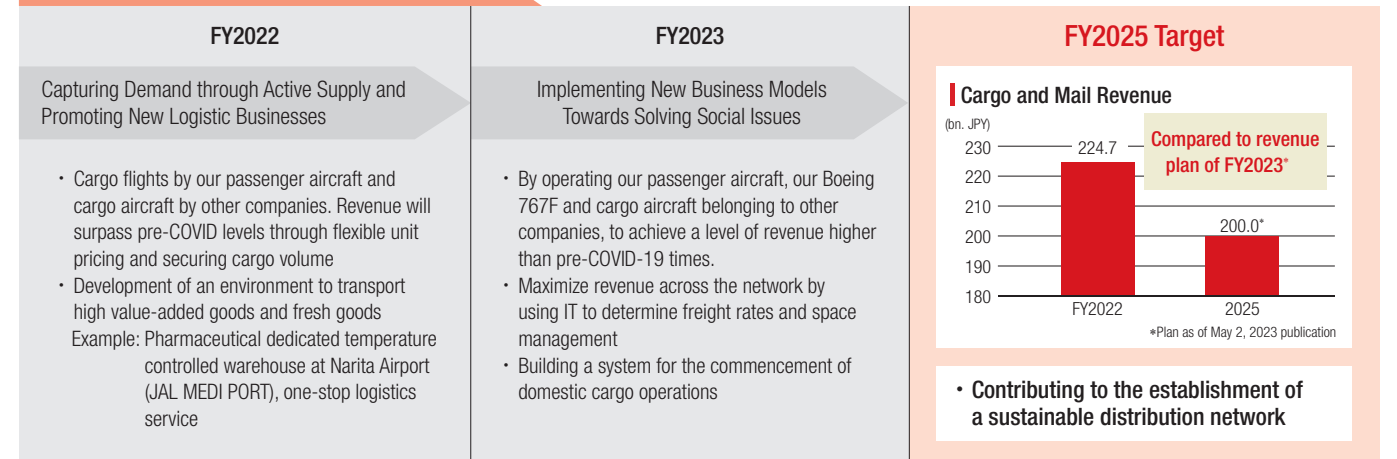
SPRING JAPAN is making concerted efforts to restore and increase the number of flights to China. As an LCC, we are not only striving to maintain and improve our price competitiveness, but we are also preparing for the sales and marketing activities in which I am in charge, such as our efforts to increase the sales share of our official website, package sales including connections with JAL Group LCC companies, and various marketing initiatives in cooperation with JAL's China branches. Going forward, we will actively expand our Chinese route networks and use our pricing and marketing strategies to attract more customers, thereby contributing to regional revitalization through inbound travel to Japan and improving the JAL Group's profits.

Cargo and Mail

Connecting Goods, People and Communities with High Quality Transport and New Business Models

Air freight is expected to play an ever-increasing role in high-speed transportation to connect goods with people and communities. We will strengthen our handling of high-value-added products such as pharmaceuticals and Japanese regional products that require high quality transport, which is a strength of the JAL Group. In addition, we will establish a sustainable logistics network based on a new business model to solve social issues in logistics.

Progress Towards Achieving FY2025 Targets



Medium-term approach JAL to Launch Cargo Flights for Further Growth in the Cargo and Mail Business

Boeing 767-300ER BCF Aircraft*

- By building strong partnerships with logistics partners, our company will begin operating our own cargo flights on both international and domestic routes, focusing on a network strategy based on stable and high-growth demand, such as e-commerce and home delivery. This new business model reduces business risks from fluctuations in demand and market conditions.
- We will attempt to secure profitability by offering flexible charter and temporary flights to meet customer needs.

Airbus A321ceo P2F Aircraft*

- In response to the 2024 logistic problem in Japan., we will begin to operate cargo-only flights in cooperation with Yamato Holdings, Inc.
- Utilizing the assets and know-how of both companies, we will attempt to solve social issues centering on logistics, such as securing stable transportation capacity, maintaining and improving service quality, and revitalizing local communities.

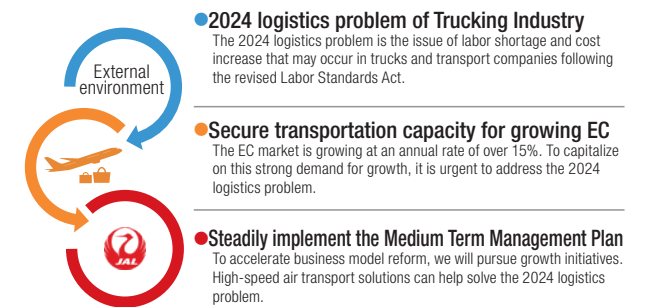
* Aircraft refurbished from passenger to cargo planes



Boeing 767 300ER BCF (Image)



Airbus A321 ceo P2F (image)



Build a sustainable logistics network through freighter operations

Voice



YOSHIZAWA Yuto
Senior Staff
Cargo Route Marketing Route Office

Solving Social Issues Through Our Own Freight Operations

In order to further expand out Cargo and Mail business, we will begin operating our own cargo flights based on our strategy of steadily capturing demand through strong cooperation with logistics companies. Under our mission of never stopping logistics, we proposed during the COVID-19 pandemic, we were able to secure supply in line with customer needs by operating cargo flights with our own passenger aircraft and chartering cargo planes. This experience has made us aware that our responsibilities are to ensure a stable transport capacity and to maintain supply chains. In preparation for the launch of our own cargo aircraft, we are currently studying our flight schedule to meet customer needs and coordinating with airports and other relevant parties to establish a handling system. The new cargo operations will contribute to solving social issues in response to the expected growth in e-commerce and air transportation demand stemming from the 2024 logistics problem, and contribute to the sustainable development of society through the growth of our Cargo and Mail business.

Mileage, Lifestyle, and Infrastructure

① Mileage and Lifestyle

Growth Through Expansion of Mileage and Lifestyle Services that Create New Connections

We will provide a variety of services that will enrich your daily life and expand the scene of saving and the usage of mileage outside of air travel. We will expand our customer base with a new status program that reflects our daily use. We will also realize growth by expanding our commerce business by utilizing the know-how of JALUX, a core non-aviation company.

Progress Towards Achieving FY2025 Targets

FY2022	FY2023	FY2025 Targets
Promoting the JAL Mileage and Lifestyle Initiatives to expand the savings and making use of mileage to realize the well-being of customers and society and to lead business model reform		
<ul style="list-style-type: none"> Expansion of services in non-airline domains JAL Denki, JAL Mortgage, JAL Pay Strengthening EC Businesses Making JALUX a consolidated subsidiary Increase the attractiveness and value of mileage Partnership promotes cross-exchange with major common points Issuance of Green Life Mileage 	<ul style="list-style-type: none"> Enhancing awards and expanding the membership base (Introduction of new status program) Expanding the e-commerce business by utilizing our member base (launch JAL Mall) Continue to strengthen mileage partnerships in a variety of areas 	<p>Profit Target (bn.JPY) Note: Mileage, Finance and Commerce Total</p> <p>Business area expansion ⇒ Profit increase</p> <p>FY2019 25.0 FY2022 39.0 FY2023 40.0 FY2025 50.0</p>

Medium-term Approach

To Promote the JAL Mileage and Lifestyle Initiative, We Seek to Ease Of Saving and Use Of Mileage and to Expand the Customer Application

■ Expansion of Creating New Flow of People and Contributing to Regional Revitalization Mileage and Lifestyle Initiatives

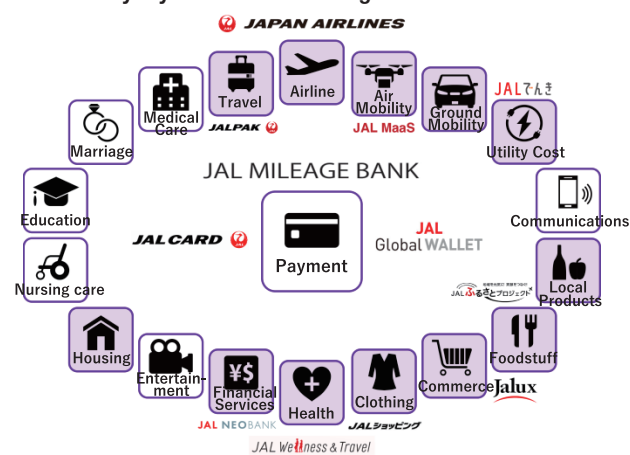
We will continue to promote the JAL Mileage, Lifestyle and Infrastructure, which provide a variety of services in daily life and life stages. It also expands the scene of savings and using mileage to expand our customer base and achieve profit growth.

Specifically, we will work with our group companies to enhance the functionality of JAL Pay and establish an online shopping mall (JAL Mall) in order to improve the ease and usability of mileage in our daily life.

■ Future Initiatives

In the future, we will pursue further business expansion and profit growth by combining the expansion of frequent flyer services into new fields such as nursing care and entertainment with investment in these new businesses. At the same time, we will launch a new status program that will reflect not only airline used but can also be use in non-airline domains, as well as a new smartphone application for JMB members.

JAL Mileage and Lifestyle Concept
~make everyday life and all life stages even better with miles~



Provide diverse services in everyday life and all life stages and expand ways to earn and use miles

Voice



YAMASHITA Nao
Senior Staff
Mileage

Customer Touchpoints, not Just in the Sky, but in Everyday Life

We are working hard with our co-workers daily to build attractive frequent flyer programs that can be thought of as a need to save and use more JAL mileage not only in an inflight menu but also in everyday life. The new status program, which is scheduled to be introduced in January 2024, will add status points that are accumulated in everyday life, such as paying with JAL cards, shopping at JAL Mall, and participating in environmentally friendly activities recommended by JAL, as well as boarding flights. Going forward, we are trying to find out how to encourage non-flying JAL customers to enjoy their JAL status, and how to continue using JAL services. We are also trying to improve our business to make the system easy to understand. In order to encourage customers to choose JAL throughout their daily lives, we will continue to promote the Mileage and Lifestyle concept from the customer's perspective.

② Air Mobility/MaaS

Facing the Challenges of Local Mobility Through Realizing a Future where People and Goods Travel without Restraint

In order to provide new value in mobility, we will utilize the JAL Group's know-how on aviation safety to promote the social implementation of drones and eVTOL. In addition, we will expand JAL MaaS, which provides seamless travel to destinations by connecting with diverse transportation services, in an effort to create a new regional flow of people.

Progress Towards Achieving FY2025 Targets

FY2022	FY2023	FY2025 Targets
Expand the Air Mobility Market by Establishing an Operational Platform		
<ul style="list-style-type: none"> Together with Amami Setouchi-cho, testing use of drones to support life on the island Development of operation control technologies and methods to support drone operations 2025: Selected the eVTOL operator of Expo 2025 Osaka, Kansai JAL MaaS launches new services to pursue and arrange airport-based travel 	<ul style="list-style-type: none"> Practical use of drone service in Amami Setouchi-cho Study business models to create new last-mile projects for local logistics Promote preparations to realize eVTOL operations Expand MaaS services in collaboration with local communities and existing businesses Realize seamless travel with the introduction of digital tickets 	<p>Contribute to the realization of a future/ society where people and goods come and go freely by connecting with new mobility.</p> <p>Air mobility</p> <ul style="list-style-type: none"> Provide safe drone operations and management systems to support regional logistics eVTOL to offer new traveling experiences <p>MaaS</p> <ul style="list-style-type: none"> Connect with diverse transportation services to travel seamlessly to your destination with just a smartphone

Medium-term Approach

Utilizing JAL Group Know-how to Establish an Operation Platform and Provide New Value in Mobility

■ Air mobility

- We will realize a world where our customers will be able to access one-stop service with a single smartphone by expanding our existing transportation services between airports and collaborating with all modes of transportation from origin to destination, utilizing our aviation expertise in DX and PR.
- Taking the opportunity of the Expo 2025 Osaka, Kansai, we will promote the commercialization of eVTOL and contribute to the realization of an exciting society and future in which people and goods can travel without restraint.

■ MaaS

- We will expand our existing transportation services between airports, utilize our aviation expertise in DX and promotions to realize a world where customers can use our one-stop services with a smartphone by linking with all modes of transportation from departure to destination.
- Focusing on the needs and challenges of travel, we will realize new travel and traveling experiences by providing seamless baggage-free transportation and last-mile services.



Voice



SASAHARA Saori
Business Development Group Grand Crew
Air Mobility Business Creation Department

New Mobility in Remote Islands

For me, Amami Oshima is an island of healing with its abundance of natural resources and the warm greetings by the islanders that cannot be found in urban areas. However, due to the declining birthrate and aging population, there are many daily issues such as shopping, medical care, and disaster response that need to be addressed. I am currently working on an initiative to solve regional problems using drones in the town of Setouchi, Amami. I can't forget the wonderful smiles on the children's faces when the drones delivered ice cream, which can't be bought at shops on the island. We hope to integrate drone services into the island lifestyle and expand a sparkling future for children into the skies.

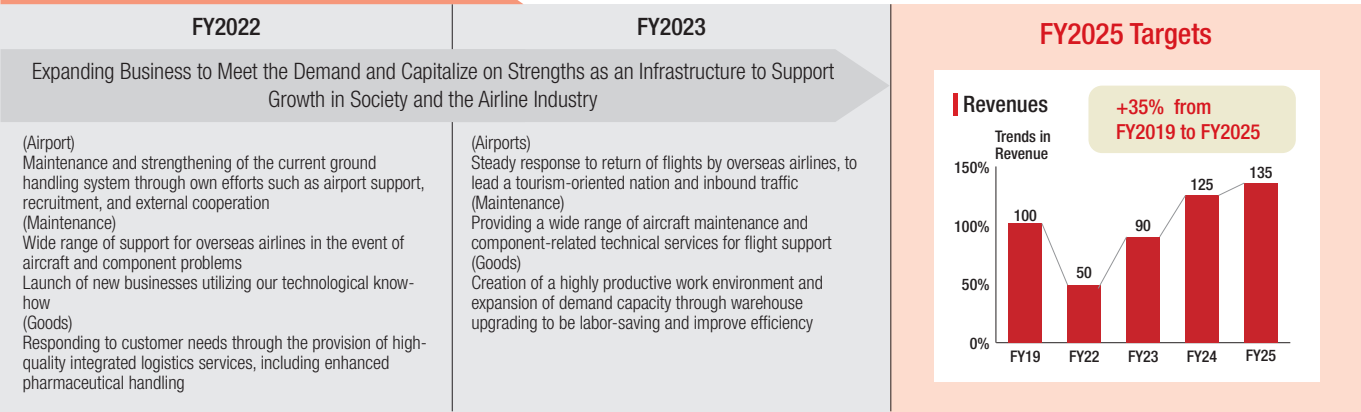
1. Overall Strategy	2. ESG Strategy	3. Business Strategy	4. Financial Strategy
(1) Business Model Reform	(2) DX Strategy	(3) Human Resources Strategy	(4) GX strategy

③ Contract Business

Support the Restart and Recovery of the Coming and Going of People and Goods as an Infrastructure Supporting the Entire Aviation Industry

We will support the restart of flights by overseas airlines and contribute to the revitalization of the flow of people and logistics. We provide high-quality services for airports, maintenance, and cargo with the skills and assets that the JAL Group has developed. We will also expand our market share by building a system that can respond flexibly to changes in demand through cooperation with partners.

Progress Towards Achieving FY2025 Targets

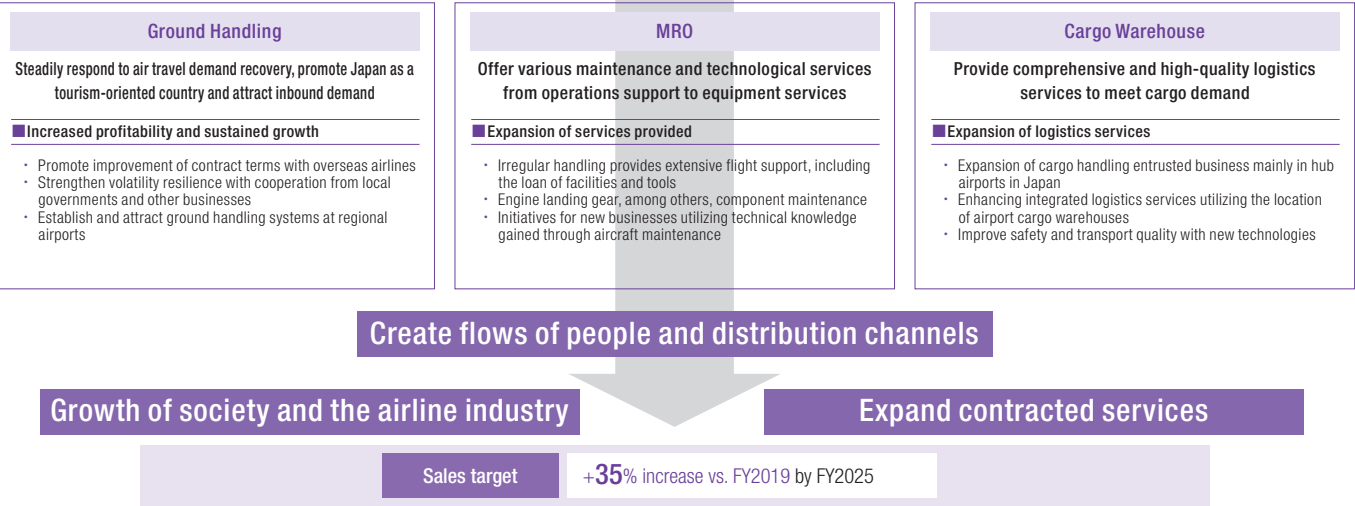


Medium-term Approach Building a System to Respond to the Restoring Demand and Providing High-Quality Services using JAL's Strengths

[Demand Environment] Recovery of inbound demand, needs for maintenance and technical services through return flights, and flexible response to cargo demand



- Provide peers and public agencies with various services leveraging our facilities/equipment and human skills cultivated in air transportation operations
- Build a solid supply structure in alliance with partners to flexibly respond to changes in demand trends and seek larger shares



Voice



Customer Touchpoints, not Just in the Sky, but in Everyday Life

When we were entrusted with ground handling operations by a newly serviced overseas airline at Haneda Airport, we developed a system that included planning and setting up education and formulating a manual for the operation at Haneda Airport. In addition, we took on the challenge of being entrusted with the task of overseeing the entire maintenance. As part of our new challenge, we were able to make the most of the JAL Group's knowledge and experience in contracting at other airports and successfully started this business smoothly. We will continue to provide services that meet the demands and contribute to the development of society and the airline industry.

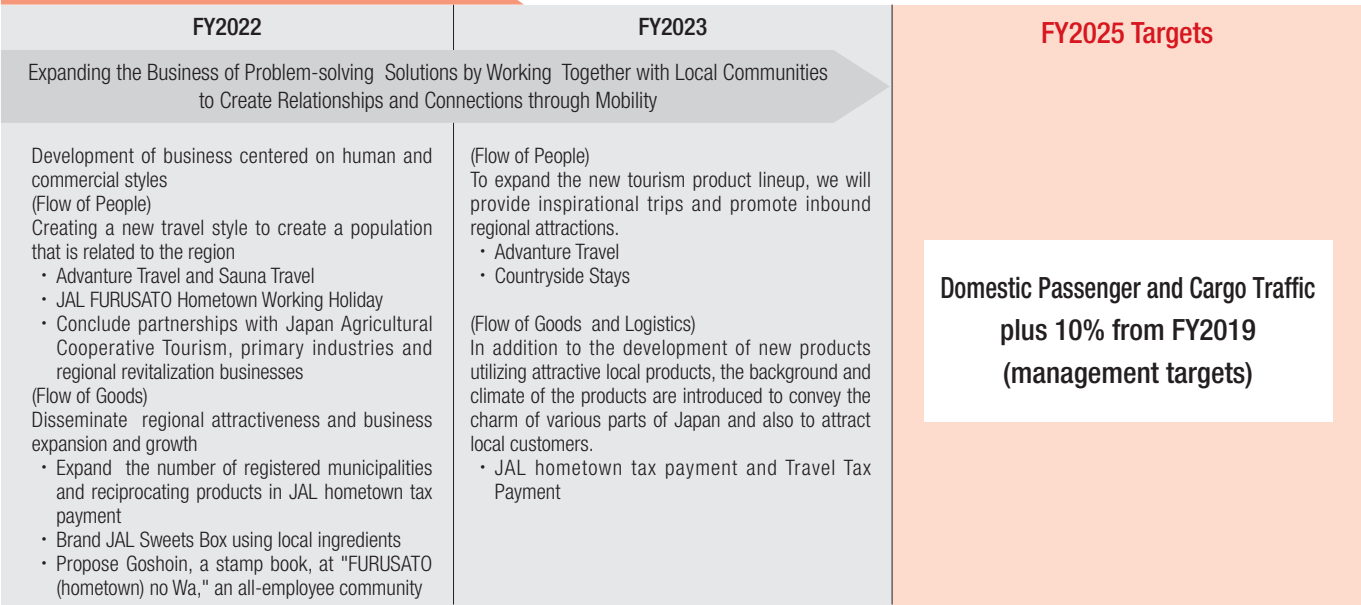
FUNATO Manami Customer Service Group Supervisor
JAL Sky Haneda Airport Operations Administration Co., Ltd.

④ Travel and Regional Revitalization

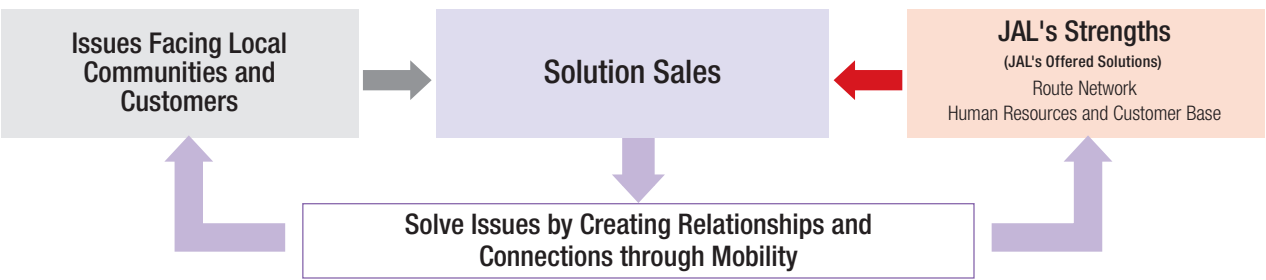
Providing Solutions to Solve Problems by Creating Relationships and Connections through Mobility

We will expand our business in problem-solving solutions in response to the diversifying issues and needs. In order to create a flow of people, we will create new travel goals, known as New Tourism, such as workcation and Adventure Travel, and will realize well-being based on these values. In addition, we will maximize regional value by supporting local industries and promoting attractiveness through commercial channels to expand the relevant population.

Progress Towards Achieving FY2025 Targets



Medium-term Approach Providing Solutions for Local Issues Through the JAL Group Products and Services that Lead to the Creation of the Flow of People and Goods



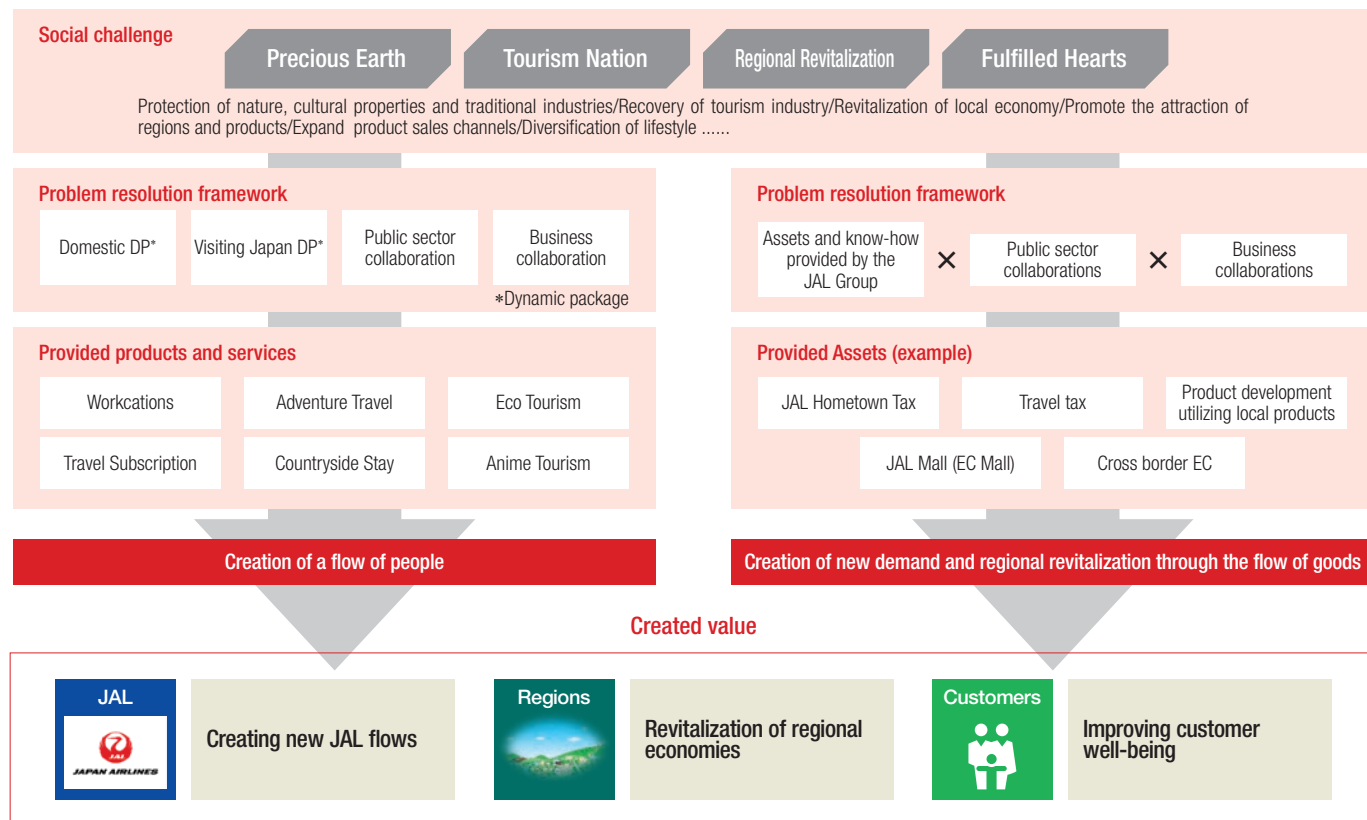
Diverse needs and issues are emerging with the growing awareness of the environment by the customers, the diversification of lifestyles due to the influence of the COVID-19 pandemic, changes in the passenger structure demand due to changes in work styles and attitudes, the diversification of purchasing channels, and changes in sales methods due to rapid growth in the e-commerce market. The JAL Group aims to sustainably expand and grow its business by providing solutions utilizing its products and services through dialogue. We will use our long-established sales capabilities to meet the diversifying needs and issues of customers.

To address regional issues, we will provide solutions that take advantage of JAL's strengths in contributing to the creation of the flow of people and goods, and work together with local communities to resolve issues by creating value for relationships and connections through mobility.



Creating New Flow of People and Contributing to Regional Revitalization

We aim to revive the tourism industry and revitalize the local economy by creating new demand through the expansion of thematic and optional products, including the creation and provision of attractive products centered on workcation, Adventure Travel, and Countryside Stay. We also aim to respond to diversifying needs and resolve local issues by developing inbound local tours and experiential educational trips. We aim to realize sustainable tourism, revitalize local communities, and improve well-being through relationships and connections created through the creation of new flows of people, in other words, mobility.



Voice



HIGASHINO Hiromasa
Assistant Manager
Tourism Planning Group
Solutions Sales Promotion Dept.

Challenges of Overseas Visitors to Local Areas

As part of our efforts to attract overseas visitors to Japan, we strive to improve our travel products, which convey the appeal of the region, and promote them to appropriate markets. In refining our products, we aim to create products that make you want to visit Japan, where Adventure Travel in the rich nature of Japan is one example. We will promote our products in appropriate markets, such as selling ski products at travel expositions in Australia.

Through JAL Vacations, a dynamic package for visiting Japan, we will promote inbound tourism by selling the products we refine and send as packages, along with airline tickets and hotel accommodation reservations.

Topic Developing Outside Human Resources

The JAL Group makes use of the knowledge and experience it has gained through its aviation business to focus on educating new university graduates. In particular, we aim to contribute to the revitalization of the local economy and the promotion of industry by deepening our understanding of the aviation business and fostering human resources that contribute to the development of the entire tourism industry. In addition, we take advantage of the know-how we have accumulated in providing education to outsiders, such as lectures at universities, and are taking on the challenge of expanding our education business to a wider audience.



Training Programs for the General Public by JAL instructors



A lecture by a JAL lecturer at a university

New Businesses Promoted Through Open Innovation and Venture Capital

Based on the policy to "realize a prosperous and sustainable society by reducing the distance between people, things and people around the world", we are working to create new businesses and services for the JAL Group that can play a part in the expansion of business areas set forth in the Medium-Term Management Plan. While actively utilizing internal innovation platforms such as the JAL Innovation Lab and the JAL Innovation Fund, as well as external know-how and knowledge, we will promote initiatives in a wide range of areas, from space in the distance to sauna facilities in the vicinity, whether virtual or real.

Topic 1

Connect the Real and Virtual

JAL aims to create people who do not live in the area but come to work and play, and people who have relationships with the people who live there. To this end, we see JAL's role as creating connections and are promoting projects to form various connections with customers. We are working to co-create special experiences and products with local communities through digital technology, and to provide new unique digital products by utilizing JAL assets. Going forward, we will continue to deepen similar initiatives and take on the challenge of creating value through new connections between the real and virtual.

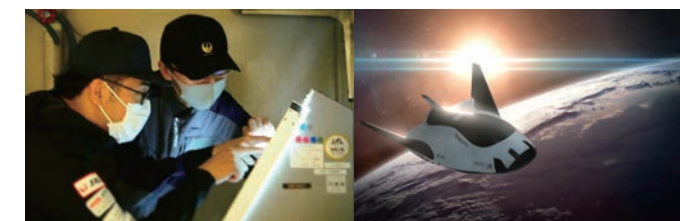


KOKYO NFT is a project where you can connect with local experiences and specialty products.

Topic 2

Connect Earth and Space

Using the JAL Group's air transport know-how and experience, we are pursuing future space business possibilities such as space transport and space travel. In 2017, we began a capital and business alliance with ispace, inc. In 2022, the HAKUTO-R Mission 1 Lunar Lander, in which the JAL Group was involved in the assembly and inspection, was launched, marking a dramatic step forward in space development. In addition, we are participating in partnership with Sierra Space of the United States and Kanematsu Corporation with the Dream Chaser® spaceplane, which is the beginning of a new challenge in realizing space transportation from Oita Prefecture. Looking ahead to the future, when economic activities and people's lives will spread to outer space, we will continue to shape the JAL Group's space business in order to become a player in the safe and secure movement of people and goods.



(Left) Technical cooperation with ispace's commercial lunar exploration program "HAKUTO-R" (2020)
(Right) Dream Chaser® space plane

Topic 3

Connect Aviation and Non-aviation Areas

JAL Innovation Lab is promoting new business development utilizing advanced technologies with various co-creation partners. Last year, we launched Tokyo Saunist, a solution service that visualizes the rush in saunas in the Lifestyle Area. This is an example of JAL's non-aviation business development utilizing the knowledge and network that JAL has cultivated in the aviation field as its sauna tourism business. Going forward we will promote the introduction of hot spring facilities and create synergies with JAL's overall business, including the Mileage, Lifestyle and Infrastructure.



High-precision sensors will be installed in front of the sauna room to detect the flow of people and visualize the rush in real time.

(2) DX Strategy —Accelerating the Creation of New Value Using Advanced Technologies—

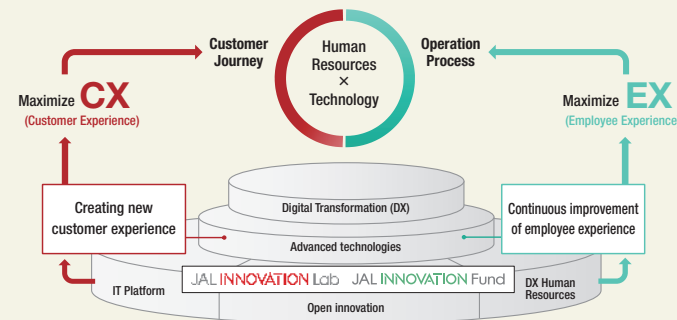


► Review of FY2022

In order to promote ESG strategy that create connections through Air Transportation and solve social issues, DX as stated in the Medium-Term Management Plan is aimed at maximizing Customer Experience (CX) by providing new experience and the best services to customers, maximizing the Employee Experience (EX) by improving business quality and productivity, and expanding business areas.

In FY2022, we completely revamped our domestic fares and improved our website to make it easier to understand and use. We also expanded our application functionality to make it mobile with same-day upgrades and waiting lists. In the non-aviation business area, we launched JAL Pay, a smartphone payment service, to promote the JAL Mileage and Lifestyle Concept. In addition, we worked to improve productivity by visualizing business processes and utilizing digital tools to improve operational efficiency. In addition, as a new business, we conducted demonstration tests for the commercialization of drones.

JAL was selected as one of the DX Stocks 2023 by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency. In addition to JAL's DX promotion system, the selection was based on recognition of the deepening of existing airline services and the full launch of initiatives in new business areas.



Going forward, we will use our accumulated experience to strengthen resilience and accelerate profitability, and work to create new social and economic value by adapting to the changing business environments and diversifying customer needs.

► Direction of DX Strategy

As the importance of connections between people and local communities has been recognized following the COVID-19 pandemic, the JAL Group is working to enhance its corporate value through ESG strategy. JAL's DX strategy aims to provide customers with safe and secure transportation and new experience by challenging social issues and changes through the use of advanced technologies with diverse human resources, which is JAL's strength.

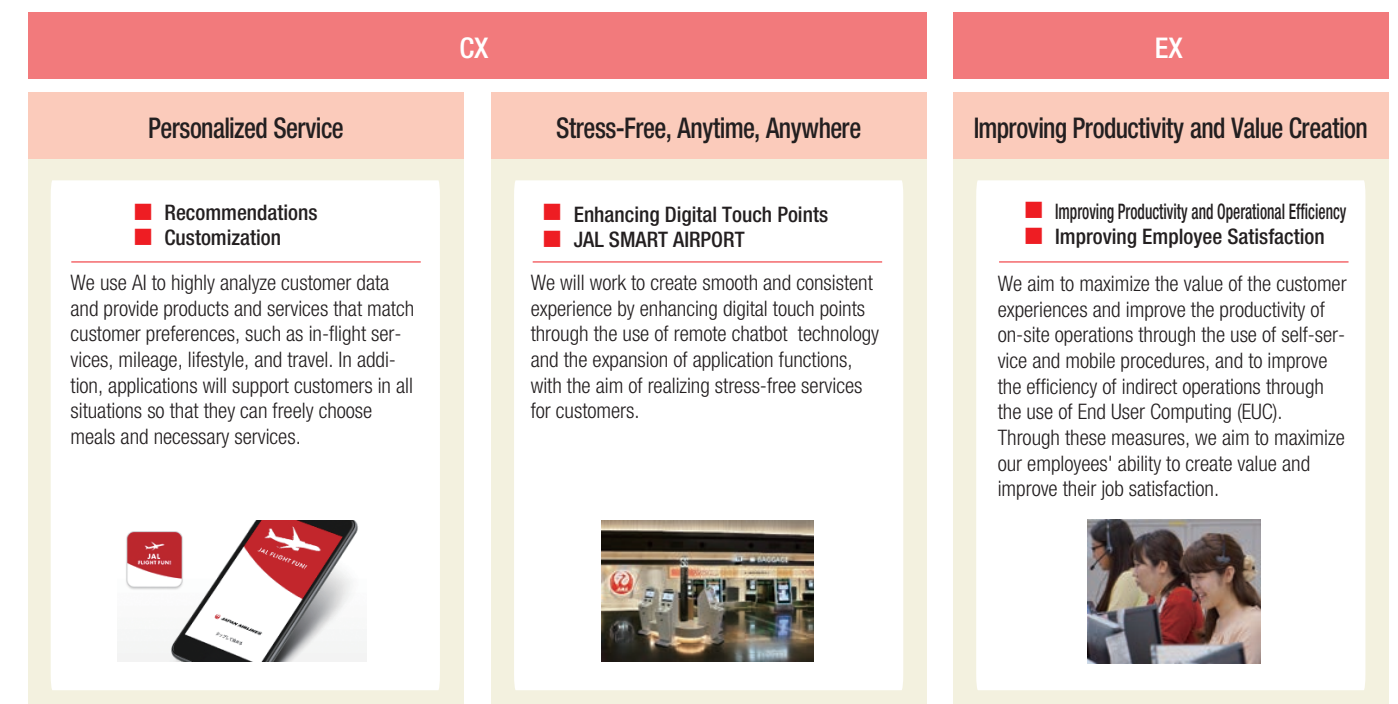
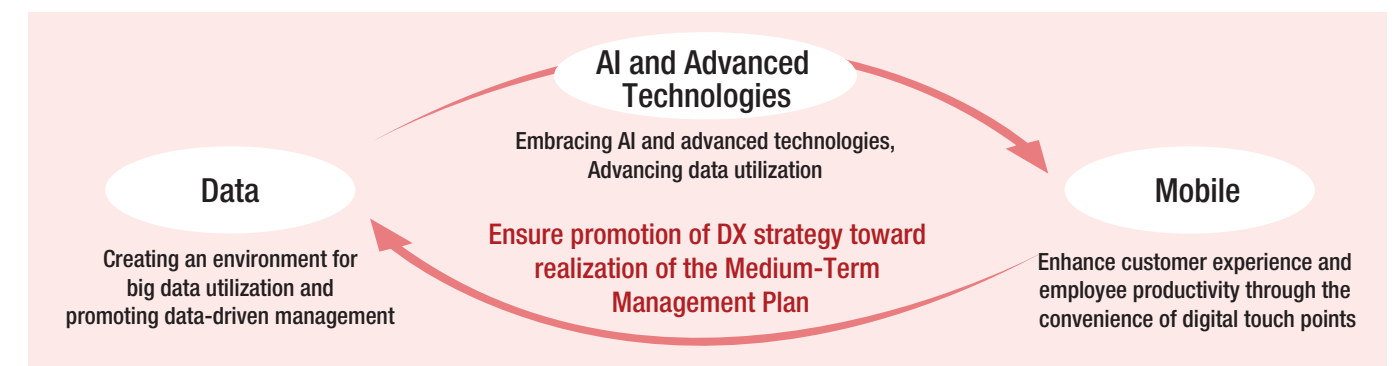
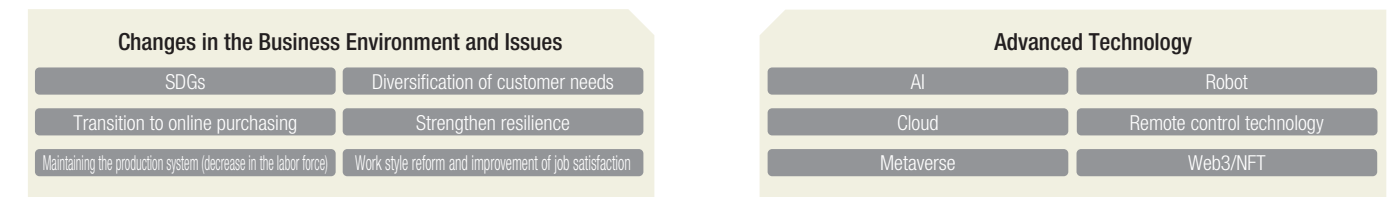
In order to maximize CX and EX, which are the objectives of DX, we will work to create new experience for customers in the CX area, and work to create an environment in the EX area where employees can work with high productivity while maintaining high motivation on an ongoing basis. Maximizing EX will lead to the development of new services and the improvement of service quality, which in turn will contribute to maximizing CX, thereby creating an upward spiral of EX improvement.

To this end, it is essential to utilize advanced technologies such as data and AI, and to foster the IT infrastructure, open innovation, and DX human resources that support them. Specifically, we aim to create new value and businesses (p. 64) by strengthening security, enhancing our database, and utilizing the JAL Innovation Fund and the JAL Innovation Lab, which are innovative platforms. We will also accelerate DX throughout the JAL Group by cultivating personnel capable of promoting DX and new business creation throughout the entire company.

Value Created Through DX Strategy

■ Toward the Realization of DX

With the development of technology, we have become a society that enables us to realize new services and upgrade our operations. To adapt to changes in the business environment, the JAL Group will focus on data, AI and advanced technology, and mobile as the three elements of DX aiming to improve convenience for customers and productivity for employees. Furthermore, by further utilizing the data accumulated through customer experiences and daily operations, we will create a virtuous cycle of the three elements and ensure the promotion of our DX strategy.



1. Overall Strategy	2. ESG Strategy	3. Business Strategy	4. Financial Strategy
(1) Business Model Reform	(2) DX Strategy	(3) Human Resources Strategy	(4) GX strategy

(3) Human Resources Strategy -Increasing Value Creativity and Productivity through Aggressive Human Resource Investment-



In promoting human capital management, we will work together to improve value creativity, drastically improve productivity, and invest in human resources to achieve this goal. We aim to create a virtuous cycle that leads to further value creation by creating an environment in which we can conduct business on a sustainable basis and by returning the results to each employee.

SAEDA Naohito
Executive Officer
Senior Vice President,
Human Resources Division



Human Capital Management
人的資本経営コンソーシアム

►Review of FY2022

In FY2022, with the aim of responding to the environmental changes caused by the COVID-19 pandemic and accelerating business model reform, we divided our efforts into four elements to realize "creation of new value" and "continuous improvement of productivity": "allocation of human resources to growing business areas," "recruitment of diverse human resources and provision of growth opportunities for employees," "business process reform," and "basic initiatives."

For each element, we set numerical targets to be achieved in FY2025. As a result of the expansion of job postings under the open recruitment system and the promotion of the active participation of women, the allocation of human resources to growing business areas and the ratio of female managers were on track to meet the targets for FY2025. On the other hand, sales per capita was -2 percent in FY2022 (compared to FY2019), compared to the target of +15 percent in FY2025 (compared to FY2019). The ratio of employees with high engagement was -2.7 points (compared to FY2019) in FY2022, compared to the target of +10 points in FY2025 (compared to FY2019).

Based on these results, and in order to respond to new internal and external issues, in FY2023 we will deepen our efforts to materialize human capital management.

►Integration with Management Strategies

The Rolling Plan 2023 positioned ESG strategy as the top strategy for realizing value creation and growth, and positioned human resources strategy as one of the business strategies to promote ESG strategy.

In promoting our ESG strategy, we first clarified the JAL Group's human resources vision as "Human resources that respect diverse values, challenge new value creation, and drive change". Next, in the face of the rapidly changing environment, we recognized two particular issues that need to be addressed. Inside the JAL Group, there was a lack of opportunities for diverse human resources to reach their potential.

Turning our attention to the outside world, we recognized that it will be difficult to secure human resources in the future as the birthrate declines and the population ages.

In order to cope with this severe environmental change, we will actively invest in human resources in order to realize the "improvement of value creativity" and "drastic improvement of productivity." We will accelerate business model reform by expanding new business areas such as the Mileage, Lifestyle, and Infrastructure business through "improvement of value creativity" and by "drastically improving productivity" in the existing air transport business, which is our main business. By doing so, we aim to create a virtuous cycle that leads to further value creation by improving corporate value and returning the results to each employee, who is our human capital.

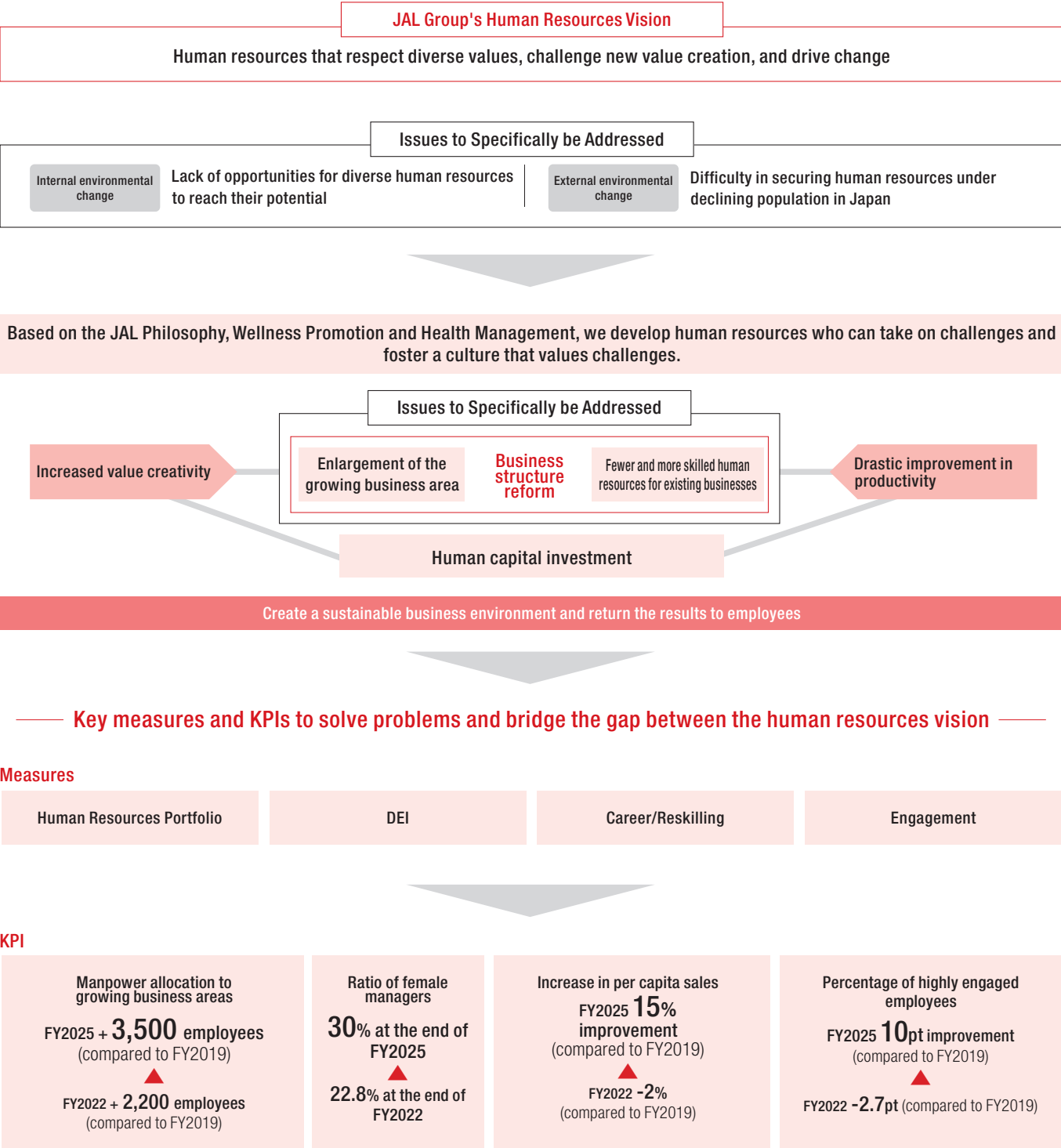
►Strategies and KPIs

Diverse human resources are the JAL Group's greatest strength, and its philosophy has not changed. In formulating the human resources strategy for Rolling Plan 2023, we adopted the concept of human capital management, which maximizes the value of human resources and improves corporate value, in order to reinforce this philosophy.

In the "Three Perspectives and Five Common Elements Required for Human Resources Strategy" of human capital management, "Human Resources Portfolio," "DEI," "Career/Reskilling" and "engagement" as well as "working style independent of time and place" are listed as the five common elements of human resources strategy. Based on the belief that the human resources portfolio and the activation of individuals and organizations ("DEI," "Career/Reskilling" and "Engagement ") are particularly important in the promotion of ESG strategy, the JAL Group's human resources strategy was formulated by focusing on these four elements, and specific measures are formulated and implemented for each element.

Although each element is related to the other, measures for internal environmental change are mainly assigned to "Human Resources Portfolio" and "DEI," and measures for external environmental change are assigned to "Career/Reskilling" and "Engagement".

In addition, we have set KPIs for each element so that we can quantitatively grasp the ideal state and the current state of affairs. Based on the results of each KPI in FY2022, we have formulated various measures to close the gap. In order to achieve our goals, we will backcast what we need to do and execute with a sense of speed.



Concept of Investment in Human Resources

At the JAL Group, we will accelerate the development of a system that supports the active participation of employees, provides educational and training opportunities that contribute to the improvement of individual abilities, and develops a personnel evaluation system and a compensation system that properly evaluates and rewards challenges. We will continue to actively invest in human resources with the aim of improving value creativity and drastically improving productivity.

1. Overall Strategy	2. ESG Strategy	3. Business Strategy	4. Financial Strategy
(1) Business Model Reform	(2) DX Strategy	(3) Human Resources Strategy	(4) GX strategy

① Human Resources Portfolio

In order to realize business model reform, we will acquire, nurture, assign and treat personnel with diverse knowledge and experience to support new business areas and personnel with high expertise in the aviation field to support existing business areas. We will expand the recruitment of experienced personnel, expand the scope of areas and positions covered by the performance-based remuneration system, and introduce a personnel wage system that applies to highly specialized personnel essential for safe operation, thereby placing personnel in optimal positions and build a new human resources portfolio for the JAL Group.

Priority and Strategic Measures

Acquisition and Placement of Human Resources to Realize ESG Strategies

Recruitment and Promotion of Employees with External Experience

Many experienced employees are active in areas where high knowledge is required, such as business creation and digital promotion, and are working to create new value by utilizing diverse external knowledge to promote JAL’s growth strategy. Many employees are promoted to the management level and are involved in important decisions at the company. In order to further promote value creation by utilizing internal and external knowledge, we will further promote the promotion of employees who are hired with experience by making fair and impartial appointments based on personnel. In addition, JAL Next Career GATE was launched as a new platform for recruiting experienced employees, which resumed in 2022, and began recruiting throughout the year. We will continue to make further efforts to recruit experienced personnel through the development of various recruitment methods with the aim of recruiting personnel with a high level of expertise and diverse knowledge and experience.

Human Resources Placement in Growing Business Aeas

The JAL Group aims to expand growing business areas such as LOC and Mileage and establish a personnel system to diversify and maximize business income and expenditure. In FY2025, we will increase the number of personnel allocated to growing business areas by +3,500 employees (compared to FY2019) through the transfer of personnel from existing areas, mainly FSC, to growing business areas and the recruitment of personnel with diverse knowledge and experience.

Measures to Enhance Value Creativity of Human Resources Acquired and Placed

Performance-based Remuneration System

Since the JAL Group expects high results from Group companies that are primarily responsible for business model reform, we introduced a performance-based remuneration system in FY2022 for the positions of Presidents in some Group companies. This will encourage new value creation, such as business expansion in new business areas and diversification of revenue sources. In FY2023, the system will be expanded to other Group companies and other positions, not limited to the position of the President, in an effort to realize business model reform.

② DEI

In order to improve corporate value over the medium to long term and to enhance the sustainability of our business, we will transform from a company with highly homogeneous human resources to a highly diverse company with human resources with diverse knowledge and experience such as experience, sensitivity, values, and expertise. We will deepen diversity and create new values by intergroup secondments, the active recruitment of foreign employees in Japan, and by expanding the employment of people with disabilities, through the creation of an environment where everyone can work with satisfaction.

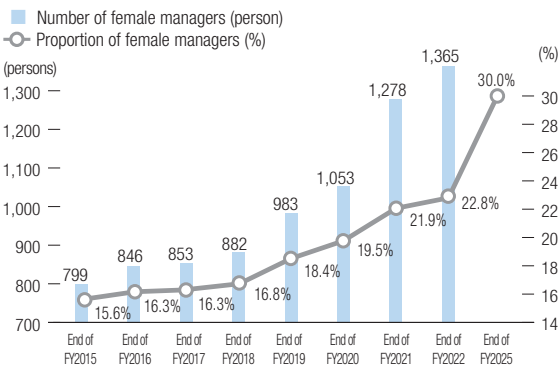
Priority and Strategic Measures

Measures to Deepen Diversity

Promotion of Women in the Workplace

We are continuing our efforts to achieve our management goal of 30 percent female managers in the JAL Group. There were 22.8 percent as of March 2023. In addition, the ratio of women in organizational management positions based on the provisions of the Act on the Promotion of Women’s Participation and Advancement in the Workplace is 28.4 percent. As for the promotion of women to managerial positions, we conduct age-specific training for the purpose of job autonomy in stages from their twenties. To nurture the initiative to chart their own careers at an early stage, we also conduct study sessions for those returning to work from administrative leave, and other initiatives to ensure that women’s career advancement is not interrupted by life events. At the same time, we have also established a system to learn comprehensively about the qualities of leaders that are required for each level of management, from the first to the senior management. We are promoting the placement of female managers across job categories, including the appointment of six out of twenty-four female managers as flight attendants to the general managers of sales branches in various regions.

We actively promoted women to executive positions by utilizing the Pipeline List to nurture and promote women according to their individuality and aptitude. In April 2023, JAL newly appointed three female executives, bringing the ratio of women to 22 percent in the management.



Actively Recruiting and Appointing from Regions Outside Japan

In order to enable employees, recruited from regions outside Japan, to play an even more active role, we are making efforts to relocate employees to locations outside of Japan, as well as to foster the appointments of employees by providing seminars and training programs specific to each area. As of April 2023, approximately 30 percent of our employees held important positions, such as District Managers and Business Directors. We, however, intend to increase this number during the Medium Term Management Plan period. The number of staff working in Japan is expected to reach 50 employees by 2025. The opportunities to expand the range of work experience will be increased even further. The contacts between our diverse employees are expected to grow, which is expected to develop global mindsets.



Overseas employees working in Japan

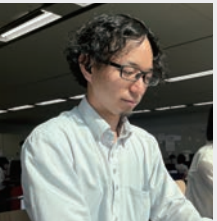
Promoting Challenges by Employees with Disabilities

Shops servicing coffee and light snacks, and shoeshine services are popular among our employees. These shops provide opportunities for employees with disabilities. They can use their talents and abilities to play active roles. It also provides opportunities for our employees to deepen their understanding of DEI. On the Sustainable Charter Flight, employees with hearing impairments served as cabin support staff to express in-flight announcements in sign language. We will continue our efforts to create opportunities for career advancement that are not limited to conventional stereotypes and to support career development that can be challenged by anyone regardless of disability.



Shoeshine services for employees

Voice



KONISHI Kenta
Tennozu Pioneer Group
JAL Sunlight, Inc. General Affairs Center

Helping Employees Develop Job Autonomy

– We support diverse employee challenges through the Job Autonomy Development Training Program, an intern type training program launched in 2022. Employees with disabilities can also participate in this program to take on new challenges. I am deaf, but I was wondering about the lack of opportunities for employees to participate in DEI promotion. By participating in the Job Autonomy Development Training Program by the D&I Promotion Group of the Human Resources Strategy Department, I thought that I would be able to share my opinions as a person with disabilities and also make use of my new knowledge and experience. In the barrier-free mindset project I worked on, I eliminated barriers between the disabled and the abled by devising ways to communicate. In the future, I would like to continue to engage in work that can create a climate of respect for others and acceptance of diversity regardless of our traits.

③ Career/Reskilling

The work roles of our employees are changing with the optimization of human resource portfolios due to the revisions in business structures and the rapid transitions in the social environment. To respond to these changes, we support career development in job autonomy and reskilling. We support our employees by implementing a job autonomous career development system, such as a human resource system for employees who want to nominate themselves to the department they wish to work in and a system where the employees can use their skills and abilities in an in-house second job system, or providing DX education and reskilling for a second career for our employees to shape their own careers responsibly.

Priority and Strategic Measures

Developing Human Resources to Realize ESG Strategies

DX Human resources Development

We will conduct basic DX education for our 36,000 Group employees in order to build services and business models that meet the needs of customers and society through the use of digital technology as well as to develop DX human resources that create new value by transforming old internal processes and organizational culture. In addition, we will provide DX education tailored to each level, including management and business staff.

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► Developing Autonomous Employees

The JAL Group has been conducting various activities to train managers to change their mindset and provide a place for practice to apply "JAL OODA", which is a form of autonomous thinking and action. One of these activities, W-PIT*, is an in-house venture group that enables employees to take on challenges of co-creation in different industries and to connect their excitement to business. In addition, we continue to hold in-house entrepreneurship auditions Sozo *no Tsubasa* (*Wings of Creativity*) for employees to open new business areas. In addition, in the Career Challenge, an internal recruitment program in FY2022, 23 divisions accepted 33 people who had been selected internally to develop autonomous human resources.

*Abbreviation for Wakuwaku (exciting) Platform Innovation Team

► Career Design

In order to encourage employees to develop their own careers, we have created opportunities for employees to think about their careers by disseminating information through the CAREER Page on the company intranet, holding the JAL CAREER TALK LIVE where employees active in the JAL Group discuss their careers, and introducing career development training. We also introduced a career consulting interview where employees can discuss career development with a nationally qualified internal career consultant.

We will continue to create an environment where employees can form their own careers and aim to improve employee engagement.

Topic

Internal Career Consulting

Six employees with national qualifications in career consulting, selected through internal recruitment, provide support to deepen and clarify the awareness of career development by encouraging psychological self-insight of the counselor based on expert knowledge such as career theory. A counselor said, "I now have a clear idea of what I value and focus on, how I want to work in the future, and what I need to do in order to do so." We also plan to expand to JAL Group companies in the future.

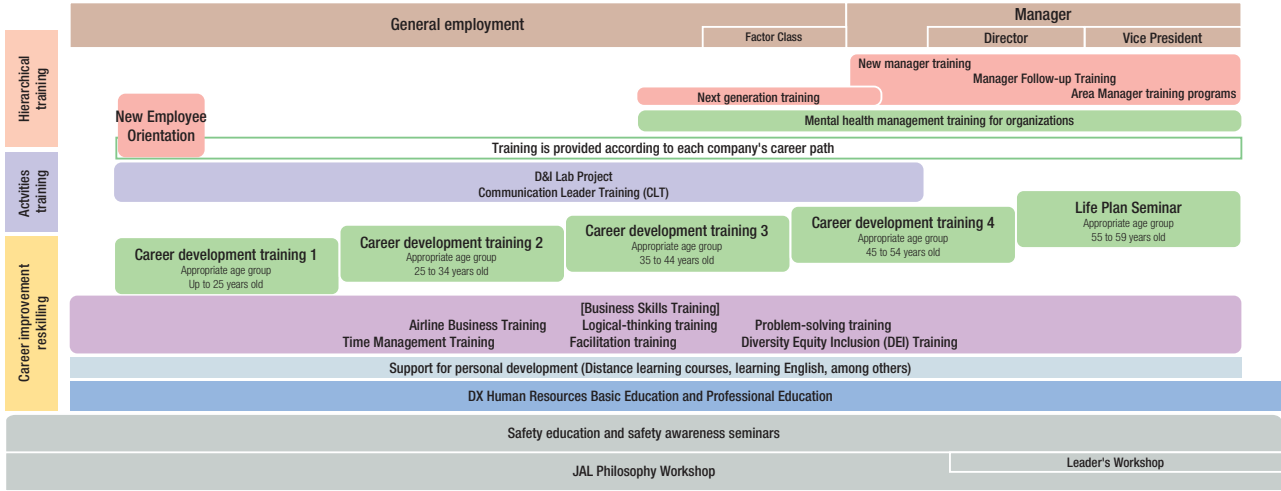
JLCAREER

JLCAREER Portal

► Expanding Training Programs

Based on JAL Philosophy, we have established JAL Group's Human Resources Vision as our basic concept. We conduct personnel exchanges that transcend the boundaries of companies and occupations within the Group. In addition, we train leaders and safety and service professionals through specialized training programs for each job category and provide seminars and training programs specific to each company. We will continue to provide opportunities for employees to grow and learn in order to build job autonomy. We will nurture human resources that will serve as a driving force to accelerate the diversification of the business areas listed in Medium Term Management Plan.

Basic Education and Training System of the JAL Group in FY2023



■ Developing Human Resources to Support the Organization

► Development of Management Human Resources and Next Generation Leaders

In order to nurture management human resources who are able to set the direction of business and steer management in a strategic and speedy manner despite rapid changes in the social and business environment, and next generation leaders who understand the mission of management, and respond flexibly to all changes while driving diverse business areas, including FSC, we provide opportunities to work in other companies, study and train outside JAL, and cross-industry exchanges for each working level. Each employee brings back the knowledge and what they learnt during their employment in outside companies and applies the schooling to transform it into their business structure and create new values. We will continue to select better programs and expand the scope of our programs.



Management human resources and next generation leaders training



④ Engagement

In order to maximize the power of diverse human resources, which is the JAL Group's greatest strength, we will create a highly engaged work environment where each employee feels needed and rewarded.

We will improve employee engagement by implementing various measures such as the Human Resources Portfolio, DEI, and Career/Reskilling. Also by promoting organizational revitalization through JAL Philosophy and Health Management. We will achieve a virtuous cycle of increasing engagement by increasing productivity and appropriately transferring the results to human capital investment.

Priority and Strategic Measures

■ Understanding Engagement Status

► Employee Engagement Survey

The JAL Group regularly conducts engagement surveys as the basis for achieving a virtuous cycle in which productivity increases as a result of increased engagement and business activities, and the results obtained are appropriately transferred to human capital investment to further increase engagement.

In the survey, we conduct a company-wide survey of organizational activity, in which we identify questions that lead to engagement, such as career and remuneration, and measure the percentage of employees who respond favorably to these questions.

FY2022 results are -2.7 points (compared to FY2019), which is far from the FY2025 target of +10 points (compared to FY2019). In order to improve engagement, the JAL Group believes that it is important to promote the aforementioned measures on the Human Resources Portfolio, DEI, and Career/Reskilling, as well as the following measures on the Promotion of Diverse Workstyle, Health Management, and Occupational Health and Safety Activities. By accelerating these measures, we will improve engagement.

■ Improving Engagement

► Promotion of Diverse Workstyles

The JAL Group promotes diverse workstyles for everyone to play an active role.

In FY2022, looking ahead to the close of the COVID-19 pandemic, we established a basic policy for hybrid work, which combines office attendance and telework, so that employees can choose where they work while being conscious of productivity and communication in accordance with the content of their work.

In addition, we established guidelines for second jobs to create an environment in which employees can gain new insights and human networks through their other job.

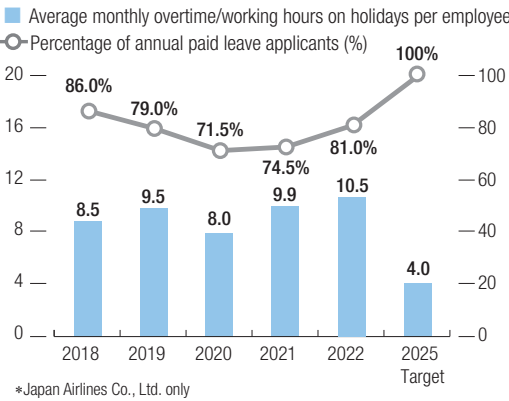
The JAL Group will continue to promote diverse workstyles in order to foster an environment in which diverse human resources can work actively.



► Optimizing Working Hours

The JAL Group aims to be a company where everyone can play an active role, including employees with time constraints such as childcare and nursing care. For this reason, we have introduced a scheduled annual paid leave program and optimized working hours. In spite of the recovery in passenger demand and various projects, there is an increase in workload particularly in the supporting departments, however, with the implementation of a flexible workstyle, the percentage of employees taking annual leave improved to 81.0 percent in FY2022 (74.5 percent in FY2021). On the other hand, the average monthly overtime and holiday working hours per employee was 10.5 hours (FY2021: 9.9 hours), so we will continue to strive for optimized working hours with flexible workstyle.

■ Overtime Work and Annual Paid Leave Applicants*



► Health Management

For the diverse human resources to fully display their individuality and abilities, it is essential to create a safe and secure work environment and to promote the health of employees and their families. The JAL Group Health Promotion Project "JAL Wellness" was launched in conjunction with the Medium Term Management Plan in 2012. Currently, JAL Wellness 2025 continues to promote the health of employees and families based on the five major indicators such as lifestyle-related diseases, cancer, mental health, tobacco control, and women's health.

In particular, we consider female-specific health issues to be most important as it is directly related to productivity improvement and organizational revitalization. We have introduced a program to address symptoms of menstruation and menopause using femtech in collaboration with LIFEM Inc. We are working to improve the health literacy of all employees toward "women's health" through the use of online medical services and the active implementation of seminars.

With the "Occupational Health and Safety Activities" at the workplace and the "JAL Wellness" between employees and their families, we will provide a stage for each member of the JAL Group to actively perform and shine.

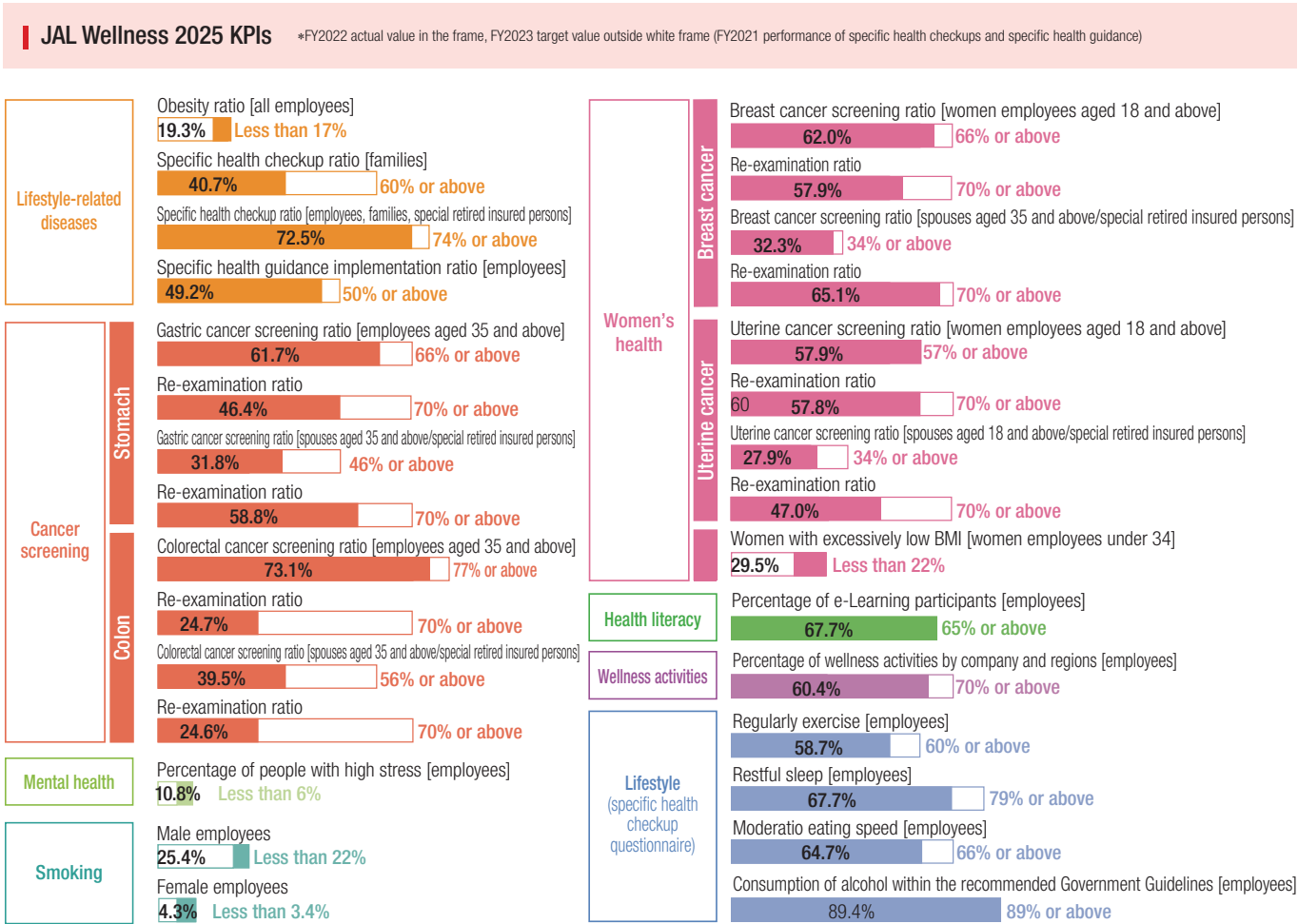
For details, see the following page. ➡



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1JAL Wellness 2025 Initiatives

JAL was recognized as a brand in the 2023 Health & Productivity Stock Selection for the fifth time. Twenty-four companies in the JAL Group (20 last year) were recognized under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program. They were highly praised for working actively under the strong leadership of the Chief Wellness Officer (CWO), Wellness Leaders in the workplace and further initiatives to improve women's health, literacy on health through better use of the website, and mental health care during the pandemic.



Occupational Safety and Health Activities

The JAL Group strives to ensure workplace safety and prevent industrial accidents by steadily implementing "Occupational Health and Safety Management Activities" in all of its business areas, for all our active employees, as well as our contractors and partners.

1Occupational Health and Safety Policy

- We will strengthen safety and health systems in the JAL Group's business sites, for all our employees, working contractors and partners.
- In accordance with relevant laws and regulations, each workplace appoints a general safety and health manager, an industrial physician, a safety manager, and a health manager according to the nature of the business and the number of employees. Also including employee representatives, labor and management work together to promote occupational safety and health activities, at the Safety and Health Committee and the Health Committee.
- In particular, in departments such as operations, cabin, maintenance, airports, cargo, loading and unloading, maintenance of vehicles dedicated to ground operations, and catering, we will set up departments and personnel in charge of safety and health, conduct risk assessments, share safety hazard cases, and continuously implement PDCA through the Occupational Safety and Health Management System to prevent recurrence and reduce risks.
- The ultimate goal of the JAL Group is to achieve zero industrial accidents. To achieve this goal, each business site sets specific action plans for individual issues, sets priorities and quantitative targets, and effectively conducts the PDCA cycle.
- This occupational health and safety policy is formulated by the JAL Wellness Promotion Committee, which consists of an Executive Officer in each business area. Led by Chief Wellness Officer (CWO), this policy serves as internal regulations such as the "Safety and Health Regulations" and guidelines for occupational health and safety activities at each site.

2Health Management for Flight Crew Who Supports Flight Safety

In addition to the annual physical examination, the flight crew also undergo annual medical examinations as stipulated by the Civil Aeronautics Act, which is under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). The Flight Crew Wellness Promotion Department follows up on the medical examinations and the results of the examination. In addition, an industrial physician always meets with the flight crew once a year and conducts a medical interview, as well as confirming the physical and mental health of each individual and providing support for health management. Depending on the results of the medical examination, the flight crew may need to take a leave of absence based on the standards. In this case, the flight crew will concentrate on medical treatment, among others, and will return as a flight crew through the return process prescribed by the MLIT and the company after confirming that the health condition has been restored and the numerical value has been improved. After returning to service, the Flight Crew Wellness Promotion Department will carry out follow-ups as necessary.

Topic JAL Athletes Taking on the World Challenge

The JAL Group supports all athletes, including JAL Athlete Employees, by combining the image of athletes believing in themselves and colleagues with JAL's aim to become "the world's most preferred and valued airline group." At the Budapest 2023 World Athletics Championships, KITAGUCHI Haruka, a female javelin thrower, won the first gold medal in Japanese women's field history. We will continue to support our athletes and para-athletes who are taking on global challenges. JAL Athlete Employees travel around Japan to launch the JAL Athlete Academy, which provides children with advice on how to enjoy sports and improve their athletic skills. We will work together with local residents to inspire and to experience the charm and enjoyment of sports as well as to experience the attraction of areas they have never visited before.



JAL Athlete Academy in Amami



KITAGUCHI Haruka, a female javelin thrower who won the gold medal at the World Athletics Championships in Budapest 2023.



JAL Athlete Employee. From left to right: YACHI Sora (Ski/Nordic Composite), KITAGUCHI Haruka (Athletics/javelin throw), KANO Koki (Fencing/Epe), TOBE Naoto (Athletics/High Jump), DOI Anna (Athletics/short-haul Run), YAMAMOTO Ryoma (Athletics/Triple Jump), KORA Ayaka (Athletics/Long Jump), SUZUKI Yudai (Para Track and Field, Long Jump, short-haul Run)

(4) GX Strategy -Accelerating Response to Carbon Neutrality by 2050 Through a Variety of Methods-



The GX strategy was formulated based on business characteristics and changes in the external environment, with the goal of realizing a 1.5°C scenario for carbon neutrality by 2050. We will promote GX through cooperation with suppliers and partners with GX promotion technology. We will use ESG investment to lead the aviation industry's efforts to realize a decarbonized society as a leading airline company.

AOKI Noriyuki

Managing Executive Officer
Senior Vice President,
General Affairs Division

►Background and Outline of GX Strategy

We recognize that reducing CO₂ emissions in the air transport business is the most important issue in order to realize an exciting society and future where many people and various objects can move around without restraint. The GX Strategy was formulated in the Medium Term Management Plan Rolling Plan 2023 with the intention of addressing the issue as one of the pillars, which must be resolved strategically.

At the 2022 General Assembly of the International Civil Aviation Organization (ICAO), long-term targets, which aims to become carbon neutral in the field of international aviation by 2050, and CORSIA*, which is a framework for reducing CO₂ emissions, were adopted.

In this environment, we will accelerate our efforts to reduce our own emissions by upgrading to fuel-efficient aircraft, implement JAL Green Operations, and utilize SAF, which reduces CO₂ emissions by up to 80 percent compared to conventional jet fuel. One of the most important issues is the production and utilization of domestic SAF, and it is important to see this as an opportunity to build a domestic recycling-based society that is internationally competitive, and work to establish a national circulation that transcends industry boundaries.

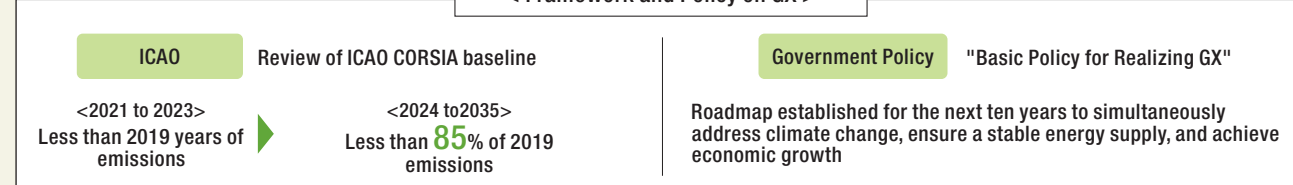
In addition, as part of CORSIA's efforts to implement offset

obligations, we will add the use of emissions trading. In the medium to long term, we will promote cooperation with suppliers and partners that have new technologies such as synthetic fuels and negative emissions (such as CO₂ capture) that are under development worldwide, and promote the use of new technologies. In addition, Internal Carbon Pricing (ICP) was introduced to accelerate efforts to reduce CO₂ emissions from the perspective of how it contributes to the roadmap for reducing CO₂ emissions, rather than focusing only on returns from initial investment. We will aggressively pursue investments to promote GX, including projects that will lead to the acquisition of CORSIA certification in the future.

►Accelerate Response Through Technological Innovation and Stakeholder Collaboration

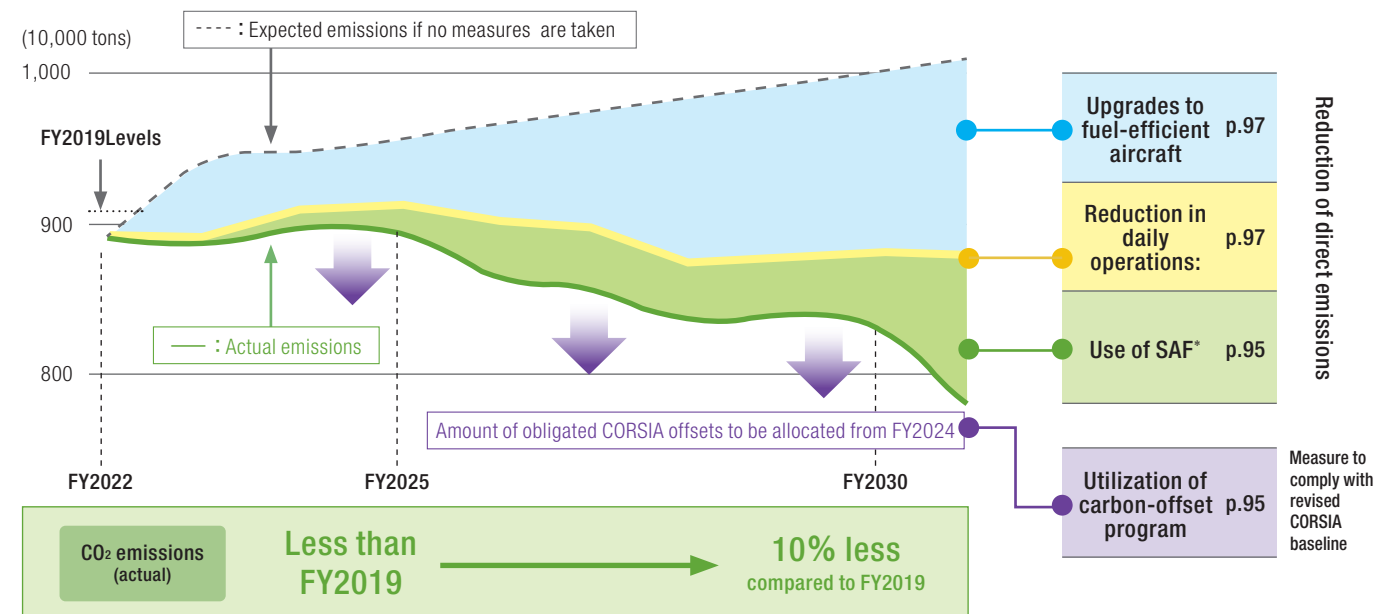
For the sustainability of the aviation business, we expect our new aircraft and technological innovations will reduce CO₂ emissions. In addition, in the face of the rapidly increasing recognition of SAF, it will be extremely important to accelerate efforts to grasp trends in technological innovation and ESG investments through cooperation with stakeholders while maintaining firm communication with external parties. We will work together to realize a decarbonized society while gaining the understanding of all stakeholders, including our customers and shareholders.

< Framework and Policy on GX >



*CORSIA ... A system requiring international flights to purchase emission credits for exceeding the 2019 CO₂ emission standards

Roadmap for Reducing CO₂ Emissions by FY2030



*Sustainable Aviation Fuel

GX promotion investment

Introduce Internal Carbon Pricing (ICP) into investment decisions
Base price: 15,000 yen/ton

We have introduced an ICP to estimate the quantitative effect of CO₂ reduction and have set the standard amount of CO₂ reduction effect at 15,000 yen/ton. When making decarbonization investment decisions with a focus on the future, we will not make capital investment decisions based solely on economic value, but will actively use this information to identify social value and profit opportunities and risks, balancing the level of company-wide efforts and accelerating our efforts toward carbon neutrality.

GX promotion technology

Promote coordination with suppliers and partners who possess new technologies such as synthetic fuels and negative emissions (CO₂ capture, etc).

In addition to accelerating our existing efforts to achieve our CO₂ emission reduction targets by 2030, we will actively promote the use of new technologies in our medium- to long-term strategies, such as synthetic fuels and Direct Air Capture (DAC) that directly captures CO₂ from the atmosphere, which are undergoing research and development worldwide with the aim of commercializing the technology around 2030, with a view to achieving carbon neutrality by 2050.

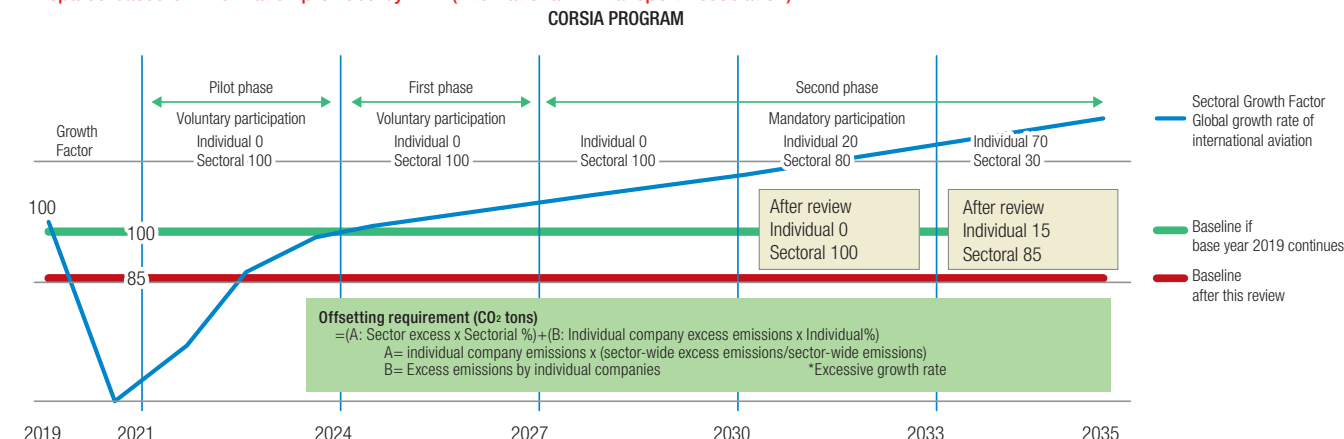
What is CORSIA?

CORSIA is a system established by ICAO that requires offsetting requirements on airlines of participating countries by sharing the amount of CO₂ emissions exceeding the baseline on international flights. At the 2022 ICAO General Assembly, the baseline was revised to "85 percent of the 2019 emission level" after 2024. Since the baseline was lowered 15 percent, airlines of participating countries are required to offset when exceeding 85 percent of the 2019 emissions. There are two types of offset requirements: individual and sectoral. The former refers to the ratio of individual airlines to bear the amount of their own offset requirements, and the latter refers to the ratio of airlines of participating countries to bear the amount of offset requirements of the aviation sector.

Prior to the baseline review, the ratio was 0 percent for Individuals and 100 percent for Sectoral until 2030, and 20 percent for Individuals and 80 percent for Sectoral since 2030. However, based on the baseline review last year, the ratio was 0 percent for Individuals and 100 percent for Sectoral until 2033.

Baseline and Ratio of Individual Growth Factors After Review

*Prepared based on information provided by IATA (International Air Transport Association)



4. Financial Strategy

-Strengthen Our Risk Tolerance and Further Accelerate Sustainable Growth-

As the COVID-19 pandemic comes to an end and air transport demand recovers, the JAL Group will strengthen its risk tolerance while accelerating its efforts for sustainable growth. In addition to investment, we will actively allocate management resources to promote our ESG strategy and human capital management, by recognizing the use of resources not as costs, but as “ investments to support the future of JAL”. As business performance recovers, we will gradually expand shareholder returns for those who have supported us during the COVID-19 pandemic.



Director, Senior Managing Executive Officer
Senior Vice President of Corporate Strategy and Planning
Chief Financial Officer

SAITO Yuji

►Summary of FY2022

This fiscal year, air passenger demand in Japan and overseas steadily recovered as the shift toward balancing the infection's prevention and socioeconomic activities gained momentum. Amid the recovery trend, the JAL Group strived toward maximizing revenue by capturing both passenger and cargo demand, as well as by steady growth of ZIPAIR and its mileage business, both of which are growth drivers. We also made every effort to improve revenue by cost reduction to recover from the COVID-19 pandemic, achieving profitability for the full year.

As for our financial strategy, in order to steadily upgrade our fleets to fuel-efficient aircraft, we implemented a financing of approximately 26.5 billion yen through a transition-linked loan with specific use of proceeds in March 2023 as the first Japanese airline company to use such a loan.

In terms of shareholder returns, the JAL Group has not provided dividends for fiscal year 2020 and fiscal year 2021, as it was necessary to place the highest priority on securing liquidity on hand and strengthening its financial position.

However, the JAL Group provided its year-end dividend at 25 yen per share for fiscal year 2022, as cash flow is steadily recovering, positive profitability is achieved for the full fiscal year, and air transport demand is expected to make a steady recovery toward the next fiscal year.

We would like to express our deep appreciation to our shareholders for their continued support during the pandemic.

►“Financial Strategy” as a foundation for Our ESG Strategy

For the fiscal year 2023, passenger demand is also on a steady recovery trend. The JAL Group has overcome the unprecedented situation of a sharp and significant decline in demand and is firmly in place to fully capture the recovering demand, including resuming the

Executive Officer
Senior Vice President of Finance and Accounting
Senior Vice President of Business Administration

YUMISAKI Masao

recruitment of human resources toward medium-to long-term growth. International routes have shown recovery above expectations. We will expand our long-haul full service carrier routes and expand the capacity and network of our LCCs, particularly ZIPAIR, above pre-pandemic levels. As for domestic routes, we will introduce fuel-efficient aircraft and maintain the same level of supply at pre-pandemic levels, and aim to create new demand, such as regional movement within Japan of inbound passengers.

For the cargo business, we aim to expand business with a new business model that suppresses volatility through partnerships. The mileage business has recorded stable profits, and we will continue to take measures to improve convenience and expand our customer base.

As part of our investment for our company's sustainable growth, we plan to introduce the state-of-the-art flagship A350-1000 on our international routes from the winter schedule of fiscal year 2023, in order to enhance our product competitiveness. Also, we will aim for expansion through the introduction of freighters refurbished from a passenger plane. By partnering with our logistics partners, we will build a new business model that reduces business risks and contributes to solving the shortage of truck drivers in domestic delivery, which has become a social issue.

In order to expand our non-airline business domain, we are investing in IT for the new mileage status program, which we plan to introduce. Furthermore, through the expansion of SMART AIRPORT, we will aim for smooth procedures at airports and improvement of efficiency regarding our human resources.

Regarding shareholder returns, the forecasted dividend for fiscal year 2023 is 40 yen per share, and the forecasted interim dividend is 20 yen per share, as steady recovery of cash flow is expected. Going forward, we will strive to achieve our basic policy of a continuous and stable shareholder return, that is in line with our business recovery.

① Restructuring of our Financial Foundation - Toward Risk Tolerance and Growth-

		End of FY2022	Overview and Goals of FY2023-2025 Strategies	
Build Risk Resilience and Capital Efficiency	Liquidity	639.2 Bn JPY Credit Facility 250 Bn JPY	Secure 5.0–5.6 months' worth of passenger revenue (including credit facility)	
	Stability (Equity Ratio)	39.3% (credit rating)	End of FY2025: Over 50% (credit rating)	
	Credit Rating	Maintain A Rating	Achieve “A Flat”	
	Capital Efficiency	ROIC*1	FY2025 : 9% In addition, consider introducing “Sustainable ROIC (tentative name)”, a new investment efficiency index that takes social values into account	
		ROE	FY2025: 10% or more by surpassing cost of shareholders' equity	
Resource Allocation	Capital Allocation		Accelerate efforts to achieve sustainable growth while improving risk tolerance	
	Financial Discipline		Secure sufficient free cash flow for each fiscal period	
Shareholder Return	Dividend	FY2022: 25 yen/share	Achieve a dividend payout ratio of over 35%, as soon as possible	

*1 Return on Invested Capital (ROIC) = EBIT (after tax)/average of fixed assets*2 at the beginning and end of the fiscal year
*2 Fixed assets = Inventories + non-current assets - deferred tax assets - assets for retirement benefits

Although there are no major changes in our financial strategy, we will focus more on accelerating growth. As the COVID-19 pandemic comes to an end and demand steadily recovers, we will strengthen our risk structure and accelerate our efforts for sustainable growth.

We will strive to achieve our goals by fiscal year 2025, the final year of the Medium Term Management Plan, by implementing business model reform and achieving sustainable growth in the post-pandemic period.

The target indicators for strengthening risk tolerance were set in preparation for events at pandemic-level scales, and will be followed in the “Medium-Term Management Plan FY 2021-2025 Rolling Plan 2023”. With regard to liquidity on hand, we aim to secure approximately 5.0~5.6 months of passenger revenue while partially utilizing credit facilities, and aim to achieve approximately 50 percent in terms of our equity ratio (based on credit rating evaluation) by the end of FY2025.

While the credit facility was increased during the pandemic, this was reduced on June 30, 2023, upon reflecting the improvement in performance and cash flow.



In order to maintain our financing capabilities, we aim to achieve an “A Flat” credit rating. At the same time, we will also work to improve capital efficiency and asset efficiency, aiming to achieve a “ROIC of 9%” and “ROE of 10% or higher”.

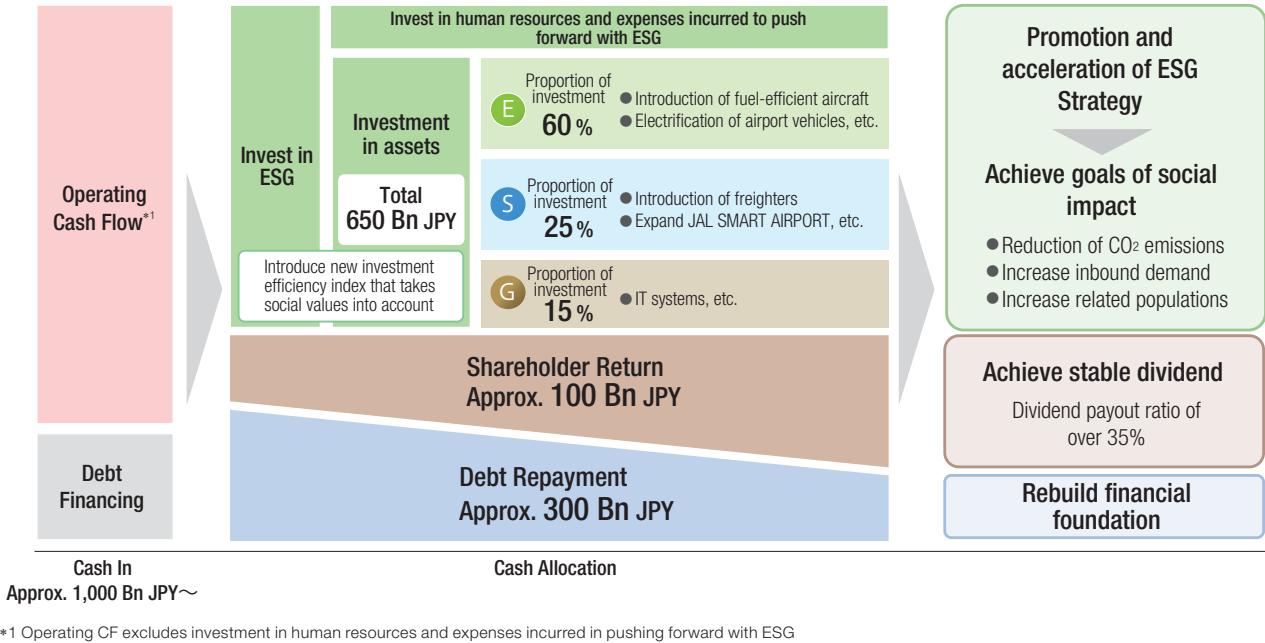
In addition, in order to promote our ESG strategy, we are considering the introduction of a new investment efficiency indicator, “Sustainable ROIC (tentative name)”, which takes into account the social value generated by ESG investments.

With regard to shareholder returns, we aim to achieve a dividend payout ratio of approximately 35% or more as soon as possible. We will continue to work to restore and improve our business performance and our ability to generate cash flows to achieve our basic policy of a continuous and stable shareholder return.

② Distribution of Management Resources

-Gradually expand shareholder returns while accelerating ESG investments-

Conceptualization of FY2023–2025



In terms of the allocation of management resources, we will proactively promote ESG investment to support our ESG strategy, as well as gradually expand shareholder returns in line with the recovery of our business performance, and restructure and grow our financial base.

In addition to asset investment, we will continue to pursue our ESG strategy and human capital management, considering the use of resources not as costs, but as “investments to support the future of JAL”.

To further promote ESG management, we plan to invest a total of 650 billion yen in assets between fiscal year 2023 and 2025.

Investment amounts related to **E**, **S** and **G** are allocated as follows. We believe that investments in ESG management will simultaneously play a role in risk management to reduce fluctuations in capital costs and enhance our customer preference.

E 60% of Investments	<ul style="list-style-type: none">● Introduction of fuel-efficient aircraft including the Airbus A350-1000● Electrification of airport vehicles
S 25% of Investments	<ul style="list-style-type: none">● Introduction of freighters toward solving the issue of shortage of domestic truck drivers in domestic delivery● Expansion of JAL SMART AIRPORT for airport procedures and improved productivity
G 15% of Investments	<ul style="list-style-type: none">● IT systems to support our business

In fiscal year 2023, we introduced ICP(Internal Carbon Pricing) into our investment decisions. We will accelerate ESG investment by including ESG elements in our investment decisions. We are also considering the introduction of a new investment efficiency index, the “Sustainable ROIC (tentative name)”, which takes into account the social value generated by ESG investments.

The total amount of debt repayment toward restructuring our financial base is expected to be approximately 300 billion yen over three years. At the end of FY2022, we were able to resume dividends for the first time in 3 financial years. Going forward, we will strive to gradually expand shareholder return as profits recover to achieve a dividend payout ratio of approximately 35 percent or more as soon as possible.

For more information on Internal Carbon Pricing, please visit the JAL website. <https://www.jal.com/en/sustainability/environment/>

Communication with Institutional Investors

We are committed to appropriate, interactive communication with our institutional investors. In addition to individual meetings with our President, Executive Vice President, Group CFO and others, we hold regular events to provide institutional investors with opportunities to deepen their understanding of our company. In addition, we regularly provide feedback on issues of interest and opinions from institutional investors around the world to our directors and management at Board of Directors meetings and Group Management Council meetings, to identify issues and improve our management. We will continue to strive to improve both the "quality" and "quantity" of our dialogues to help more investors understand our company.

Total Number of Events for Institutional Investors

	FY2019	FY2020	FY2021	FY2022
Earnings Announcement・Medium Term Management Plan Announcement for Institutional Investors	4	4	4	4
Events for Institutional Investors	4	3	3	3
IRDAY	1	1	1	1
Facility Tour	1	0	0	0
CEO Small Meeting・CFO Small Meeting	2	2	2	2
Conference hosted by Securities Companies	9	9	11	12

Total Number of Interviews with Institutional Investors (Total)

	FY2019	FY2020	FY2021	FY2022
Interviews with Domestic Investors	167	209	188	162
Interviews with Overseas Investors	219	262	164	230
Total	386	471	352	392
Interviews by Management	63	173	91	112
President	16	42	12	17
Vice-president	0	0	1	7
CFO・Senior VP of Finance & Accounting	43	68	74	86
Others*1	4	63	4	2

*1 Includes interviews with the Chairperson

Internal Feedback Conducted

	FY2019	FY2020	FY2021	FY2022
Feedback conducted at the Board of Directors Meeting*2	4	4	4	4

*2 Refers to feedback sessions conducted at the Board of Directors meeting to internally share the opinions of institutional investors

IR DAY

At “IR DAY” held in May 2023, 11 management members including President Akasaka, discussed the contents of the “JAL Group Medium-Term Management Plan FY 2021-2025 Rolling Plan 2023” focusing on the mid-long term growth strategy and other relevant topics. Participants deepened their understanding of the JAL Group through various perspectives including Full Service Carrier/Cargo, LCC, Mileage Lifestyle and Infrastructure, and strategies regarding ESG and human resources.



Facility Tour

At the “facility tour” held on May 2023, analysts of security companies and institutional investors were introduced to the aircraft of ZIPAIR, our growth driver in the LCC business, as well as SMART AIRPORT and SMART SECURITY, which are highly effective as part of the company's DX strategy.



CEO Small Meeting and CFO Small Meeting

At “CEO Small Meeting” and “CFO Small Meeting”, dialogue sessions were held focusing on the ESG strategy, which is a central theme of the “JAL Group Medium-Term Management Plan FY 2021-2025 Rolling Plan 2023”.