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Editorial Policy

The JAL Group has published JAL REPORT 2023 to inform stakeholders about our business activities during the previous fiscal year, our strategies for the future, and to provide an understanding of the Group’s pursuit of social and economic values, and sustainable growth. This report has been compiled from a wide range of both financial and nonfinancial information that the JAL Group has deemed to be of particular importance to group management, all of which is made available on the JAL Website.

Period covered by the report
Primary April 2022 to March 2023 (FY2022)
Scope of the report
This report covers 191 JAL Group companies, comprising Japan Airlines Co., Ltd., 137 subsidiaries and 53 affiliates.

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

Date of publication
August 2023

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

JAL Vision 2030

To become the world’s most preferred and valued airline group, by helping to create a vibrant society and a future where many people and goods freely move around

JAL Peace of Mind

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

Sustainability

Build a better future where everyone can feel fulfilled and hopeful
Message from JAL Group CEO

By placing ESG strategy at the top of our strategy, we will create a society of safety and peace of mind and a sustainable future by solving social issues, and realizing long-term improvement in corporate value.

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

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

Thank you very much for your continued support to JAL Group. From May 2020, COVID-19 has been downgraded in the Infectious Diseases Control Law, bringing back the bright wonderful days. I am truly delighted to see the smiling faces of our customers and workers at the airport and on board our flights. We would like to express our deepest gratitude again for the tremendous support and cooperation we received from our stakeholders during the COVID-19 pandemic.

The outbreak of the COVID-19 pandemic in the early 2020s brought about the disappearance of demand, an unprecedented crisis that the airline industry had never experienced before. Amid the uncertainty of the future, we took a step forward towards the post-COVID period by formulating our Medium-Term Management Plan in May 2021 in order to unite all employees and move forward. With a great deal of their support, we had to feel our way through the darkness, our revenue recovered to pre-COVID levels last year. We were able to generate profits and pay dividends for the first time in three years. Although it is necessary to continue to respond to global risks, including the Ukrainian situation, the business performance of this fiscal year has been on track due to the further acceleration of the pent-up demand. We feel that our Medium-Term Management Plan is close to achieving the target of 1.85 trillion yen or more in sales and 185 billion yen or more in EBIT in the final fiscal year of FY2025. The three-year battle against COVID-19 has been a series of hardships and challenges, but I also feel that the lessons learned have been tremendous.

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

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

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

ESG Strategy for JAL Vision 2030

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

The Value of Air Transportation and Societal Connections

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

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

Redefining Business Objectives

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

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

The mission of the LCC business domain is to create new flows of people. We will offer easy-to-understand services especially for the younger generation, families with children,
and inbound travelers traveling around Japan. We also want to develop new destinations that FSC cannot cover. The Cargo and Mail business domain plays a role in connecting goods and people, and regions through high-speed transportation that leverages the strengths of aviation. In particular, we will focus on the transportation of goods that are directly connected to people’s lives, such as e-commerce, medical products and pharmaceuticals, and local specialties. We will also contribute to solving logistics problems by linking with other transportation modes and using new technologies such as drones. In order to reinforce the mobility required for such meticulous cargo transportation, we will introduce new midsize cargo aircrafts.

In addition to aviation, the Mileage, Lifestyle, and Infrastructure business domain will grow into a core business for creating connections between people and goods, taking advantage of the JAL Group’s strengths in customer base, human resource base and brand strength. We will particularly focus on solution businesses that address serious local problems such as the declining and aging population by expanding the number of people engaged in nature, food, culture, medical care, education, and events. In the travel business, we will propose and disseminate new forms of travel, such as Adventure Tourism, that can create deeper culture, medical care, education, and events. In the travel business, we will propose and disseminate new forms of travel, such as Adventure Tourism, that can create deeper

For a Sustainable Air Transport

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

**Toward Carbon Neutrality in the Sky**

We have been working to achieve carbon neutrality in Net Zero CO2 Emissions by 2050 (NZE) as one of the most important issues for the global environment. I, however, feel that the importance of this is growing day by day. In Europe, a law to replace short-haul air routes with railways came into effect, and the Japanese government’s broad policy clearly states the direction of carbon neutrality in the aviation sector. One of the pillars of CO2 reduction is the renewal to fuel-efficient aircrafts. In addition to the Airbus A350 and Boeing 787, which are our main fleets, we decided to introduce the Boeing 737 MAX in FY2025. In all the aircrafts*, the share of these advanced fuel-efficient aircrafts is expected to be more than 70 percent in FY2030, up from about 30 percent before the COVID-19 pandemic, and we will continue to steadily promote aircraft renewal. Another pillar is the use of sustainable aviation fuel or SAF. SAF is a new fuel that can reduce CO2 emissions by approximately 80 percent compared to conventional aviation fuel. In FY2030, we plan to replace 10 percent of all on-board fuel with SAF. Hereofore we have been procuring SAF from overseas as European and North American countries have been preceding Japan in the SAF production. Hereafter, we will procure domestic SAF for use in Japan. If SAF cannot be refueled at Japanese airports, overseas airlines may find it difficult to continue flights to Japan. Thus, if SAF in Japan is definitely essential to support our country’s aviation infrastructure. As a result, we are rapidly developing and manufacturing SAF in Japan in cooperation with suppliers that provide various technologies and raw materials, including the petroleum and plant industries.

*Passenger aircrafts with more than 100 seats.

**JAL Style Human Capital Management**

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

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

*Figure 3 and Figure 4*

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

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

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

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

Enacted a BCP to Establish a Task Force to make Prompt Decisions

In January 2020, in line with the spread of the virus in Asian countries, we launched a task force headed by the President based on our Business Continuity Plan (BCP) under the emergencies of an infectious disease spreading, an infectious disease. Therefore, we have held weekly meetings in the task force headquarters and since May 2023, actions have been taken in order to maintain and improve the quality of our services. As a result, we have made significant progress in our efforts to contain the spread of the disease and mitigate its impact on our operations.

Improvement of Hygiene and Cleanliness

Providing Support During Travel

Communication with Customers

Compatibility of Stronger Quarantine Systems and Convenience

Domestic Passengers

Cargo and Mail

Freight-only flight

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Impact of COVID-19 on Aviation Business ~ Trends in the Number of Newly Confirmed Cases and Quarterly Revenue ~

(Fiscal year: April to March)

(Units: billion yen)

- International passengers
- Domestic passengers
- Cargo and mail business revenue
- Number of newly confirmed cases (Source: Ministry of Health, Labor, and Welfare)

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- International passengers
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- Number of newly confirmed cases (Source: Ministry of Health, Labor, and Welfare)
Chapter 2  The JAL Group Value Creation Story

1. Materiality

The JAL Group positioned its ESG strategy at the topmost of the JAL Group Medium-Term Management Plan Rolling Plan 2023 and reviewed its materiality to create social and economic value and solve social issues through air transportation and societal connections generated by its business.

To date, materiality has been identified as 22 issues in 4 areas in order to contribute to achieving the 17 goals/169 targets of the SDGs. This is mainly in the FSC business area. Through the materiality identification process, we are reviewing materiality so that it is closely linked to the creation of economic value in all business areas of the JAL Group, and not just in aviation. In addition, we define human resources (human capital), which is the JAL Group’s greatest strength, as materiality because to improve the value creation and productivity of all our employees is an important management issue.

The JAL Group aims to achieve medium- to long-term growth by creating a safe and secure society and a sustainable future through our materiality initiatives.

Materiality Specific Process

To identify materiality, we first reconsidered social issues in the post COVID-19 pandemic period. We then analyzed the important social issues for our business.

3. Important Analysis for Stakeholders

- Identifying Materiality
  - Reconsidering social issues in the post COVID-19 pandemic period
  - Analyzing important social issues for our business

4. Important Analysis for the JAL Group

- Material Issues (Materiality) Indicator of Social Values [FY2025 target]
  - Indicator of Economic Values [FY2025 target]
  - Goals of the Relevant SDGs

5. Important Analysis for the JAL Group’s Value Creation

- Dialogue with Stakeholders
  - Understanding the level of interest and the level of expectations from stakeholders for the JAL Group’s Value Creation
  - Identifying social issues through dialogue with stakeholders

- Setting Indicators and Targets
  - Identifying materiality and disclosing performances
  - Setting metrics and targets based on identified materiality

2. JAL Group's Value Creation Story

Achieving JAL VISION 2030 and Carbon Neutrality

The JAL Group has set forth the JAL Vision 2030, which aims to create a society of Safety and Peace of Mind and a Sustainable future for the purpose of our company, which is to create a vibrant society and a future where many people and goods freely move around.

1. Materiality

2. Through our ESG strategy, we will create social value in terms of air transportation and societal connections, realize JAL Vision 2030, and improve economic value.
3. In the business strategy to promote the ESG strategy, the JAL Group will expand its earnings and achieve sustainable growth through business model reform, human resources strategy, DX strategy, and GX strategy for carbon neutrality.
4. The financial strategy underpinning the ESG strategy is to appropriately allocate cash generated by the enhancement of economic value to ESG-promoting investments, such as human resources and shareholder return, among others, while maintaining both risk tolerance and growth.

In the 2021 to 2025 JAL Group Medium Term Management Plan Rolling Plan 2023, we reviewed the positioning of our ESG strategy and defined it as our top-level strategy.

**Chapter 2 The JAL Group Value Creation Story**

**Our Purpose**

To become the world’s most preferred and valued airline group, where many people and goods freely move around

**Our Vision**

JAL Vision 2030

Build a better future where everyone can feel fulfilled and hopeful

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

Safety and Vision of Mind

Build a better future

**Sustainability**

Carbon Neutrality

FY2050

100

Approx. 50%

LCC

Cargo and Mail

100

Approx. 50%

DEVELOPMENT

SUSTAINABLE

FY2019

100

Approx. 10%

FY2030

100

Approx. 40%

FY2021

100

Approx. 40%

FY2023

100

Approx. 10%

FY2022

45

Approx. 50%

FY2050

100

Approx. 50%

FY2025

100

Approx. 10%

Pre COVID-19

132Bn JPY

FY2021

64.5Bn JPY

FY2022

100Bn JPY (Plans)

FY2023

185Bn JPY (Plans)

FY2025

FY2030

FY2050

EBIT: Earnings Before Interest and Taxes

*1 FY2019 results excluding the impact of COVID-19

*2 FY2019 (IFRS)
3. JAL Group’s Value Creation Process

Solving Social Issues and Enhancing Sustainable Corporate Value

The JAL Group supports the movement of people and goods in the areas of FSC, LCC, and Cargo and Mail, and creates societal connections through air transportation while maintaining safe operations, which is the foundation of our business. We aim to continuously increase corporate value by creating social and economic value through the movement and connection of people and goods, and by strengthening human capital and other capital.

**INPUT** (key management resources)

- **Human capital**
  - Diverse and professional human resources
    - JAL Group Employees: 36,039 employees
    - 5,365 female managers (22.6% of all managers)
    - Highly engaged employees
  - Intellectual capital
    - Regulations and resources to protect aviation safety
    - IT systems that achieve high-quality service

- **Social capital**
  - Networks connecting regional areas in Japan with the world
    - JAL Group Airlines and affiliated airlines
    - Collaboration with local communities
    - Customer base centered on aviation
      - About 17 million JAL Mileage Bank members

- **Production capital**
  - Substantial aircraft
    - JAL Group number of aircraft: 8 models, 224 aircraft among which, 11 aircraft were deployed in growth areas.
    - New type of fuel saving equipment: 2 models 47%

- **Financial capital**
  - Financial infrastructure with the necessary risk tolerance during the COVID-19 pandemic
    - Capital adequacy ratio 39.3% (for rating purposes)
  - Financial infrastructure
    - Substantial aircraft
    - New type of fuel saving equipment
  - Financial infrastructure
    - Effective use of resources
      - Aircraft fuel using fossil fuels
      - Maintenance credit rating of A
      - Capital adequacy ratio 39.3% (for rating purposes)

- **Natural capital**
  - Natural capital
    - Effective use of resources
      - Aircraft fuel using fossil fuels
      - Maintenance credit rating of A
      - Capital adequacy ratio 39.3% (for rating purposes)

**OUTPUT** (Business Model (Business Activities))

- **FSC**
  - Balancing environmental measures and network expansion
    - Introduction of fuel-efficient and state-of-the-art equipment
    - Cooperation with alliances, other transportation modes, and regional airlines
    - Number of aircraft: 8 models, 224 aircraft among which, 11 aircraft were deployed in growth areas.
    - New type of fuel saving equipment: 2 models 47%
    - CO2 emissions

- **LCC**
  - Creation of new flows of people
    - Young generation, families, and inbound
    - Number of new cities and routes: 22 to 26 equipment deployed in internal and growth areas
    - Number of cities and routes in service: 22 to 26
    - CO2 emissions

- **Cargo and Mail**
  - Connecting people, communities through high-speed transportation
    - Transport of medical/pharmaceutical/regional products
    - Number of cities and routes in service: 22 to 26
    - Number of new cities and routes: 22 to 26 equipment deployed in internal and growth areas
    - Number of cities and routes in service: 22 to 26
    - CO2 emissions

- **Minage, Lifestyle, and Infrastructure**
  - Creating connections between people and goods
    - Number of issued miles
    - Number of travelers on tours
    - Number of strategic item handling volume
    - Number of issued miles
    - Number of travelers on tours
    - Number of strategic item handling volume
    - Ground handling
    - Air mobility

**Business portfolio**

- **FSC**
  - Introduction of fuel-efficient and state-of-the-art equipment
  - Cooperation with alliances, other transportation modes, and regional airlines
  - New type of fuel saving equipment: 2 models 47%
  - Number of aircraft: 8 models, 224 aircraft among which, 11 aircraft were deployed in growth areas.

- **LCC**
  - Creation of new flows of people
    - Young generation, families, and inbound
    - Number of new cities and routes: 22 to 26 equipment deployed in internal and growth areas
    - Number of cities and routes in service: 22 to 26

- **Cargo and Mail**
  - Connecting people, communities through high-speed transportation
    - Transport of medical/pharmaceutical/regional products
    - Number of cities and routes in service: 22 to 26

**OUTCOME** (Enhancement of Value and Capital Created through Air Transportation and Societal Connections)

- **Value created through air transportation and societal connections**
  - Movement of people and goods
  - Societal Connections
  - Economic Value
  - Human capital
  - Intellectual capital
  - Financial capital
  - Natural capital

- **Value created through aircraft and societal connections**
  - Movement of people and goods
  - Societal Connections
  - Economic Value
  - Human capital
  - Intellectual capital
  - Financial capital
  - Natural capital

**Strengthening human capital and improving capital efficiency**

Increase corporate Value
4. Foundations of Value Creation

(1) Safety Charter

The Safety Charter demonstrates the JAL Group’s determination, basic philosophy, and actions toward safety, which is the basic premise for creating value as an airline. Every employee, from top management to front-line employees, implements the Safety Charter on a daily basis. The JAL Group places particular importance on the Safety Management System, which is an organizational safety promotion mechanism for maintaining and improving aviation safety, and the Safety Culture, which is an organizational culture for functioning the safety management system.

Safety Charter

Safety: The protection of lives.

This is the commitment and basic foundation of business continuity for the JAL Group. We take to heart our mission and responsibility as safety professionals to ensure a safe operation on every flight with the best of our knowledge, skills and abilities. To accomplish this, we will act according to the following principles.

- Stop immediately when safety concern arises.
- Comply with rules and strictly follow standard operating procedures.
- Always check and confirm; never rely on assumptions.
- Promptly communicate information without omission to ensure safety.
- Deal with problems quickly and appropriately without underestimation.

Safety Management System

A safety management system is a generic term for a collection of structured organizational processes that include safety policies, organizational structures, responsibility sharing, and methods of safety risk management. In accordance with the JAL Group Safety Charter, our fundamental safety policy, management, the Corporate Safety and Security Division and other divisions implement the PDCA cycle for safety, and organically link it across organizations to ensure the safety management system functions properly and continuous improvements are made.

Safety Management Structure

As there are eight airlines in the JAL Group including Japan Airlines, safety is managed under a common policy which was confirmed by the Group Safety Enhancement Council in order to maintain uniform and high safety levels throughout the JAL Group. In addition, the Group Operational Safety Promotion Committee has been established as a subcommittee of the Group Safety Enhancement Council to maintain and strengthen safety cooperation between JAL divisions and Group airlines.

The President assumes final responsibility for safety.

The Chief Safety Officer, appointed by the President, has overall responsibility and authority for the safety management system, and makes important management decisions including safety measures and safety investments.

For details on the safety management system, please visit the JAL website.

PDCA Cycle of the Safety Management System

- Identify hazard
- Assess risk
- Establish measures
- Monitor and review

Safety risk management

We gather a wide range of information from reports on unsafe behavior and acts, the flight data analysis program, crew fatigue and alcohol risk management program, and use it to prevent safety events.

Managing risks

In formulating safety measures for air transport and promoting responses to accidents and troubles, we manage risk through the following steps.

- Utilizing gathered information on unsafe conditions and unsafe events, we identify hazards and real or hidden risk factors with the potential to cause or contribute to an aircraft accident, serious incident or other adverse events.

- We determine the severity of consequences and the probability of occurrence, assess the acceptability of the risk level and examine the need to take action. Multiple risks are prioritized, as necessary, to know which ones are most urgent.

- We establish and implement measures to eliminate each hazard so that high priority risks are reduced to a tolerable level.

- We monitor the measures and evaluate their effectiveness. If the risk is determined not to be acceptable, we establish and implement additional measures.

Education, training and safety awareness

Initiatives based on the three actuals principle

JAL Group employees are educated on the importance of safety from the depths of their minds by going to the accident site (the actual place), looking at aircraft debris and personal belongings of victims (the actual objects), and listening to stories of those who experienced the accident (the actual people).

Training and assessment

To assure stable safety and quality standards, training and assessment are conducted for pilots, maintenance engineers, cabin attendants, and dispatchers.

Internal audits

We conduct internal audits regularly in accordance with the requirements established by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the International Air Transport Association (IATA) in order to identify areas for improvement in the safety management system and improve safety standards.

Safety education

Safety education is conducted every year for all employees with the aim of creating awareness based on the basic premise of safety. In addition, we conduct safety training for new employees, employees, who have worked for JAL for 10 years, and new managers.

Management review

The Group Safety Enhancement Council reviews policies and plans every year and evaluates and improves the safety management system to ensure it is functioning effectively.

We conduct internal audits regularly in accordance with the requirements established by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the International Air Transport Association (IATA) in order to identify areas for improvement in the safety management system and improve safety standards.

Management of change

We have established and implemented a change management process to manage risks arising from upsizeing and downsizing of organizations, and changes to facilities, systems, processes, and procedures with the probability of affecting safety.
A Safety Culture

A safety culture is an organizational culture and an organization’s shared awareness about safety. The JAL Group is working to foster a safety culture based on lessons learned from the past.

A reporting culture

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

A culture of decision-making and challenge

The JAL Group aims to achieve sustainable growth and development by adapting to the rapidly changing environment. As it is extremely important from the viewpoint of employees for managers to make decisions within their authority and responsibility, we are reviewing and improving the decision-making process to ensure smooth and prompt decision-making.

A communication culture

The JAL Group is promoting communication and creating opportunities for employees to verbally share information face-to-face. An activity has been running since 2006, where employees across divisions meet and revitalize the organization. We also employ verbal confirmation as a means of interactive communication to ensure thorough checks and instill this practice in workplaces.

A culture of refining manuals

The JAL Group employees strive to understand the true meaning of their work manuals by always asking themselves, “What is this procedure for?”. Also, manuals are there to follow but also to change. Therefore, we search for improvements necessary when using the manual and review manuals together with manufacturers. We have established a framework for periodic inventory both in quality and in quantity.

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

In order to encourage JAL Group employees to think from the customer’s perspective, we place importance on the “second to third person perspective,” which combines the third person perspective of thinking from an expert’s viewpoint, which we apply to the JAL Group management and safety operations.

JAL Philosophy

The JAL Philosophy is a mindset, a set of values, and an attitude expected of everyone working on JAL services and products.

Each member of the JAL Group aims to achieve the JAL Group corporate policy of “Deliver unparalleled service to our customers and increase corporate value and contribute to the betterment of society” throughout the daily practice of JAL Philosophy.

When JAL Group employees think and act autonomously, JAL Philosophy aligns the vectors of all employees.

Part 1 To Welcome a Wonderful Life

Chapter 1 The Formula for Success

The Formula of Life and Work: Attitude × Effort

Foster a Beautiful Mind

Be Humble and Honest

Always Be Cheerful and Positive

A Small Good Is Like a Great Evil, While a Great Good May Appear Meretricious

Wrestle in the Center of the Ring

Gather Morale Simply

Possess Opposing Extremes

Chapter 3 Accumulate Tedious Efforts with Passion

Work Earnily

Accumulate Tedious Efforts

Work with Voluntary Attention

Part 2 To Become a Wonderful JAL

Chapter 1 Each of Us Makes JAL, What It Is

Each of Us Makes JAL, What It Is

Discus Frankly

Read by Example

Be the Center of the Vortex

Valuable Lives Are Embedded to Us in Our Work

Be Thankful

Put Yourself in the Customer’s Position

Chapter 2 Have a Keen Sense of Profitability

Maximize Revenues and Minimize Expenses

Elevate Our Cost Consciousness

Pursue Profit Fairly

Manage the Company Based on Accurate Figures

Shared Value through the common values of JAL Philosophy have enabled us to bring all employees together.

Initiatives to Practice the JAL Philosophy

JAL Philosophy workshop

All JAL Group employees participate in workshops three times a year with the aim of providing the best service to customers and contributing to the advancement of society through the study of JAL Philosophy. In FY2022, we deepened our learning on the theme of what each individual should be aware of in order to solve social issues through business activities. The aim is to become a driving force for tomorrow by learning the value of our daily work through dialogue and introspection with our peers.

Leaders workshop

In FY2022, six workshops were held annually for executives and department heads and two sessions annually for managers, with the aim of helping leaders improve their character. Focusing on leadership that responds to the changing times and building an organization that takes on challenges, the JAL Group’s leaders strive to compete with each other in order to demonstrate the strength of the JAL Group in human resources.

JAL Philosophy and ESG Strategy

Last year, we focused on ESG strategies as the theme of the JAL Philosophy workshop, hoping to convey that our work based on altruism has led to ESG strategies. Participants commented, “I found that the results of each person’s daily work lead to ESG strategy, and my motivation for work increased.” It was a challenge to tackle a difficult subject, but I feel that thinking through the common values of JAL Philosophy has enabled us to bring all employees together.
(3) Divisional Profitability Management System

The divisional profitability system, based on our Amoeba Management, has advantages such as fostering personnel with a sense of management, proactive business management, and the realization of Management by All. All JAL Group employees work on figures involved in company management to maximize profits. Along with the implementation of JAL Philosophy, we aim to realize our corporate philosophy by not only maximizing profit in each division, but also pursuing optimal profits throughout the entire company.

Along with the implementation of JAL Philosophy, we aim to realize our corporate philosophy by not only maximizing profit in each division, but also pursuing optimal profits throughout the entire company. The divisional profitability system, based on our Amoeba Management, has advantages such as fostering personnel with a sense of management, proactive business management, and the realization of Management by All. All JAL Group employees work on figures involved in company management to maximize profits.

■ Developing Human Resources that Contribute to Sustainable Development

In the Amoeba system, the leaders of each organization are responsible for the income and expenditure of their own organization. They gain managerial experience by formulating intentional organizational goals and engaging all members to achieve the goals. This initiative will produce managerial talent.

■ Realize Business Model Reform by Leveraging Strengths

Each month, we formulate earnings forecasts for the FSC, the LCC, and the Mileage, Lifestyle and Infrastructure businesses. Based on these forecasts, we examine and implement measures to maximize earnings. At the Group performance report meetings, which are attended by all executives, discussions will be repeated on the income and expenditure forecasts and measures formulated by each business. In addition to cost management, which was a major topic of discussion during the COVID-19 pandemic, the focus of discussions will be to maximize income based on changes in the current business environment. All participants will share their insights toward achieving the annual earnings goal and rebuilding the business portfolio. By taking advantage of proactive management and the Management by All, we will realize the growth of each business, thereby leading to the sustainable growth of the JAL Group.

Driving Force to Involve All Employees in Management

Realization of the JAL Group Corporate Philosophy

JAL Vision

Medium-Term Management Plan

JAL Philosophy

Divisional Profitability Management System

Contribution to Improve Income and Expenditure

Divisional profitability initiatives exerted their authority during the COVID-19 pandemic. The leaders of each organization took the lead in formulating earnings forecasts based on the latest demand trends of each month, and appropriately managed costs in response to the sharp decline in income. In addition, these forecasts were shared at departmental meetings where all members gathered, regardless of job title or years of employment, and all organizations considered and implemented measures to improve income and expenditures, such as planning new businesses utilizing the resources that we own. In this way, each organization continued to take advantage of the strengths of the system, and the JAL Group as a whole has improved its income and expenditure.

(4) Governance

Governance is positioned as the foundation for the JAL Group’s value creation. Through the JAL Group Code of Conduct, which all employees must adhere to, company-wide risk management, and corporate governance, which exercises strong management oversight functions based on high management transparency, we will firmly establish aggressive and defensive governance and achieve sustainable growth.

JAL Group Code of Conduct (Information Disclosure and Compliance)

The JAL Group Code of Conduct is a commitment to society through which the JAL Group conducts its business and is an action guideline that all employees must adhere to in order to create value sustainably through their daily work. In addition to implementing the JAL Philosophy, all employees will think and act in accordance with the Code of Conduct, thereby fulfilling the promise to society, such as solving social issues including the SDGs.

JAL Group Code of Conduct

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

Initiatives based on the JAL Group Code of Conduct

We formulate and implement initiatives based on the JAL Group Code of Conduct, ranging from the business strategy of the medium-term management plan with ESG strategy at the top to initiatives related to more universal governance. Specific initiatives for more universal governance include:

① Information Disclosure and Dialogue

In order to continue to be a trusted company in society, the JAL Group strives to have better dialogue with a wide range of stakeholders and to enhance and improve the quality of information disclosure, which is a prerequisite for dialogue.

We strive to disclose information carefully and engage in constructive dialogue with shareholders, investors and other stakeholders.

In order to disclose the JAL Group’s corporate stance, we have posted a variety of information on our company website, including the JAL Report, a consolidated report on finance and ESG, the JAL Group Safety Report, which summarizes our attitude and initiatives toward safety, as well as our corporate philosophy, corporate information, safety and quality information, sustainability information, and IR information. We also disclose information on our management plans and financial results in a timely, fair and appropriate manner. In addition, we will carry out dialogue to promote understanding from a wide range of stakeholders and enhance corporate value.

② Proactive Information Disclosure

The JAL Group is working to enhance the quality of information disclosure and emphasize two-way communication so that stakeholders can understand the situation and business environment accurately and clearly. In recognition of this proactive disclosure of information, we have been ranked number one in the transportation sector for the fourth time in the past five years since 2018 by the Japan Securities Analysts Association as a “Disclosure Excellent Company.” In order to build better relationships with stakeholders, we will continue to actively disclose information and strengthen communication through dialogue events and IR materials and strive to conduct IR activities with higher quality.
2. Fair Business Practices

The JAL Group carries out fair business activities in order to remain a company trusted by society.

- Fair business practices will be ensured through compliance, anti-corruption, engagement in free and fair competition, management of personal information and intellectual property, and measures against anti-social forces.

- To this end, we will raise awareness of compliance and conduct based on the Code of Conduct through the education for each employee. We will also establish a consultation desk and work to detect fraud as soon as possible.

- In particular, as we work to prevent corruption, we comply with laws and regulations and international treaties applicable to our respective countries and regions as part of our global business development, and we are working to strengthen controls on bribery and prevent money laundering.

Promotion System

Compliance initiatives, including the promotion of fair business conduct, are reported at the Group Risk Management Meeting directly under the President, and the status of initiatives is supervised. In addition, we have established the JAL Group Compliance Network, consisting of executives from each JAL Group company, to ensure thorough compliance across the Group.

Enhancement of Employee Education

Since the establishment of the Code of Conduct in 2019, the JAL Group has been conducting training programs with the aim of improving the level of awareness, understanding, and steady implementation. All employees attend a seminar on our Code of Conduct annually in October, known as the Compliance Month. In FY2022, we aimed to further implement the Code of Conduct by sharing and discussing what we think is important for each participant and work to improve the curriculum every year based on their responses.

In addition to the above training, we are also working to further raise awareness of compliance by providing education by job level, including the executive level, and in every workplace, including overseas departments.

Development of Consultation Services for Employees

We have established internal and external reporting and consultation desks (24 hours, 365 days, Japanese/English) that can be used anonymously by all JAL Group employees. In addition, each group company has its own consultation desk, and the JAL Group as a whole is conducting early detection and correction of fraud. The number of internal reports in FY2022 was 170. In order to make the contact easily accessible to employees, we will continue to disseminate information that makes it easy to understand where to present their report and provide internal education on the whistleblowing system.

Number of Violations of the Code of Conduct in FY2022

The number of violations of the Code of Conduct (disciplinary actions) in FY2022 is shown in Table 1. When violations are discovered, we not only investigate them appropriately and take action, but we also strive to prevent the recurrence of such cases by frequently sharing the reported cases, providing on-house education, and establishing a system to prevent violations.

<table>
<thead>
<tr>
<th>Item</th>
<th>Number of Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery or Corruption</td>
<td>2</td>
</tr>
<tr>
<td>Discrimination</td>
<td>2</td>
</tr>
<tr>
<td>Harassment</td>
<td>1</td>
</tr>
<tr>
<td>Customer Privacy</td>
<td>0</td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>0</td>
</tr>
<tr>
<td>Money Laundering or Insider Trading</td>
<td>0</td>
</tr>
</tbody>
</table>

3. Responsible Procurement

We will maintain fair and clear procurement and strive to co-exist and co-prosper with our suppliers by building a sustainable supply chain through the dissemination and compliance with the JAL Group Supplier Code of Conduct.

To this end, we will endeavor to respond in good faith and identify and resolve issues from the perspectives of legal compliance, global environmental protection, respect for human rights, proper labor practices, and fair business practices.

ESG Initiatives - Supply Chain ESG Program

The JAL Group’s businesses, including air transportation, are supported by the supply chains of a wide variety of suppliers. Throughout this supply chain, we operate a supply chain ESG program to identify and address significant risks and impacts from an ESG perspective.

Main Initiatives of the Program

The Supply Chain ESG Program assesses and supports suppliers according to the level of their ESG risks.

The JAL Group Supplier Code of Conduct is presented to all our suppliers to understand and comply with. To significant suppliers judged to be at high risk, the JAL Group uses SAQ “Judge” (or the response from our company’s own Self-Assessment Questionnaire (JAL questionnaire)) to confirm the compliance status, business practices, human rights, and the environment, as well as business materials such as labor conditions, sector-specific characteristics, and ESG in countries and regions.

In addition to quality, price, and delivery dates, we aim to establish a consultation desk and work to detect fraud as soon as possible.

Promotion System

Goal-setting and progress review and risk management at Board of Directors.

Purchasing activities based on compliance with the JAL Group Supplier Code of Conduct.

Education of procurement personnel

Compliance with JAL Group Supplier Code of Conduct in FY2022 (percentage by field)

<table>
<thead>
<tr>
<th>Field</th>
<th>FY2022 1.0</th>
<th>FY2021 1.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Responsible business practices</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Fair Business Practices</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Social Impact</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Human Rights</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Gender Equality</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>anti-corruption</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Bribery or Corruption</td>
<td>60%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Metrics and Targets

<table>
<thead>
<tr>
<th>Key Performance Indicators (KPI)</th>
<th>FY2023</th>
<th>FY2022</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring compliance rate of primary suppliers</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Non-compliance confirmation rate of primary suppliers</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Auditing rate of suppliers requiring audit</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Consultation response rate</td>
<td>Each year</td>
<td>Each year</td>
<td>100%</td>
</tr>
<tr>
<td>Training rate of procurement staff</td>
<td>Each year</td>
<td>Each year</td>
<td>100%</td>
</tr>
</tbody>
</table>

Consultation Services for Business Partners

In FY2022, we began operating the JAL Supplier Hotline, a window for direct consultation from suppliers and their employees. We visited several suppliers, who were thought to be at high risk from a human rights perspective, and conducted awareness campaigns for our hotline. While giving maximum consideration to the privacy of callers, we cooperate with suppliers to confirm compliance with the JAL Supplier Code of Conduct and encourage dialogue to resolve the issues.

Topic: CDP Supplier Engagement Assessment

In the Supplier Engagement Assessment conducted by CDP, an international environmental non-profit organization, JAL was the only airline in Japan to receive an “A,” the highest rating given to the top eight percent from approximately 18,700 companies in Japan and overseas. Thereafter, JAL was certified as a Supplier Engagement Leader.
To realize our corporate policy, the JAL Group established a Multi-Stakeholder Policy based on the belief that it is important to create value co-creation with diverse stakeholders such as shareholders, employees, business partners, customers, creditors, and local communities. Awareness and advice for improvement gained through constructive dialogue with a wide range of stakeholders around the company are used to continuously enhance corporate value.

Employees

For All Employees to Work Together to Create Value

In order for all employees to work together to improve corporate value through sustainable value creation, we are rapidly sharing accurate information and promoting direct communication between management and employees. In order to ensure a proper understanding of the JAL Group's management strategy and status, our top management distributes not only internal newsletters but also instructional videos on the Medium Term Management Plan and quarterly financial results. In addition, regular briefings by the President are available to our worldwide employees. Furthermore, we hold round-table meetings between the President and employees at various branches, including overseas offices, to directly communicate with each other about safety, other workplace initiatives, and issues.

Creating Customer Value through Dialogue with Customers

Customer feedback is reported to the Board of Directors on a monthly basis. In addition, through company-wide consultations at the management level, we confirm how to solve problems and examine countermeasures. In addition, we are working to develop new products and improve our services based on customer satisfaction surveys after boarding our flights and the feedback received at the contact desk. The JAL Group will continue to take customer feedback seriously and strive to improve its services.

Community, Next Generation/Environment

Becoming a Part of Building a Diverse and Resilient Society

The midyear between the enactment and achievement of SDGs is 2023. In order to further promote ESG management by grasping the latest social trends and incorporating the knowledge of experts into our strategies, we held a dialogue with executives and Professor KANIE Norichika, a leading expert in SDGs research and a professor at Keio University Graduate School, regarding the process of formulating the Medium Term Management Plan Rolling Plan.

As aviation is an indispensable social infrastructure, Professor KANIE pointed out the importance of on-site audits to suppliers that are closely tied to our company and highly important from the perspective of ESG management. In addition to daily business meetings, participants from 39 significant suppliers participated in the briefing session in FY2022 to publicize the JAL Group's ESG initiatives (such as CO2 reduction) and the JAL Supplier Hotline, established in FY2022. Moreover, we strive to improve our suppliers' understanding of ESG/SDGs through visits to supplier plants.

Business Partners

Communication to Improve the Soundness of the Supply Chain

Our suppliers were requested to comply with the JAL Group Supplier Code of Conduct in order to raise the level of the entire supply chain from the perspective of ESG management. In addition to daily business meetings, participants from 39 significant suppliers participated in the briefing session in FY2022 to publicize the JAL Group's ESG initiatives (such as CO2 reduction) and the JAL Supplier Hotline, established in FY2022. Moreover, we strive to improve our suppliers' understanding of ESG/SDGs through visits to supplier plants.

Dialogue on Human Rights in the Supply Chain

Following FY2021, we invited Mr. SHIMOTAYA Takeshi (photo), the founder of The Global Alliance for Sustainable Supply Chain, who has expert knowledge on human rights in the supply chain, to hold a dialogue with the board members of the Sustainability Promotion Committee. In this dialogue, he gave us valuable advice on the involvement of farmers and other producers in the supply chain, as well as factory workers, and the progress of our company's efforts from a global perspective. Based on the advice we received, we included the identification and conduction of on-site audits to suppliers that are closely tied to our company and highly important from an ESG perspective, to one of our human rights due diligence efforts for FY2023. The JAL Group will continue to engage in dialogue with society and continue to address issues and make improvements based on the belief that respect for human rights is a universal value.

External Partners

Conduct Regular Meetings and Subcommittees with Alliance Members

As a member of the oneWorld Alliance, JAL works with its allies to promote various measures to improve customer convenience and realize sustainability through regular and subcommittee meetings. Going forward, JAL will be loading SAF, which is a joint procurement that has been under discussion with member companies. Together with oneWorld member companies, we will strive to realize new values and improve the quality of our services.

Shareholders and Investors

Strengthening Communication with Individual Shareholders and Investors

We strive to disclose information by posting management-related information such as our corporate philosophy, management strategies, management plans, and results on our website and by sending RI-related information in a timely manner through IR Mail. In addition, as a means of strengthening two-way communications, we conducted new initiatives at the General Meeting of Shareholders held in June 2023, such as livestreaming from the opening to the closing of the meeting and answering all questions received in advance. In addition, as a means to deepen understanding of the JAL Group, we conducted tours of the JAL plant and held online briefings for shareholders living far away. We will continue to work to further enhance and improve the quality of information disclosure and achieve better dialogue with shareholders and investors.

Interacting with Institutional Investors through Interviews and Events

In addition to individual meetings, we actively engage in dialogue with institutional investors through a variety of IR events held throughout the year. We have also resumed face-to-face events, striving to engage in interactive, polite dialogue with our stakeholders. We regularly provide feedback to the Board of Directors and key departments concerned on the valuable opinions and comments obtained at those events, to reflect in our management.

JAL Group will continue to take customer feedback seriously and strive to improve its services after boarding our flights and the feedback received at the contact desk. The JAL Group will continue to work to further enhance and improve the quality of information disclosure and achieve better dialogue with shareholders and investors.
Risk Management

The JAL Group defines risk as an event or action that interferes with the achievement of an organization’s mission, objectives, and goals. We have established a company-wide risk management system and have selected priority risks in order to achieve sustainable growth and create social and corporate value through our business, as well as to minimize the damage caused when risks occur, and to achieve early recognition and resolution.

We will strengthen our business continuity management (BCM) for unknown viral infections, large-scale IT failures, and the anticipated Tokyo Metropolitan Earthquake. In addition, we will strengthen information security measures, including cybersecurity measures.

For information on business risks, please visit the JAL website: https://www.jal.com/en/investor/risk/

For information on priority risks, please visit the JAL website: https://www.jal.com/en/sustainability/governance/riskmanagement/riskthinking/

Management System

By establishing a Risk Management and Information Security Committee to manage and promote personal information and information security, we aim to reduce corporate risks such as information leaks in preparation for sophisticated and complex cyber-attacks.

Under the leadership of our Senior Vice President of the IT Planning Department, also known as the Chief Information Security Officer (CISO), we are working to further improve our Information Security management system by being members of Transportation ISAC (Japan) and Aviation ISAC (Japan) and by obtaining certification from associations that are under the jurisdiction of ISA27001, a global standard for information security and infrastructure.

- Organizations that promote activities contributing to the improvement of the collective defense capabilities of transportation and transportation business operators
- Global information sharing organization consisting of airlines, aircraft manufacturers, among others

In 2022, JAL acquired ISO27001 certification for the division that is responsible for the system infrastructure of the entire JAL Group.

Support the Risk Management System

JAL Group Information Security Measures

Level I: Response by the person responsible for handling the risk
- The person in charge (leader of organization where the risk has occurred) responds by assembling people deemed needed.
- The person in charge advises the person responsible for determining the level of risk to shift to Level II or III according to the severity of the situation.

Level II: Response by the special committee
- A committee is formed by Vice Presidents of main departments with Vice President of Risk Management as Secretarial and risk response is implemented. Vice President of Risk Management advises the person in charge of determining the risk level to shift to Level III if the person depending on the situation.

Level III: Response by the command office
- A Command Office chaired by the President (or Executive Vice President) is set up and continuous operations system quickly shifts to the crisis management system.

Information Security

As an important public transportation infrastructure provider, we take measures against cyber incidents such as information leaks and unauthorized access in accordance with the guidelines set by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Our internal efforts include regular e-Learning security training for all employees, the establishment of a CSIRT system, and various training programs to prevent cyber incidents and respond promptly when they occur. In addition, as a measure to strengthen security during telework, we have built a system that fully encrypts terminal communications outside the company and constantly monitors them. In cooperation with the outside world, specialized agents monitor threats 24 hours a day, 365 days a year, and conduct periodic audits.

JAL Group’s Value Creation Story

Growth Strategy

The JAL Group defines risk as an event or action that interferes with the achievement of an organization’s mission, objectives, and goals. We have established a company-wide risk management system and have selected priority risks in order to achieve sustainable growth and create social and corporate value through our business, as well as to minimize the damage caused when risks occur, and to achieve early recognition and resolution.

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For information on priority risks, please visit the JAL website: https://www.jal.com/en/sustainability/governance/riskmanagement/riskthinking/

Foundation of Risk Management

The JAL Group Risk Management Committee, chaired by the President, has been established to comprehensively manage the risks of the JAL Group and stabilize management.

The meeting will discuss basic policies for risk management, countermeasures for priority risks identified through risk research and assessment, and BCM. In addition, a separate committee dedicated to financial and information security risks has been established at the lower level and to provide more detailed and frequent responses. We have established a multi-layered risk governance system, in which responses to priority risks determined at the meeting are reported to the Board of Directors and further measures are discussed as necessary.

Risks related to aviation safety are discussed at the Group Safety Committee, and risks related to sustainability in general, such as the environment and human rights, are discussed at the Sustainability Promotion Committee.
Corporate Governance

In order to achieve sustainable growth and increase social and economic value, the JAL Group undertakes strong management transparency. We have established a corporate governance system that provides management oversight functions.

Basic views on corporate governance

As a leading safety company in the transportation field, the JAL Group will provide the best service to its customers while maintaining suitable operations, which is the basic premise of its existence. In addition to fulfilling our economic responsibility to provide goods and services, we are committed to conducting business with the view that we are a corporate group that fulfills its responsibilities and contributes as a member of society. Based on this, we have established the JAL Philosophy under our Corporate Philosophy and promptly make appropriate management decisions. At the same time, we strive to enhance corporate value and fulfill our accountability by establishing a corporate governance system that demonstrates strong management oversight functions under high management transparency.

For details of the Fundamental Policies of Corporate Governance and the Corporate Governance Report, please visit the JAL website.

Management Committees directly under the President

The Board of Directors transfers appropriate authority to the President in order to make efficient decisions.

Executive Management Council | Held 35 meetings in FY2022
The Executive Management Council is an organ established by the JAL Group for the purpose of contributing to appropriate and flexible decision-making by the Board of Directors and the President. The committee will deliberate over important issues requiring a resolution of the Board of Directors and matters requiring approval by the President that need to be confirmed by the Executive Management Council before presenting these issues to the Board or the President. Main activities in FY2022: Discussed important management issues to be submitted to the Board of Directors.

Group Safety Enhancement Council | Held 12 meetings in FY2022
To secure flight safety and promote safety management of the entire JAL Group, the Group Safety Enhancement Council makes decisions on important safety management policies, confirms the status of and regularly reviews the Safety Management System, and decides actions to be taken concerning safety in daily operations, among others, according to the JAL Group Corporate Policy and company policies to secure flight safety and promote safety management of the entire JAL Group. Major Activities in FY2022: In addition to understanding the JAL Group’s overall aviation safety policy and safety management system, the JAL Group established a system whereby the Audit Department reports directly to the Board of Directors in addition to the Board of Corporate Auditors (Dual Reporting Line). At the June 2023 Annual General Meeting of Shareholders, we established a system with multiple female directors.

Sustainability Promotion Council | Held three meetings in FY2022
The Sustainability Promotion Council reviews progress management of important issues and annual targets, management of risks and opportunities of climate change, the environmental management system, and human rights due diligence in order to promote ESG management for achieving the SDGs, build a better future where everyone can feel fulfilled and hopeful as stated in JAL Vision, and work with society to achieve sustainable development. Main activities in FY2022: Disclosure of information on TCFD, DJSI evaluation results and review, summary of ESG evaluation, reorganization of important issues, initiatives based on changes in the external environment and social requirements, addition and revision of targets, among others, were discussed and reported to the Board of Directors twice in FY2022.

Customer Value Creation Council | Established in June 2023
Aiming at resolving important issues related to customer value for all customers and society, the initiatives, and communications of each business with customer value as the starting point will be monotbosed. Discussions will take place to reach decisions that will resolve the issues.

JAL Philosophy Council | Held one meeting in FY2022
The JAL Philosophy Council establishes the fundamental policy, and draws up, enforces, and manages progress of measures to promote penetration of the JAL Philosophy.

Group Risk Management Council | Held two meetings in FY2022
To conduct overall risk management and achieve stable JAL Group management, the Risk Management Council establishes the fundamental policy on risk management, conducts regular risk assessment, establishes countermeasures, and manages business continuity, among others. Main activities in FY2022: Review of priority risks, status of response to priority risks, and discussion on priority issues such as cyber security and response to the anticipated Tokyo Metropolitan Earthquake. In FY2022, we reported to the Board of Directors twice in total.

Group Business Performance Reporting Meeting | Held 12 meetings in FY2022
The Group Business Performance Reporting Meetings are aimed at sharing earnings of each Group company and each division in the JAL Group and considering ways to improve business performance.

Group Management Council | Held 26 meetings in FY2022
The Group Management Council conducts deliberation to check progress of important management issues facing the JAL Group and establish measures to address these issues, and reports information of significant importance.

Support for Directors and Audit and Supervisory Board Members
Legal considerations are explained to the directors, as necessary, to ensure that they are fully aware of their duties, including the fiduciary duties of the duty of loyalty and the duty of care. They are provided opportunities for continuous participation in external training and affiliated organizations.

In addition to the provision of corporate information, Audit and Supervisory Board Members are given opportunities to participate in external training and external organizations.

In order to deepen their understanding of the Company, we provide Outside Directors, Outside Auditors, and Supervisory Board Members with safety education including a memorial climb of Mt. Otsuka, a visit to the Safety Promotion Center, and visits to frontlines. We also provide advance briefings on agenda items as necessary and opportunities and materials to explain other matters at their request.

Progress in Strengthening Corporate Governance
Ahead of the establishment of the Corporate Governance Code, we established in FY2012 voluntary committees for nomination and remuneration, among others, as a company with an Audit and Supervisory Board, and have actively made efforts to improve board effectiveness to strengthen governance in accordance with the Corporate Governance Code.

In FY2022, we established a system whereby the Audit Department reports directly to the Board of Directors in addition to the Board of Corporate Auditors (Dual Reporting Line). At the June 2023 Annual General Meeting of Shareholders, we established a system with multiple female directors.

<table>
<thead>
<tr>
<th>Trends in the Corporate Governance Code, etc.</th>
<th>2012</th>
<th>2015</th>
<th>2018</th>
<th>2021</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>Institutional design as a company with an Audit and Supervisory Board</td>
<td></td>
<td></td>
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<tr>
<td>FY2015</td>
<td>Strengthened the risk management meeting body</td>
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<tr>
<td>FY2016</td>
<td>To be chaired by a non-executive director</td>
<td></td>
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<tr>
<td>FY2016</td>
<td>Created a succession plan for the President, etc.</td>
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<tr>
<td>FY2017</td>
<td>Independent Outside Directors (2)</td>
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<td></td>
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<tr>
<td>FY2017</td>
<td>Two or more female directors</td>
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<tr>
<td>FY2017</td>
<td>Compliance with all principles of the revised Corporate Governance Code</td>
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<tr>
<td>FY2017</td>
<td>Compliance with all principles of the revised Corporate Governance Code</td>
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<tr>
<td>FY2020</td>
<td>Compliance with all principles of the revised Corporate Governance Code</td>
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<tr>
<td>FY2023</td>
<td>Compliance with all principles of the revised Corporate Governance Code</td>
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<tr>
<td>FY2024</td>
<td>Established a dual reporting line whereby the Audit Department reports directly to the Board of Directors</td>
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<tr>
<td>FY2025</td>
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<tr>
<th>Composition of Directors</th>
<th>Chair of the Board of Directors</th>
<th>2022</th>
<th>2015</th>
<th>2018</th>
<th>2021</th>
<th>2023</th>
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<td>Chair</td>
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<tr>
<td>President</td>
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<tr>
<td>No. 1 Vice President</td>
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<tr>
<td>No. 2 Vice President</td>
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<tr>
<td>No. 3 Vice President</td>
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<tr>
<td>Group Companies’ Representatives</td>
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<tr>
<td>Outside Auditors and Supervisory Board Members</td>
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<tr>
<td>JAL Group Employees</td>
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<tr>
<td>Total</td>
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Introduction
The JAL Group Value Creation Story
Growth Strategy
Sustainability
Data Section
Sustainability Introduction
The JAL Group Value Creation Story
Growth Strategy

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JAL REPORT 2023


**Management Structure**

**(i) Board of Directors** (as of August 1, 2023)

Directors are selected from those with extensive experience in various fields and high insight and expertise, paying attention to ensuring diversity in terms of gender, international nature, work history, and age, among others. We also aim to have more than one female director from FY2021. In addition to the previous one outside director, we have now appointed one in-house director to realize a system with multiple female directors. The JAL Group will explain legal considerations and other matters to the directors and will ensure that the directors are fully aware of their duties, including the duty of loyalty and the duty of care to good offices, and provide opportunities for outside training and continuous participation in external organizations. The term of office of directors shall be one year to clarify management responsibilities for each fiscal year.

Outside Directors are elected from three or more suitable independent candidates and comprise at least one third of the Board of Directors. In accordance with our company’s “Independence Standards” for Outside Officers, The JAL Group will not appoint outside directors who are unable to secure substantial independence. Furthermore, one of the Outside Directors will be appointed as the Lead Independent Outside Director to strengthen cooperation with Audit and Supervisory Board Members and internal divisions.

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**Succession Plans for the Presidents and Other Leaders**

The qualifications required of the President and other leaders are as follows: “Persons with qualities to steadily achieve positive results toward realizing the Corporate Policy by working together with all employees based on a firm commitment to fight for safety, which is the basic foundation of business continuity for the JAL Group.”

They must also fully participate in initiating the JAL PHIosophy.

The Nomination Committee continuously discusses candidates for the position of President, among others, and provides the candidates with practical and diverse experiences, such as management experience at all group companies, expand experience, and activities at outside organizations, so that they can acquire the necessary background for management at an early stage.

With regard to the development of the next generation of executives, including executive officers, the Human Resources Committee holds practical discussions on setting career paths, rotating across departments, forming external networks, and pooling human resources in order to promote diversity and expand capabilities.

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(ii) Audit and Supervisory Board Member

In addition to attending meetings of the Board of Directors and other important meetings, the Audit and Supervisory Board Members audit important matters related to corporate and business operations and the status of business execution by inspecting important business documents. In addition, together with Corporate Auditors and staff, they conduct annual audits of each business site and subsidiary, and report the results to the Representative Director. In addition, they will strive to exchange information with the Internal Audit Division and the Accounting Auditor. Commissions have also been established in meetings with our subsidiaries. Audit and Supervisory Board Members, to enhance and strengthen auditing throughout the Group, our company provides company information to Audit and Supervisory Board Members. In addition, they provide external training opportunities and participate in external organizations for auditing, and have contributed to the promotion of auditing in the Group.

Outside Audit and Supervisory Board Members appoint persons with extensive knowledge and experience in a variety of fields. In accordance with our Outside Director’s “Independence Standards” established by our Company, we will not appoint persons who have a position in a company where a person who continuously holds more than four listed companies other than our company will not be appointed as an Outside Audit and Supervisory Board Member. Outside Audit and Supervisory Board Members, together with other Audit and Supervisory Board Member companies, will work with the Internal Audit Division and the Accounting Auditor to ensure the soundness of management by conducting audits from a more neutral and objective perspective.

KITAYA Naohito

Since joining the JAL Group, Mr. KITAYA has worked mainly in the field of management of hospitality and quality assurance. Serving as Executive Officer of Engineering and Maintenance from 2019, he has contributed significantly to maintaining and improving engineering and quality assurance. Since June 2022, as Managing Executive Officer of Engineering and Maintenance, he has been promoting continuous business meetings and other meetings for the promotion of management of hospitality and quality assurance. He has accumulated extensive experience and knowledge in engineering and quality assurance.

KUROCHI Hideki

Mr. KUROCHI, who joined JAL in 1985, supervised the mantenence division of the JAL Group and contributed in more than 10 years, and was appointed as a director of Engineering and Maintenance from 2018. From 2013, he was the Vice President of Engineering and Maintenance, and was appointed as the Senior Vice-President of Engineering and Maintenance in 2019. In 2020, he was appointed as the Vice-President of Engineering and Maintenance, and was appointed as the Senior Vice-President of Engineering and Maintenance in 2021. He has been actively involved in business meetings and other meetings for the promotion of management of hospitality and quality assurance. He has accumulated extensive experience and knowledge in engineering and quality assurance.

KAMAGI Osamu

Mr. KAMAGI, who joined JAL in 1978, was appointed as a director of Engineering and Maintenance in 2019. He was appointed as the Senior Vice-President of Engineering and Maintenance in 2020. He has been actively involved in business meetings and other meetings for the promotion of management of hospitality and quality assurance. He has accumulated extensive experience and knowledge in engineering and quality assurance.

KUROSHI Shinsuke

Mr. KUROSHI, who joined JAL in 1989, was appointed as an outside director of the Audit and Supervisory Board in 2020. He has been actively involved in business meetings and other meetings for the promotion of management of hospitality and quality assurance. He has accumulated extensive experience and knowledge in engineering and quality assurance.

OKAYA Joji

Mr. OKAYA, who joined JAL in 1982, was appointed as an outside director of the Audit and Supervisory Board in 2020. He has been actively involved in business meetings and other meetings for the promotion of management of hospitality and quality assurance. He has accumulated extensive experience and knowledge in engineering and quality assurance.

Officer Remuneration

Policy on the Decision of Officer’s Remuneration

Total amount of remuneration, among others

- Total amount of money in remuneration, and the like: more than 700 million yen per year (or which, the total amount of fixed basic remuneration is no more than 350 million yen), and the total amount of performance-linked bonuses is no more than 350 million yen

- Total amount of remuneration receivables, and the like: more than 700 million yen per year (or which, the total amount of fixed basic remuneration is no more than 350 million yen), and the total amount of performance-linked bonuses is no more than 350 million yen

Basic Policy

To achieve sustainable and steady growth and increase corporate value over the medium- to long-term, we promote business execution in accordance with the Corporate Policy and management strategies, and strongly motivate Directors to achieve specific management targets.

We will establish appropriate ratios for performance-linked bonuses based on business performance. For the purpose of further promoting the alignment of interests of shareholders, establishment of appropriate ratios for performance-linked bonuses is based on the following principles:

1. We will provide remunerations that are appropriate to our top management in accordance with our business performance.

2. Remuneration Levels and Remuneration Composition Ratios

We will set appropriate remuneration levels with reference to the business environment and objective remuneration data in the marketplace.

Taking into account the nature of our company’s business and the effectiveness of performance-linked bonuses, the ratios of (A) the amount of fixed basic remuneration, (B) the amount of performance-linked bonus to be paid based on the degree of achievement of the target, and (C) the amount of performance-linked stock remuneration to be paid based on the degree of achievement of the target are set as follows (The following percentages are indicative and fluctuate in response to changes in business environment, and the like).

- The amount shall be no more than 15% in the case where Executive Officers concurrently serve a Director and the absence in the case where he has the right of representation.

- For the Executive Officers, the gross remuneration of each Executive Officer is determined by the Board of Directors based on the above principles.

Standard for achieving a target of 100%

\[
\text{Performance-linked bonus} = \text{Target achievement} \times \text{Relative performance} \times \text{Maximum amount of performance-linked bonus}
\]

\[
\text{Performance-linked stock remuneration} = \text{Target achievement} \times \text{Relative performance} \times \text{Maximum amount of performance-linked stock remuneration}
\]

Framework for Performance-linked Remuneration

Performance-linked bonuses and performance-linked stock remuneration. Performance indicators are reviewed as appropriate in response to changes in the business environment and the roles of each executive. In FY2022, we reviewed performance-linked bonuses and performance-linked stock remuneration. Performance indicators are reviewed as appropriate in response to changes in the business environment and the roles of each executive. In FY2022, we reviewed performance-linked bonuses and performance-linked stock remuneration. Performance indicators are reviewed as appropriate in response to changes in the business environment and the roles of each executive. In FY2022, we reviewed performance-linked bonuses and performance-linked stock remuneration. Performance indicators are reviewed as appropriate in response to changes in the business environment and the roles of each executive.
4. Effectiveness Evaluation

(i) Effectiveness Evaluation of the Board of Directors

While referring to the self-evaluation of each director and auditor, and third-party analysis, we conduct an effectiveness evaluation annually. We aim to improve our corporate value over the medium to long term by reviewing our operations.

In FY2021, a total of 19 monthly Board meetings and extraordinary Board meetings were held.

1. Materiality
2. JAL Group Value Creation Story
3. JAL Group Value Creation Process
4. Foundations of Value Creation
5. The Trails of Challenges
6. Governance

Chapter 2 The JAL Group Value Creation Story

In FY2022, the JAL Group Medium Term Management Plan Progress of the Rolling Plan 2022

In FY2023, JAL Group Medium Term Management Plan

In FY2024, JAL Group Medium Term Management Plan

We confirm that we conducted the annual effectiveness evaluations by the Audit and Supervisory Board Members on the execution of duties.

We confirm that outside directors fulfill responsibilities required as an Audit and Supervisory Board Member.

In FY2021, the status of audit activities, which was used as a reference for planning for the next fiscal year.

The Audit and Supervisory Board will be involved in the audit and Supervisory Board election process and cooperate with voluntary committees, while being aware of the expanded responsibilities required as an Audit and Supervisory Board Member.

(ii) Effectiveness Evaluation of the Audit and Supervisory Board

The Audit and Supervisory Board conducted a questionnaire to all Audit and Supervisory Board Members and carried out a self-assessment on the status of audit activities, which was used as a reference for planning for the next fiscal year.

In general, each item audit policy, audit activities, operation of Audit and Supervisory Board, among others) was highly evaluated, and it was confirmed that effective audits were conducted based on the audit policy and audit plan that fully considered management issues and issues pointed out in the past.

We also confirmed that the Audit and Supervisory Board members will be involved in the Audit and Supervisory Board election process and cooperate with voluntary committees, while being aware of the expanded responsibilities required as an Audit and Supervisory Board Member.

For more information about the results of the 2023 effectiveness evaluation and future initiatives, visit our company website.

Support the Company's Challenges with the Knowledge of General Trading Company Management and Work to Realize Rolling Plan 2023

KOBAYASHI Eizo
Independent Outside Director (Principal Independent Outside Director)
Chair of Corporate Governance Committee
Chair of Renumeration Committee

Support growth strategy with knowledge gained as top management

The JAL Group Board of Directors has three outside directors, each with different knowledge and experience, who discuss various issues. There was a sense of tension at the Board Meeting when the COVID-19 pandemic was anticipated to continue for three more years from the beginning of 2020 as this would weaken the foundation of the JAL Group. In 2021, when the COVID-19 pandemic came to an end and air transport demand showed a pent-up demand, the JAL Group changed its policy from the pre-COVID-19 FSC-only stance and attempted to introduce new businesses from a completely different perspective.

There is a limit to what we can do with our employees when developing new businesses. But if you look at other companies, there are always companies that excel in different fields with talented people. I think we have entered an era in which we can take on big challenges by incorporating our foresight and knowledge. The future growth strategy of the JAL Group will be to take advantage of external resources through collaborating businesses and to establish two or three new business realms. In formulating Medium Term Management Plan Rolling Plan 2023, we recommended that it is important to convey our management philosophy to all employees and put it into our individual mission. In order to achieve the stated goals, each employee must do their best, and if it is difficult to do so, the PDCA must be turned around and reset again, and the whole company must work on it again.

At the trading company where I was President, there was a saying, “the status quo is, in other words, an omission”. At that time, I continued to say to my employees, “Challenge, Create, Commit” and I asked them to be honest in order to be trusted by our customers, and to become people who launch businesses that open the future with an aggressive spirit and frontier spirit.

Our company’s board of directors also spoke out based on this experience.

Enhance Effectiveness Evaluation of the Board through Discussions

In the Corporate Governance Committee, discussions were focused on the effectiveness evaluation of the Board. As Chair of the Committee, I am conscious of the transparency of management decision making, and am facilitating it from the viewpoint of strengthening our company’s management. I always advise people to implement the Medium-Term Management Plan’s PDCA, but when evaluating its effectiveness, I ask what they could and couldn’t do, why was it not possible and how it could be made into a valuable experience and asset.

In addition, when revising the Corporate Governance Code, we believe that it should be “Comply and Expres” rather than “Comply or Expres.” There is no point in adhering to the Corporate Governance Code unless you can properly explain its contents. I will continue to contribute to the improvement of board effectiveness by taking the reins of the Committee as Chair so that we can improve our issues and move in a better direction.

Deliver a sustainable growth story from the Board of Directors

At the 2022 meeting of the Board of Directors, we discussed both structural reforms and growth strategies. In terms of structural reform, we focused on breaking away from the COVID-19 pandemic and restoring the LCC business. As for the growth strategy, we discussed refurbishing the cabin of passenger aircraft and the business model utilizing freight-only aircraft, and decided on the investment paths when the COVID-19 pandemic subsidies. When I discuss growth strategies, I first have a hypothesis or a concept, which I use to develop a business plan and manage to check the flow of decisions. And I believe that the decisive and driving factor in decision making is whether the company has established methods to consolidate its management.

The growth strategy of the JAL Group now includes expanding into new areas. In March 2023, JAL signed a purchase agreement for 21 Boeing 737-8 fuel-efficient aircraft. This is the first time in 18 years that JAL has ordered a new Boeing model, which will be introduced in 2026. This is a very large investment that the JAL Group rarely makes. I hope the whole Group will be excited and take on the challenge. In order to achieve this, the Board of Directors needs to properly communicate to our Group employees the story of why “fair transportation and social connections” set forth in this Rolling Plan creates value and a sustainable business model.

From the viewpoint of sustainability, the aviation industry has a great responsibility to promote measures against climate change, such as reducing CO2 emissions. From an aircraft perspective, there are two basic directions to change the aircraft: change to an energy-efficient aircraft or change the loaded fuel. In particular, the production and stable supply of synthetic fuels is essential, and research on domestic SAF is a pressing issue. We will use our experience in developing engines and synthetic fuels at our manufacturers and the National Institute of Advanced Industrial Science and Technology to provide advice on the importance of synthetic fuels for the future of decarbonization and GX.

Discussing board diversity from a global perspective

In addition to discussions on the Succession Plan at the Nominating Committee, we decided to reappoint the President, which has been enforced at other companies where I am an Outside Director. Looking back at the President’s efforts over the past year, and confirming his future desires, we will be able to have a transparent and exciting management process from the perspectives of whether his ideas will lead to the improvement of corporate value. At our company, three of the nine directors are Outside Directors. However, as corporate management is questioning the importance of diversity, it is not enough to have a diversity of directors. One of the outside directors was originally a woman, but it is significant that Ms. TOTTORI Mitsuko, who was a former JAL employee, has joined the board as a Representative Director Senior Managing Executive Officer. Furthermore, based on my experience in global management, I feel that non-Japanese often have a stronger awareness of issues such as human rights, and it is for our company to start considering the appointment of non-Japanese directors. As Chair of the Nominating Committee, I will continue to enhance discussions on the diversity of the Board of Directors in order to broaden the scope of our company’s business and promote diverse discussions.
I feel that the appointment of Ms. TOTTORI Mitsuko as Representative employees to pursue their careers throughout their lives. In this sense, that women have, and to prepare a system that enables such consider how to design their lives in the midst of the various options childbirth and child-rearing, it is necessary for the JAL Group to Because women often pursue their careers through life events such as air travel. As an athlete, my judgment is made not whether I can do it, but whether I want to do it. When I was offered the position of an Outside Director, I accepted this challenging offer. I became a teacher soon after I retired from being an athlete, and I have been working on human resource development since then. In this Rolling Plan 2023, we are focusing on human resource development and diversity under the guidelines of developing and hiring “a person who respects diverse values, challenges new value creation, and inspires change”. I would like to use my experience to contribute to the development of human resources that the JAL Group values. The point of contact with airlines that many customers imagine are cabin attendants (CAs). Given the fact that there is still a large percentage of women working as CAs among Japanese airlines, the JAL brand and image as well as our service assessment will accustomed to the company’s thinking. I will be able to evaluate the company from outside perspectives, including the perspectives of our customers, and compare it with other companies. I believe that it is my role to contribute to the improvement of Effectiveness Evaluation of the Board by making statements at the Board of Directors meetings on areas we should improve. In the coming year, I will use my experience to strengthen human resources development, diversity, and governance. The advantage of my first year as an outside director is that I can see JAL from a fresh perspective. This will be a period before I will become accustomed to the company’s thinking. I will be able to evaluate the company from outside perspectives, including the perspectives of our customers, and compare it with other companies. I believe that it is my role to contribute to the improvement of Effectiveness Evaluation of the Board by making statements at the Board of Directors meetings on areas we should improve.

Create a climate where challenges can be taken through dialogue

When I was in my 20s and traveling around the world with the national volleyball member most of my travel was with JAL to and from Narita Airport. As my first flight was also with JAL, it is my starting point in air travel. As an athlete, my judgment is made not whether I can do it, but whether I want to do it. When I was offered the position of an Outside Director, I accepted this challenging offer. I became a teacher soon after I retired from being an athlete, and I have been working on human resource development since then. In this Rolling Plan 2023, we are focusing on human resource development and diversity under the guidelines of developing and hiring “a person who respects diverse values, challenges new value creation, and inspires change”. I would like to use my experience to contribute to the development of human resources that the JAL Group values. The point of contact with airlines that many customers imagine are cabin attendants (CAs). Given the fact that there is still a large percentage of women working as CAs among Japanese airlines, the JAL brand and image as well as our service assessment will accustomed to the company’s thinking. I will be able to evaluate the company from outside perspectives, including the perspectives of our customers, and compare it with other companies. I believe that it is my role to contribute to the improvement of Effectiveness Evaluation of the Board by making statements at the Board of Directors meetings on areas we should improve.

Submit your perspectives to the Board because this is your first year

In the coming year, I will use my experience to strengthen human resources development, diversity, and governance. The advantage of my first year as an outside director is that I can see JAL from a fresh perspective. This will be a period before I will become accustomed to the company’s thinking. I will be able to evaluate the company from outside perspectives, including the perspectives of our customers, and compare it with other companies. I believe that it is my role to contribute to the improvement of Effectiveness Evaluation of the Board by making statements at the Board of Directors meetings on areas we should improve.

Work to create a system that enables women and young people to play an active role by leveraging their experience as leaders

MITSUYA Yuko
Outside Director

To maximize the strength of Board Members with diverse backgrounds and advanced knowledge to inspire employees

UEKI Yoshiharu
Director, Chairperson

Build a trusting relationship with each and every director

Based on its responsibilities to shareholders and other stakeholders, the Board of Directors is required to promote the sustainable growth of the JAL Group and the improvement of corporate value over the medium to long term while resolving social issues. In order to achieve this, while conducting highly effective supervision, we must take appropriate risks and present a major direction. As stated in the Skills Matrix, diversity is a strength of our Board of Directors, which consists of members with diverse backgrounds and broad knowledge. Outside Directors, who have a wealth of management experience and high levels of expertise, provide opinions that are hard to come by among internal executives. We have not once or twice heard proposals that extend much longer than planned or that are not approved as proposed due to severe objections. This proves that a strong supervisory function is definitely enforced. On the other hand, we decided to take the opportunity of the COVID-19 pandemic to build a highly resilient business portfolio, but in order to expand new business areas, we need to draw on the knowledge of Outside Directors to boldly support new challenges. However, new businesses are reasonably risky and sometimes divided. My 30 plus years of pilot experience is advantageous. Pilots gather diverse information and opinions on every flight in order to deliver safety and security based on the trust relationship with colleagues, including those working at airports and in the cabin. Like an orchestra conductor, the role of the Chair of the Board of Directors is to create the best possible symphony by harmonizing the various voices in an open discussion. The optimal feature of the Chair of the Board of Directors is that it brings the minds of board members together in a position that is distinct from execution.

Support the implementation of growth strategies through communication

 Needless to say, it is up to the JAL Group employees to implement the medium- to long-term growth strategy determined by the Board of Directors. Taking advantage of my long term experience as a captain (pilot) at the front line and coming from within this company, I always organize the decisions made at the Board of Director meeting by taking on the viewpoint of how to convey them to our employees. I also seek to deliver messages that will increase the commitment of our employees. These days, some argue that Outside Directors should serve as Chair of the Board of Directors, but the important thing is to make optimal management decisions and make sure that those decisions are implemented. The responsibility of the Chair of the Board of Directors is to ensure that the JAL Group is “the world’s most preferred and valued airline group.”
Chapter 2: The JAL Group Value Creation Story

2. JAL Group’s Value

2. The JAL Group Value Creation Story

Since its establishment in Japan in 1951 as the first commercial airline after World War II, the JAL Group has constantly grasped the trends of the times and accumulated challenges and innovations. Going forward, we will continue to take advantage of the strengths we have cultivated through our 70-plus year history to realize vibrant society and future where many people and various where many people and goods freely move around and work together with our stakeholders to achieve the “world’s most preferred and valued airline group.”

5. The Trails of Challenges

Initially, we tried another company, aircraft, and started our business by operating and maintaining outsourcing. However, we expanded our route networks for realizing our long-awaited aircraft and independent operations and supported the mass transit era of the 1970s.

1951 to 1970s

1980s to 2000s

As we enter the era of great competition due to the Open Sky agreement and deregulation of aviation, we improved our service quality to differentiate and grow as a global airline.

Recovery from Bankruptcy

Overcoming the COVID-19

2010 to Today

After bankruptcy in January 2010, we recovered our business by optimizing the scale of our operations and reforming employees. An unprecedented crisis emerged with the COVID-19 pandemic, however we will overcome it by taking advantage of the strengths we built up to date and working together to realize JAL Vision 2030.

Create connections and relationships through air transportation with ESG strategy as top strategy

To Become the World’s Most Preferred and Valued Airline Group

Human Capital

Intelectual capital

Social and related capital

Manufacturing Capital

Financial Capital

Natural Capital

Precious Early/Resource use with low environmental impact

World Vision for 2050

Innovation, technology, and expansion of environmental resources that are also fossil resources

Socio-environmental integrality

Debate on the future

Summary

In a world that values environmental sustainability and social impact...
Chapter 3 Growth Strategy

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 FY2023 Medium Term Management Plan and environmental changes, we revisited 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.

- ** Creating values through air transportation and connection**
  - 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.

- **Making the most of human resources to create connections**
  - As an officer in charge, I will contribute to the growth of the JAL Group by promoting ESG strategies for medium- to long-term growth.

- **Visibility and quantification of social values**
  - By promoting ESG strategies, the JAL Group can be evaluated in terms of the social value it provides.

- **Medium Term Management Plan Rolling Plan**
  - 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.

- **Strategic importance of sustainability**
  - The importance of enhancing sustainability in society was recognized with the end of the COVID-19 pandemic.

- **System of related populations**
  - People who have a continuous and diverse relationship with a particular region are called "related populations."

- **Promoting capital efficiency with capital costs in mind**
  - As we grow by creating new values, we will enhance capital efficiency while keeping in mind the cost of capital.

- **Acquiring human resources**
  - Promotion of capital efficiency is also important for acquiring human resources.

- **Creating a new social value**
  - 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.

Timeline:

- **Timeline**
  - **FY2021-2025 Medium Term Management Plan**
  - **Outline of Environmental Awareness and Strategy**

Outline of Environmental Awareness and Strategy:

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

- **Politics**
  - International cooperation to achieve carbon neutrality by 2050

- **Economy**
  - Acceleration of efforts to achieve carbon neutrality by 2050 through DX

- **Society and the Environment**
  - Development of new businesses and new value creation

- **Technology**
  - Digitalization and IT implementation

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

ESG Strategy

- **Business Model Reform**
  - Restructure business portfolio and increase profit

- **DX Strategy**
  - Using digital technology to provide customers with safe and secure travel and new experiences

- **Human Resources Strategy**
  - Internal development of human resources

Financial Strategy

- **Strategy to Support ESG Strategy**
  - Build business strategies and growth

- **Resource Allocation**
  - Accelerate efforts to achieve carbon neutrality by 2050 through DX

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 situation is anticipated.

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.

<table>
<thead>
<tr>
<th>Management Targets</th>
<th>FY2022 Results</th>
<th>FY2022 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft Accidents and Serious Incidents</td>
<td>3 cases</td>
<td>0 during the entire period of the Medium-Term Management Plan</td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>4.7%</td>
<td>Achieve 10% or Higher</td>
</tr>
<tr>
<td>ROIC (Return on Invested Capital)</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>EPS (Earnings Per Share)</td>
<td>¥7.9</td>
<td>¥290 level</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>reduction of CO2 emissions</td>
<td>below 9.09 million tons</td>
</tr>
<tr>
<td>Community</td>
<td>Domestic Passenger and Cargo transport volume 10% vs FY2019</td>
<td>15%</td>
</tr>
<tr>
<td>People</td>
<td>Group Female Manager Ratio 30%</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

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 passengers 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.49 for our efforts to achieve safety and security goals.

See pp.61-110 for information on sustainability initiatives.

See p.77-82 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 address various environmental changes issues surrounding aviation and upgrades to fight right safety using digital technology.

Recognition and Award from Outside Parties

JAL is the only Japanese airline to be certified as APEX ™ “WORLDCLASS” for two consecutive years following 2021. APEX “WORLDCLASS” 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 ™ has recognized us as a “5 Star” airline that provides the highest interest 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 Airlines 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 UK.

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 2020, 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.
Chapter 3  Growth Strategy

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.

[Social Value of Movement of People and Goods]
As a safe and secure social infrastructure, we will provide networks and achieve carbon neutrality through the introduction of fuel-efficient aircraft and the use of SAF.

[Social Value of the Societal Connection]
We will conserve the environment and biodiversity, which are also tourism resources, materialize regions by stimulating interacting communities, namely people who have continuous and diverse relationships with specific regions, and improve people’s well-being by creating social connections.

Movement of People and Goods

☑ Safety and security
☑ Social infrastructure network
☑ Carbon neutrality

Social values

Societal Connection

☑ Conserve the environment and biodiversity
☑ Revitalize the local economy
☑ Improve of people’s well-being

Customer base

Societal Connections

Expand New Air Transport Demand by Societal Connection

Development of new businesses that expand societal connection

Turn non-aviation business into a new revenue source

Economic values

Air Transportation

Social values

Human capital base

Efforts to Improve Accessibility

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

III 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.

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

In order to create a purpose of movement and connection that makes people want to move many times, we will create new movement objectives such as New Tourism and workcation.

[Non-Aviation Business Growth (Economic Value)]
To grow our non-aviation business, we will expand the opportunities for customers to use the JAL Group and expand our customer base through the development of new businesses in our Mileage, Lifestyle, and Infrastructure business that create societal connections between people and goods.

Growth of Aviation Business (Economic Value)
Air transport demand will acquire new movement of people and goods created by our efforts to create societal connections between people and goods, thereby achieving increased revenue and further growth in the aviation business.

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.

<table>
<thead>
<tr>
<th>Profit Trends by Business Domain</th>
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<tbody>
<tr>
<td>EBIT (bn. JPY)</td>
</tr>
<tr>
<td>FSC, Cargo and Mail</td>
</tr>
<tr>
<td>LCC</td>
</tr>
<tr>
<td>Mileage, Lifestyle and Infrastructure</td>
</tr>
</tbody>
</table>

\[
\begin{align*}
\text{EBIT (bn. JPY)} & \\
\text{FSC, Cargo and Mail} & 132.0 \\
\text{LCC} & 64.5 \\
\text{Mileage, Lifestyle and Infrastructure} & 100.0 \\
\end{align*}
\]

Maintain and expand networks while reducing environmental impact by introducing fuel-efficient aircraft, and stimulate interactive community

Air Passenger

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 stabilize 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 connecting cities, regions, Japan, and the world.

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.

<table>
<thead>
<tr>
<th>Business Scale (ASK)</th>
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<tbody>
<tr>
<td>(bn.)</td>
</tr>
<tr>
<td>FY2019</td>
</tr>
<tr>
<td>FY2022</td>
</tr>
<tr>
<td>FY2023</td>
</tr>
<tr>
<td>FY2025 (Plan)</td>
</tr>
<tr>
<td>Domestic</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td>99</td>
</tr>
<tr>
<td>108</td>
</tr>
<tr>
<td>100 (Plan)</td>
</tr>
<tr>
<td>International</td>
</tr>
<tr>
<td>126</td>
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<td>126</td>
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<td>126</td>
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</tbody>
</table>

**Note:** Including ZIPAIR, SPRING JAPAN, excluding Jetstar Japan.

**2 Available Seat-Kilometer (ASK): Unit for capacity to carry passengers. Total number of seats x distance (km).**
Chapter 3 Growth Strategy

Growth Strategy

Introduction

1. Overall Strategy
2. ESG Strategy
3. Business Strategy
4. Financial Strategy

1) Business Model Reform
2) ESG Strategy
3) Human Resources Strategy
4) Financial Strategy

1) Portfolio/Aircraft

(i) Portfolio

- Stability
- Growth
- Price range

Domestic Flights
International Flights

Enhance Reciprocal Customer Transfer

Enhance Reciprocal Customer Transfer

Joint Venture Partners

Code share partners

22 companies

*(Overseas: 22 companies)

Domestic-oriented routes
China-oriented routes

Aircraft

Distance

Short
Long

LCC

Jetstar
Spring Japan
ZIPAIR

(ANA/AMX/ORC)

Joint Venture

FSC

JAL

Jetstar
ZIPAIR

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

Furthermore, from FY2026, Boeing 737-8, a new small aircraft, will gradually replace the existing Boeing 777 and Boeing 767.

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.

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.

FSC

- International

Maintain the same level of supply as before the COVID-19 pandemic by maximizing the resources of Group airlines.

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 Manila.

- Domestic

Maintain the same level of supply as before the COVID-19 pandemic by maximizing the resources of Group airlines.

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 Manila.

(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.

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.

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.

Notes:

- All figures are for the number of aircrafts at the end fiscal year.
- * A321 freighters: Introduce 3 aircrafts
- * 767 freighters: Introduce 3 aircrafts
- * Introduce 16 to 20 aircrafts

- Increase LCC aircraft for the growth of international flights

Introduce 16 to 20 aircrafts

ABC 767 freighters: Introduce 3 aircrafts

ABC A321 freighters: Introduce 3 aircrafts

ABC Number of aircraft in operation, taking into account decommissioning.
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.

Medium-term Approach

Expand Networks in Response to Demand Recovery

For international flights, the total passenger demand is expected to recover 90% of the 2019 level before the COVID-19 pandemic by the end of FY2023. An international network of Qatar Airways, which is a member of the oneworld Alliance with JAL, will be expanded to Doha and other cities. In addition, we will increase profitability by maximizing the efforts to reduce environmental impact and restore demand.

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 all flights by FY2025. In order to reduce food waste, the lounges will gradually have staff serve certain buffet menus and introduce online orders. For in-flight meals, JAL Royal Catering will recycle the compost of food waste from the in-flight meal manufacturing process in Haneda and Narita. In December 2022, we expanded the JAL Meal Skip Option for international flights to all routes to reduce food waste. We are also expanding the use of carbon offset services for individuals and businesses.

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

Cargo and Mail

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.

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 scalable 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 logistics 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 and maintaining and improving service quality, and revitalizing local communities.
  - We will attempt to secure profitability by offering flexible charter and temporary flights to meet customer needs.

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 networks from Japan to North America and Southeast Asia. This contributes 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 networks to Asia’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 scale 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.

Progress Towards Achieving FY2025 Targets

<table>
<thead>
<tr>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stabilizing the business foundations and financial conditions of the three LCCs</strong>&lt;br&gt;Number of aircraft: 11 aircraft&lt;br&gt;Number of routes in service: 3 routes&lt;br&gt;Capturing inbound demand&lt;br&gt;Building a production system for expansion&lt;br&gt;Proactively reform the cost structure by reviewing fixed and route strategy based on actual demand and changes in the market environment.</td>
<td><strong>Expansion of Business Scale and Realization of High Profitability</strong>&lt;br&gt;Expand networks in Asia, North America, and China&lt;br&gt;Enhancing competitiveness and reducing environmental impact through the introduction of Airbus A320 LRP.</td>
<td><strong>Profit target (EBIT)</strong>&lt;br&gt;Number of aircraft: 16-20 aircraft&lt;br&gt;Steadily implement the Medium Term Management Plan.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Target</td>
<td>Business area expansion</td>
<td>Profit increase</td>
</tr>
<tr>
<td>(bn. JPY)</td>
<td>(bn. JPY)</td>
<td>(bn. JPY)</td>
</tr>
<tr>
<td>25.0</td>
<td>39.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

- Together with Amami Seibu-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.
- Practical use of drone service in Amami Seibu-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.

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.

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 Seibu-cho. 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.

Voice

SASAHARA Saori
Business Development Group Head
Air Mobility Business Creation Department

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 Vitalization 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 scenes 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 use but can also be use in non-airline domains, as well as a new smartphone application for JMM members.

Voice

YAMASHITA Nao
Senior Staff Mileage
Chapter 3 Growth Strategy

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.

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

- 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

JAL’s strengths

- Skills/Assets
  - Ground Handling
    - Flexible response to return of flights by overseas airlines, to meet a bimodal-oriented native and inbound traffic
    - Enhancement of core operation services in new airport facilities
  - Cargo Handling
    - Flexibility in handling various types of cargo, as well as expansion of cargo handling systems at regional airports

Partnerships

- Capability that responds flexibly to changes in demand
  - Business Model Reform
    -JAL’s Offered Solutions
    -Regional Attractiveness
  - ESG Strategy
    - Brand JAL Sweets Box using local ingredients
  - Business Strategy
    - Promote improvement of contract terms with overseas airlines throughout volatility resilience with representation in local governments and other businesses
    - Expansion and growth of ground handling systems at regional airports

Create flows of people and distribution channels

Growth of society and the airline industry

Sales Target

Expand contracted services

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.

JAL’s Offered Solutions

- Regional Attractiveness
  - Promote improvement of contract terms with overseas airlines throughout volatility resilience with representation in local governments and other businesses
  - Expansion and growth of ground handling systems at regional airports

Solution Sales

Issues Facing Local Communities and Customers

JAL’s Strengths

- JAL’s Offered Solutions
  - Regional Attractiveness
  - Human Resources and Customer Base

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 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.

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

Progress Towards Achieving FY2025 Targets

Expanding the Business to Meet the Demand and Capitalize on Strengths as an Infrastructure to Support Growth in Society and the Airline Industry

- Airports
  - Maintenance and strengthening of current ground handling system through efforts such as airport support, recruitment, and external cooperation
  - Expansion of service range for overseas airlines in the event of aircraft and component problems
  - Launch of new businesses utilizing our technological knowhow
  - Expansion of business to include pharmaceutical handling

- Airports
  - Flexibly respond to return of flights by overseas airlines to meet a bimodal-oriented native and inbound traffic
  - Enhance range of aircraft maintenance and component-related technical services for flight support
  - Creation of a highly productive work environment and expansion of demand capacity through warehouse upgrade to be later saving and improving efficiency

Progress Towards Achieving FY2025 Targets

Expanding the Business of Problem-solving Solutions by Working Together with Local Communities to Create Relationships and Connections through Mobility

- Development of business centered on human and commercial styles
- Creating a new travel style to create a population that is related to the region
- Adventure Travel and Sauna Travel
- JAL FUREIGATO hometown Wedding Holiday
- Conclude partnerships with Japan Agricultural Cooperative Tourism, primary industries, and regional revitalization businesses
- Disseminate regional attractiveness and business expansion and growth
- Expand the number of registered municipalities and reciprocating products in JAL hometown tax payment
- Brand JAL Sweets Box with local ingredients
- Proposal for a stamp book, at JAL FUREIGATO hometown to No, an all-employee community
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 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.

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 SpaceX, 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 a partnership with Sierra Space of the United States and Kamansta 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 suitably and secure movement of people and goods.

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 Saunet, 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 its 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.

Creating New Flow of People and Contributing to Regional Revitalization
We aim to revolve 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 workations, Adventure Travel, and Country-side Stay. We also aim to respond to diversifying needs and revitalize 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.

Creating a new flow of people and revitalization through the flow of goods

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.

JAL REPORT 2023
With big data, technology, and mobile as key drivers, our employees work with motivation and enthusiasm to create new customer experiences that exceed customer expectations. We will also work to expand new business areas and take on challenges to solve social issues and change through DX.

NODA Yasushi
Executive Officer
Senior Vice President, Digital Innovation Division

**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 Employee Experience (EX) by improving business quality and productivity, and expanding business areas.

In FY2022, we completely revamped our domestic airfares 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 areas, we launched JAL Pay, a smartphone payment service, to promote the JAL Mileage and Lifestyle Concept. 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 online 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.
(3) Human Resources Strategy

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

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), 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 “drastically improving productivity.” We will accelerate business model reform by expanding new business areas such as the Mileage, Lifestyle, 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 ESJ 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 FY2023, we have formulated various measures to close the gap. In order to achieve our goals, we will benchmark what we need to do and execute with a sense of speed.

Key measures and KPIs to solve problems and bridge the gap between the human resources vision

 Measures

<table>
<thead>
<tr>
<th>Human Resources Portfolio</th>
<th>DEI</th>
<th>Career/Reskilling</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI \begin{itemize} \item Manpower allocation to growing business areas \item Ratio of female managers \end{itemize}</td>
<td>\begin{itemize} \item FY2025: +3,500 employees (compared to FY2019) \item 30% at the end of FY2025 \end{itemize}</td>
<td>\begin{itemize} \item FY2025: 15% improvement (compared to FY2019) \item FY2022: +2% (compared to FY2019) \end{itemize}</td>
<td>\begin{itemize} \item FY2025: 10 pt improvement (compared to FY2019) \item FY2022: -2.7 pt (compared to FY2019) \end{itemize}</td>
</tr>
</tbody>
</table>

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.
Chapter 3 Growth Strategy

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 building 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’s 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 higher level of expertise and diverse knowledge and experience.

Human Resources Placement in Growing Business Areas

The JAL Group aims to expand growing business areas such as LCC 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.

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.

Activating 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 Managers. 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.

Promoting Challenges by Employees with Disabilities

Shops serving 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.

Voice

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 DEI 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.

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.

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.
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 DOCA,” which is a form of autonomous thinking and action. One of these activities is WiHoLife, an in-house volunteer group that enables employees to take on challenges in different industries and to connect their excitement to business.

In addition, we continue to hold in-house workshops such as Soi 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.

- Information for WiHoLife: Existing Platform Innovation Team

Employee 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 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 counseling interview where employees can discuss career development with a qualified career counseling professional.

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

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 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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Internal Career Counseling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six employees with national qualifications in career counseling, selected through internal recruitment, provide support to deepen and clarify the awareness of career development by encouraging psychological self-reflection 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.</td>
<td></td>
</tr>
</tbody>
</table>

- Expanding Training Programs

Promotion of Diverse Workstyles

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 workspace, the percentage of employees taking annual leave improved to 81.5 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 workspace.

- Promoting Diverse Workstyles

Overtime Work and Annual Paid Leave Applicants

- Overtime Work and Annual Paid Leave Applicants

<table>
<thead>
<tr>
<th>Year</th>
<th>Average monthly overtime/working hours for employees</th>
<th>Percentage of annual paid leave applicants (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>8.5</td>
<td>68.0%</td>
</tr>
<tr>
<td>2020</td>
<td>8.5</td>
<td>70.0%</td>
</tr>
<tr>
<td>2021</td>
<td>8.0</td>
<td>71.9%</td>
</tr>
<tr>
<td>2022</td>
<td>8.9</td>
<td>74.5%</td>
</tr>
<tr>
<td>2023</td>
<td>10.5</td>
<td>81.0%</td>
</tr>
<tr>
<td>2024</td>
<td>10.5</td>
<td>81.0%</td>
</tr>
<tr>
<td>2025</td>
<td>10.5</td>
<td>81.0%</td>
</tr>
<tr>
<td>Target</td>
<td>10.5</td>
<td>81.0%</td>
</tr>
</tbody>
</table>

- 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’s 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 performance. To address symptoms of menstruation and menopause using femtech in collaboration with UREM 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.
JAL Wellness 2025 Initiatives

JAL was recognized as a brand in the 2023 Health & Productivity Stock Selection for the 8th time. Twenty-four companies in the JAL Group (20 last year) were recognized under the 2023 Certified Health & Productivity Management 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, mental health, and physical health through better use of the website, and mental health care during the pandemic.

Lifestyle-related diseases

<table>
<thead>
<tr>
<th>Disease</th>
<th>JAL Wellness 2025 KPIs</th>
<th>FY2022 actual value in the frame, FY2023 target value outside white frame (FY2021 performance of specific health checkups and specific health guidance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoking</td>
<td>Male employees 85.4%</td>
<td>60% or above 46% or above</td>
</tr>
<tr>
<td></td>
<td>Female employees 4.3%</td>
<td>30% or above</td>
</tr>
</tbody>
</table>

Growth Strategy

In addition to the annual physical examination, the flight crew also undergoes 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 examinations. 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.

Health Management for Flight Crew Who Supports Flight Safety

JAL 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

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/Shot Put), KITAGUCHI Haruka (Athletics/Javelin throw), KANO Koki (Fencing/Epe), TOBE Naoto (Athletics/High Jump), DOI Anna (Athletics/Shot Put).
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 issues as one of the pillars, which must be solved 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 boundaries.

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.

Roadmap for Reducing CO2 Emissions by FY2030

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.

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, while 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 since 2030. In addition, based on the baseline review last year, the ratio was 0 percent for Individuals and 100 percent for Sectoral since 2035.

Table: Baseline and Ratio of Individual Growth Factors After Review

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual</th>
<th>Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2025</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>2030</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2035</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*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 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.

For the fiscal year 2023, 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 ZPAN and its mileage business, both of which are growth drivers. We also made every effort to improve revenue by cost reduction 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 shareholding returns, the JAL Group has 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 an 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 – A foundation for Our ESG Strategy

John Doe, Senior Managing Executive Officer

YUMISAKI Masao, Senior Vice President of Finance and Accounting

Director, Senior Managing Executive Officer

Senior Vice President of Corporate Strategy and Planning

Chief Financial Officer

Saito Yuji

YUMISAKI Masao

Executive Officer

Senior Vice President of Finance and Accounting

Senior Vice President of Business Administration

Overview and Goals of FY2023-2025 Strategies

- Toward Risk Tolerance and Growth -

Secure 5.0-5.6 months’ worth of passenger (including credit facility)

"Sustainable ROIC (tentative name)”, which takes into account the social value generated by ESG investments.

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”.

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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 2022”. 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 our financial conditions. In addition, in order to maintain our financial 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 returns.
② Distribution of Management Resources

-Gradually expand shareholder returns while accelerating ESG investments-

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.

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 36% or more as soon as possible.

For more information on Internal Carbon Pricing, please visit the JAL website.

Sustainable Charter Flight

The JAL Group aims to create social and economic value by building relationships and connections through air transportation that goes beyond business realms. This is to realize "an society and future where people and goods freely move around" as set forth in our goals.

The JAL 2030 Sustainable Charter Flight (hereinafter the "Flight"), which operated in November 2022, symbolizes this concept working with various stakeholders, we took a challenge to operate a flight that leads to a sustainable future.

Realizing Japan’s First Net Zero CO2 Emissions Flight

In addition to transportation, we also aim to create social and economic value by facilitating the flow of people, business, and goods, which the relationships and connections, through initiatives to offer more choices, remove constraints, and create goals by collaborating across business realms.

The Flight, operated between Tokyo (Haneda) and Okinawa (Naha) in November 2022, is an action that symbolizes our concept in realizing our goals.

With Net Zero CO₂ Emissions at the top of our list, navigators such as Professor Kanie Norichika of Keio University Graduate School, a leading researcher of SDGs, participated in this event, focusing on the effective use of resources, promotion of diversity equity and inclusion (DEI), improving accessibility, and regional revitalization.

Practicing the Five Pillars for Future Flights

The Airbus A350-900, a state-of-the-art fuel-efficient aircraft was used for this Flight. Approximately 40 percent of the fuel used was sustainable aviation fuel (SAF), which reduces CO₂ emissions by nearly 80 percent compared to conventional jet fuel.

We achieved Net Zero CO₂ emission by devising operational improvements such as efficient engine operations, and our customer’s cooperation in JAL carbon offset, which compensated the CO₂ emissions during the flight.

Regarding inflight services and giveaways, we made effective use of resources.

The use of Airbus A350 resulted in a reduction of approximately 10 percent from conventional aircraft. Net Zero CO₂ Emissions were achieved with the use of SAF and JAL Carbon Offset.

With the cooperation of all customers in JAL Carbon Offset, the Flight was able to compensate for CO₂ emissions by donating to CO₂ absorption projects.

In terms of regional revitalization, we offered tours that allow visitors to experience the charms of Okinawa while taking the environment into consideration.

In addition to preparing hotels with sustainable amenities made from recycled plastics and Okinawa sugarcane pomace, a portion of the tour fee was donated to preserve the natural environment in Okinawa.

As the slogan of this Flight was A Sustainable Future Together, a future Net Zero CO₂ Emissions flight was realized not only by the JAL Group but also by co-creating with our customers, business partners, and local communities.

The JAL Group will further accelerate our efforts to make all flights sustainable in order to realize "an society and future where people and goods freely move around.

With the cooperation of all customers in JAL Carbon Offset, the Flight was able to compensate for CO₂ emissions by donating to CO₂ absorption projects.

For more information about JAL 2030 Sustainable Charter Flight, please visit our website.

Sustainability Initiatives

-Enhance corporate value by increasing social and economic value through the promotion of ESG strategies

We will promote our ESG strategies while always being aware of how the JAL Group should be from social perspectives and how we can leverage our capital and strengths to influence the environment and society. We will accelerate a JAL-like sustainability by determining our social role in order to realize a future in which everyone can feel fulfilled and hopeful.

AOKI Noriyuki, Chair of Sustainability Promotion Committee

Key Sustainability Promotion Committee Members

From left in the back row, OMORI Yasushi, Senior Vice President of Mileage and Lifestyle Business, SAEDA Naohito, Senior Vice President of Human Resources, ABE Eri, Deputy Senior Vice President of Sales and Marketing, NAKAGAWA Yukio, Senior Vice President of Procurement, From left in the front row, TOTTORI Mitsuko, Senior Vice President of Customer Experience Brand Communication, AOKI Noriyuki, Chair of Sustainability Promotion Committee and Senior Vice President of General Affairs, SAITO Yuji, Senior Vice President of Corporate Planning Chief Financial Officer.

Review of FY2022

ESG is now mainstream across the globe and it is changing rapidly with the demands of non-financial disclosure and the evolving of the regulations such as the COP26 baseline. In the Medium-Term Management Plan Rolling Plan 2022, the JAL Group defined its ESG strategy, its long-term business strategy, to solve social issues and facilitate the flow of people, business, and goods, and has focused on transforming its business objectives.

During our future image, we are actively promoting our initiatives after reviewing our main sustainability initiatives and performance indicators to promote business activities based on ESG strategies in business areas other than air transportation. The JAL Group has disclosed information in line with our initiatives which lead to the selection and assessment as a constituent of the ESG evaluation.

In addition, the JAL 2030 Sustainable Charter Flight was a symbolic initiative and a good opportunity for our employees to experience sustainable flights as well as for our customers to see, learn, and experience sustainability.

Considering the Impact on the Environment and Society

Initially when the Medium-Term Management Plan was announced, the JAL Group focused on its own intentions and reasoning regarding its ESG strategy. However, gradually the JAL Group changed its perspectives to how the Group should be from a social outlook and what kind of impact we should exert on the environment and society by leveraging our capital and strengths. We recognize that business and ESG should not be differentiated. As ESG is no longer exclusive, we are more aware of the impact that our business activities have on the environment and society. Thus we must change in order to continue to be the JAL Group that our shareholders call for.

The Rolling Plan 2023 positioned the ESG strategy as the topmost strategy to realize value creation and growth. Based on the premise of reducing environmental impact, we aim to solve social issues such as the decline of community life and the diminishing sense of well-being through the power of air transportation and societal connection, which are being reviewed with the COVID-19 pandemic.

Going forward, we will honor on JAL’s unique efforts to collaborate across business realms. We hope to make strides toward initiatives with a sense of purpose that create both social and economic value through our business activities. In order to realize an exciting society and future in which people and goods can freely move around, our employees will work together while considering the impact on the environment and society.

(1) Overall Sustainability

Governance

The Sustainability Promotion Committee, chaired by the Senior Vice President of the General Affairs Division, is held on a monthly basis to review the progress of initiatives and discuss them among the relevant officers.

The Sustainability Promotion Council, established in 2021 with the President as Chair and attended by all Executive Officers, conducts management reviews and promotes ESG management under the following topics.

- Determine important issues and annual targets for sustainability initiatives, and monitor and evaluate the progress.
- Determine risks and opportunities for climate change.
- Monitor and evaluate Environmental Management System (EMS).

The Sustainability Promotion Council reports and discusses the agenda of the meeting with the Board of Directors. They will consult the important matters related to ESG promotion with the Board of Directors in order to enhance corporate value.

In FY2022, TCFD, the results and reviews of DJSI, the ESG evaluation outline, materiality reorganization, initiatives based on external environmental changes and social requirements, additional and revised targets, among others, were discussed and reported to the Board of Directors twice in total. Based on the discussions in the Sustainability Promotion Council, ESG and GX strategies were separately discussed at the Board of Directors twice in the process of formulating the Medium-Term Management Plan Rolling Plan.

Strategies

Based on the value creation story, the ESG strategy is positioned as the topmost strategy in the Medium-Term Management Plan Rolling Plan 2023. It promotes company-wide initiatives. Please see pp.49-50 for more information on ESG strategy, pp.67-74 for the human resources strategy, and pp.75-76 for the GX strategy.

Eight Key Materiality Issues Addressed by the JAL Group

- Promoting economic growth and international mutual understanding through tourism
- Bringing prosperity and vitality to the community
- Enhancing happiness and cultivating an enriched life through free movement and connection of goods and people
- Building a diverse society in which people, cultures, values, and modes of behaviors are respected and new values are created
- Creating, developing, and protecting a safe infrastructure of the skies
- Passing on the basis of sustainable air transport to the future
- Preparing and ensuring the global environment, which serves as a source of people, sales and flight-out travel, and to pass it on to the next generation
- Enhancing capacity for value creation and productivity of all JAL Group employees

Risk Management

The JAL Group defines risk as an event or action that interferes with the achievement of the mission, objectives, and goals of an individual or an organization. Risk surveys and assessments are performed every six months.

The Sustainability Promotion Council deliberates risk management policies and necessary solutions for overall sustainability governance, including the environment. The details are reported to the Board of Directors.
## (2) Key Initiatives (Metrics and Targets)

While covering the 17 SDGs, the JAL Group simultaneously organizes the ESG perspectives and the degree of impact through businesses and the importance for management is discussed at the Board of Directors. In FY2019, the JAL Group established four priority areas, namely the environment, people, local communities, and governance. 22 issues were addressed in each area and medium-term targets were set for each of the four areas and 22 issues. ESG management was promoted to achieve the SDGs.

In FY2021, the four preeminent initiatives (reducing CO2 emissions, reducing single-use plastics, improving the ratio of female managers, and regional revitalization) were set as management targets (Sustainability). In FY2022, new initiatives were added and disclosed along with past performances in order to promote our management strategy based on our ESG strategy in business areas other than air transport. On the other hand, as the previous 22 issues in the 4 areas were mainly based on the FSC business, the link to social and economic values were not clear. In FY2023 they were revised into the eight materiality issues.

### Action Items

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Performance Indicators</th>
<th>FY2019 Results</th>
<th>FY2020 Results</th>
<th>FY2021 Results</th>
<th>FY2022 Results</th>
<th>FY2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in domestic passengers and cargo traffic</td>
<td>Increase ratio (Passengers)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Maintenance and development of regional route networks including off-island airport routes</td>
<td>Increase ratio (Cargo)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Expansion of services provided through increased contract orders</td>
<td>Number of domestic entry points (including code share)</td>
<td>62 points</td>
<td>61 points</td>
<td>61 points</td>
<td>64 points</td>
<td>60 points</td>
</tr>
<tr>
<td>Promoting use of domestic flights in inbound tourists</td>
<td>Number of passengers</td>
<td>30,214 passengers</td>
<td>49,188 passengers</td>
<td>121,844 passengers</td>
<td>582,180 passengers</td>
<td>1,525,000 passengers</td>
</tr>
<tr>
<td>Drone logistics and commercialization of eVTOL Air Taxi</td>
<td>Commercialization</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Promoting air travel to customers who find it difficult to travel</td>
<td>Ratio of such passengers onboard</td>
<td>0.36%</td>
<td>0.29% (0.8 times v.s. FY2019)</td>
<td>0.64% (1.6 times v.s. FY2019)</td>
<td>0.71% (1.9 times v.s. FY2019)</td>
<td>2.5 times v.s. FY2019 results</td>
</tr>
<tr>
<td>Enhancing pharmaceutical transportation</td>
<td>Number of waste shipments which go through mail tickets</td>
<td>721 tons</td>
<td>987 tons</td>
<td>1,312 tons</td>
<td>1,235 tons</td>
<td>1,373 tons</td>
</tr>
<tr>
<td>Promoting WorkStyle Research with Outside Stakeholders</td>
<td>Number of member organizations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Promoting JAL Wellness &amp; Travel</td>
<td>Number of municipal partnerships</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Strengthening planning and sales of recycled products in cooperation with companies outside the JAL Group</td>
<td>Number of affiliated companies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Creating flow of people through the development of subscription-type travel programs</td>
<td>Cumulative number of users</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

### Precious Earth

<table>
<thead>
<tr>
<th>Scope 1 (Boundary) Emissions</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions per paid ton kilometer (RTK)</td>
<td>1.044 kg CO2/km</td>
<td>1.071 kg CO2/km</td>
<td>1.091 kg CO2/km</td>
<td>1.101 kg CO2/km</td>
</tr>
</tbody>
</table>

### Addressing Climate Change

<table>
<thead>
<tr>
<th>Scope 2 (Facility) Emissions</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of fuel efficient aircraft</td>
<td>50%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

### Effective Use of Limited Resources

<table>
<thead>
<tr>
<th>Reduction of plastic</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of single-use plastics in in-house standard products used inflight and in lounges</td>
<td>—</td>
<td>25%</td>
<td>45%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduction of inflight meal waste</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of single-use plastics used in airports and cargo transportation</td>
<td>—</td>
<td>62%</td>
<td>91%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paper reduction</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic AWB (Air Waybill)</td>
<td>—</td>
<td>25%</td>
<td>62%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Key initiatives based on the 8 materiality issues include actions to create mobility and connections through business activities from the perspectives of increasing options, eliminating constraints, and creating objectives. Global environmental conservation initiatives such as the GX strategy to pass on the precious Earth to the next generation, human capital management aimed at by the human resources strategy, and governance as the foundation for value creation. Metrics and targets are set as follows. It is also possible to set quantitative numerical targets, and we have set items to promote with intention.

Among the disclosed items up to FY2022, prioritized items focused on tracking data trends are reflected in the ESG data.

Our company website provides information on key initiatives and achievements up to FY2022 that were included in last year’s consolidated report.

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Performance indicators</th>
<th>FY2019 Results</th>
<th>FY2020 Results</th>
<th>FY2021 Results</th>
<th>FY2022 Results</th>
<th>FY2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forming dynamic human resources portfolios</td>
<td>Manpower allocation to growing business areas</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Promoting diverse human resources</td>
<td>Ratio of women in management</td>
<td>16.4%</td>
<td>19.5%</td>
<td>21.9%</td>
<td>22.8%</td>
<td>30%</td>
</tr>
<tr>
<td>Providing opportunities for growth and learning</td>
<td>Employment ratio for persons with disabilities**</td>
<td>2.62%</td>
<td>2.67%</td>
<td>2.64%</td>
<td>2.75%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Increasing engagement</td>
<td>Sales per capita</td>
<td>54.4%</td>
<td>54.4% (no survey)</td>
<td>51.7%</td>
<td>51.7% (no survey)</td>
<td>64.4%</td>
</tr>
<tr>
<td>Improving labor productivity</td>
<td>Total work hours**</td>
<td>77.5%</td>
<td>—</td>
<td>74.5%</td>
<td>74.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Improving the ratio of health check-up</td>
<td>Employee consultation ratio</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Maintaining 100%</td>
</tr>
<tr>
<td>Respect for Human Rights</td>
<td>Implementation ratio of human rights due diligence</td>
<td>—</td>
<td>—</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Resilience through Diversity</td>
<td>Compliance of human rights due diligence</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Disclosure and Dialogue</td>
<td>Attendance ratio of education related to respect for human rights</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>81.9%</td>
</tr>
<tr>
<td>Promoting Fair Business Activities</td>
<td>Ratio of employees who work long hours</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1.98%</td>
</tr>
<tr>
<td>Promoting Responsible Procurement Activities</td>
<td>Number of employees who work in companies with certifications</td>
<td>760,912</td>
<td>786,229</td>
<td>893,469</td>
<td>841,170</td>
<td>1 million or more</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>Number of registered individual shareholders on the email newsletter list</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
<td>1,805 people</td>
</tr>
<tr>
<td>Enhancements of BCM</td>
<td>Number of employees who work in companies with certifications</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total number of registered individual shareholders and investors before FY2021.
** Number of registered individual shareholders and investors after FY2021.
**Environment**

**Basic Concept (JAL Group Code of Conduct)**

Passing on the precious Earth to the next generation (global environment)

We maintain an awareness that all transport is responsible for a number of negative effects on the environment. To fulfill our responsibility of passing on the precious Earth to the next generation, we raise awareness of every employee and protect the environment in every aspect.

(1) Global environmental conservation initiatives

The JAL Group complies with laws and regulations and strives to address climate change, use limited resources effectively, prevent environmental pollution, reduce noise, and conserve biodiversity to reduce impacts on the environment. Furthermore, we pursue the development of environmentally-friendly technologies to solve environmental issues, in coordination with stakeholders.

(2) Disclosure of environmental information and stakeholder dialogue

The JAL Group actively discloses environmental information, maintains dialogue with stakeholders and expands environmental preservation initiatives across society.

JAL Code of Conduct “Commitment to Society”


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**Environment Management**

Based on the JAL Group Environmental Policy, the Environmental Management System (EMS) is being constructed to accurately promote environmental conservation activities while making continuous improvements. Targets and action plans are set for each company and division based on management targets, such as reducing CO2 emissions and single-use plastics emissions. Quarterly reviews and annual internal audits are also conducted to confirm compliance, system conformity, and achievement of targets.

If a nonconformity is detected, corrective action, cause analysis, and an effectiveness review of the action are performed. In addition, urgent matters are dealt with within the framework of risk management programs.

In 2021, JAL Royal Catering C.O., Ltd., which provides inflight meals, acquired ISO14001:2015, an international standard that specifies the requirements for an effective environmental management system.

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**Addressing Climate Change**

The JAL Group recognizes that an action to climate change is a particularly important issue for the sustainability of the society. In June 2020, we announced our commitment to achieve Net Zero CO2 Emissions by 2050 in order to steadily promote various initiatives including CO2 emissions reduction as an air transport operator’s responsibility. Also, we announced our support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) in February 2021, and for the Science Based Target (SBT) initiative in March 2022.

In accordance with the Medium-Term Management Plan Rolling Plan announced in May 2023, the JAL Group will work to achieve JAL Vision 2030 and sustainably improve corporate value by positioning ESG strategy as the topmost strategy in order to realize value creation and growth and by achieving medium to long-term growth through the management of risks and opportunities. The JAL Group has established the JAL Group Environmental Policy based on this concept and a promotion system under this policy. As a corporate citizen, we are working to preserve the environment and remove impediments to our progress.

For more information on the JAL Group Environmental Policy, please visit the JAL website.


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**Progress towards achieving FY2025 target**

**Important issue**

- Reduction of CO2 emissions

**FY2025 management target**

- Total CO2 emissions below 9.09 million tons

**FY2022 Result**

- 8.19 million tons
**Strategy**

**Scenario Analysis**

The international community is rapidly moving toward a 1.5°C scenario as the benchmark for climate change action, with tighter environmental laws and regulations in Europe, the return of the United States to the Paris Agreement, Japan’s Carbon Neutral Declaration and major reviews of Nationally Determined Contributions (NDCs), and the de facto 1.5°C target agreement at COP26. In 2018, the JAL Group participated in the Project to Support Analysis of Climate Risks and Opportunities in line with TCFD Recommendations organized by the Ministry of the Environment and predicted the society in 2030 based on two scenarios (RCP8.5, 2°C) of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), which is keeping global warming below 1.5°C and below 2°C by the end of the century.

**4°C scenario**
- The 4°C scenario is an extension of the status quo (The structure of the aviation industry remains largely unchanged.)

**2°C scenario**
- In the 2°C scenario, review of supply chains and business models may be necessary due to diffusion of SAF and modal shift

**Conditions for Creating Scenarios to Achieve Net Zero CO2 Emissions by the JAL Group**

Based on the 1.5°C scenario, the JAL Group announced that a target was set for Net Zero CO2 Emissions by 2050 at its shareholders’ meeting in June 2020. The below roadmap has been created considering risks and opportunities based on scenarios such as the IEA SRES scenario.

With regard to the reduction of CO2 emitted by JAL Group aircraft, we are studying CO2 emissions reduction scenarios targeting 2030 and discussing future issues and measures to be taken with reference to the latest studies materials of ICAO and IATA based on the 1.5°C pathway and ATAG2* WAYPOINT 2050.

In preparing scenarios, we set the growth of Revenue Ton-Kilometers (RTK) based on total international and domestic passenger demand respectively, calculated the total volume of CO2 emissions up to 2050, and reflected the impact in each initiative.

*1 RCP8.5 Scenario: High-level reference scenario in the IPCC Fifth Report (equivalent to the maximum greenhouse gas emissions in 2030)

*2 RCP2.6 Scenario: Low-Cost Stabilization Scenario in the IPCC Fifth Report Lowest emissions scenario developed with the goal of keeping future temperature increases below 2°C

Toward achieving our Net Zero CO2 Emissions by 2050, a new department dedicated to GX strategy was established in April 2023. JAL will continue to promote GX strategy through a wide variety of methods, including the use of internal carbon pricing (ICP) and negative emission technologies, in order to promote investment toward decarbonization, and the continuation of active efforts to use SAF, which is recognized as a particular focus.

In March 2022, we issued the world’s first transition bond in the aviation industry to steadily upgrade our fleet to the most advanced equipment with high fuel efficiency (such as the A350 and 787), and it was selected as the first model example in Japan’s Aviation Industry for 2021 Climate Transition Finance Model Projects by Ministry of Economy, Trade and Industry of Japan.

In March 2023, JAL became Japan’s first airline to issue Transition-Linked Loans with specific use of proceeds, and the loan was selected as a target of the Ministry of Economy, Trade and Industry’s FY2022 Global Warming Countermeasures Promotion Program Subsidy. In addition, JAL issued its second transition bond in June 2023, and is actively and continuously utilizing ESG Finance. We are engaging in dialogue with investors to gain an understanding of their company’s initiatives.

In October 2022, the International Civil Aviation Organization (ICAO) reviewed its long-term CO2 reduction targets for 2050, and the CORSIA* baseline was revised. In line with this, it is expected that CO2 emission reductions by airlines will be promoted, and countries will strengthen CO2 emission regulations and be active in CO2 emissions trading. JAL recognizes that it is necessary to accelerate its response to climate change.

*1 Sustainable Aviation Fuel (SAF): CO2 emissions can be reduced by an average of 80 percent compared to conventional jet fuel in the life cycle from production and procurement of feedstock, manufacturing, transportation and combustion.

*2 CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation. A system that requires international flights to purchase emission credits for exceeding the 2019 CO2 emission standards (baseline)
Risk Management

The JAL Group defines risk as any event or action that may impede the achievement of the organization’s mission, objectives, or goals, and conducts systematic risk surveys and assessments. Those assessed as of particular importance are positioned as priority risks, and the status of risk management is reviewed at the Group Risk Management Council chaired by the President, where countermeasures are discussed and decided.

With regards to environmental issues such as climate change and biodiversity, which are priority issues in our management strategy, we implement risk management through the Environment Management System (EMS), while considering relevant laws, regulations, and policy trends in the international community.

Risk Management System

Risks related to climate change, both transition risks and physical risks, are managed in the risk management system of the entire JAL Group.

For a risk management structure chart, please visit the JAL website.


Metrics and Targets

In order to pass on our precious Earth to the next generation, the JAL Group sets targets for environmental data such as CO2 emissions, waste and water consumption, and discloses the results.

For more information on Metrics and Targets, please visit ESG Data Book.


Due to the nature of the air transport business, direct emissions from aircraft account for about 99 percent of CO2 emissions. Based on this fact, we will first address the reduction of CO2 emissions from aircraft as our top priority, but we are also earnestly working to reduce CO2 emissions from indirect emissions from ground facilities with similarly high targets.

Achieving our goals is by no means easy, but we will continue to lead the industry in cutting-edge initiatives in line with the Japanese government’s Clean Energy Strategy, while strengthening cooperation and collaboration with various stakeholders in Japan and abroad, in line with the international framework for reducing CO2 emissions.


The JAL Group has set specific targets for 2030 (a 10 percent reduction in total emissions from 2019 levels) in May 2021 as the first Japanese airline and has taken the lead in promoting decarbonization of the global aviation industry through joint procurement of SAF in alliances and the use of ESG finance when renewing aircraft. Going forward, JAL will continue to accelerate our existing initiatives, such as the steady renewal of fuel-efficient aircraft based on a stable financial base, steady implementation of JAL Green Operations, and strategic procurement based on specific SAF loading targets, and by implementing the utilization of emissions trading and consideration of the use of negative emission technologies as additional responses to the revised CORSIA baseline. We will boldly take on the challenge of achieving our targets.

Regarding SAF, while overseas manufacturing and joint construction activities are accelerating, it was clearly stated that SAF manufacturing and distribution will be promoted in Japan in the Basic Policy for Economic and Fiscal Management and Reform 2023, Smart Design and the Implementation Plan for New Capitalism, Clean Energy Strategy, and Basic Policy for Rebuilding GX. In order to realize its ambitious goal of replacing 10 percent of all installed fuel with SAF by 2030, the JAL Group will actively work toward commercializing SAF through public-private partnerships and cooperation with domestic and international stakeholders.

Carbon Reduction Targets and Achievements

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2023 CO2 reduction target (Scope 1)</td>
<td>10% reduction</td>
<td>15% reduction</td>
<td>20% reduction</td>
</tr>
<tr>
<td>FY2023 CO2 reduction target (Scope 2)</td>
<td>15% reduction</td>
<td>20% reduction</td>
<td>25% reduction</td>
</tr>
<tr>
<td>FY2023 CO2 reduction target (Scope 3)</td>
<td>15% reduction</td>
<td>20% reduction</td>
<td>25% reduction</td>
</tr>
</tbody>
</table>

*Voluntarily digging deeper, taking into account the Paris Agreement, etc.

Risks and Opportunities

Climate change will have a negative impact on the air transport business, which is based on the premise of operating in a “safe and secure society,” and as a result, it may pose an enormous risk to business continuity.

In addition, the response to climate change, including the reduction of CO2 emissions by airlines, may bring various financial impacts, such as upgrading to fuel-efficient aircraft and responding to carbon pricing.

The JAL Group organizes and examines factors that affect its business in accordance with the TCFD classification of risks and opportunities related to climate change and lists them in the table below. The categories of “risk” and “impact at the time of event” are as specified right.

The following was reviewed at the Board of Directors meeting on August 1st., 2023.
**Chapter 4  Sustainability**

### Environment

#### Special Feature

**Biodiversity Conservation**

**Precaution of Environmental Pollution**

**Effective Use of Limited Resources**

**Noise Reduction**

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**Environmental Impact and Action Plan**

#### Roadmap for Reducing CO₂ Emissions up to FY2030

CORSIA will be addressed separately, with no change in JAL’s reduction targets.

**Internal emissions reduction**

- **Upgrades to fuel-efficient aircraft**
  - FY2019: 370,000 lbs
  - FY2025: 1,200,000 lbs
- **Reduction in daily operations**
  - FY2019: 50,000 lbs
  - FY2025: 100,000 lbs
- **Use of SAF**
  - FY2019: 80,000 lbs
  - FY2025: 700,000 lbs

**Measures to comply with revised CORSIA baselines**

- **Utilization of carbon offset program**
  - Push forward with securing credits that conform to CORSIA certification.
  - Other requirements are calculated and allocated based on industry-wide emissions.

**CO₂ Emissions (actual)**

- **FY2019 Levels**
  - Actual emissions: 1,000,000 tons
  - Expected emissions if no measures are taken: 1,200,000 tons
- **FY2025 Levels**
  - Actual emissions: 800,000 tons
  - Expected emissions if no measures are taken: 900,000 tons
- **FY2030 Levels**
  - Actual emissions: 700,000 tons
  - Expected emissions if no measures are taken: 800,000 tons

**Actual emissions**

- Less than FY2019
- 10% less compared to FY2019

---

**SAF Initiatives at JAL**

#### Procurement of SAF Overseas

In FY2021, we signed a joint agreement with one world alliance member airlines to purchase SAF from the United States, where SAF is already produced. SAF will be purchased from Aemetis Inc., which produces SAF from tallow, and Gevo Inc., which produces SAF from non-edible corn. This is the first initiative of its kind, and by showing the need for SAF by multiple airlines, we will contribute to the diffusion and market expansion of SAF and promote carbon neutrality in the airline industry.

In FY2022, we worked with SAF producers and suppliers to establish a system to supply SAF in Singapore, Los Angeles, and Chubu Centrair International Airport. We also signed a memorandum of understanding to procure SAF from Raven SR in the United States, which uses municipal solid waste as feedstock.

#### Accelerating Efforts to Produce and Stably Secure SAF in Japan

**Collaboration in the aviation industry**

- To achieve carbon neutrality in 2050, the development and diffusion of SAF is essential. In October 2021, JAL and All Nippon Airways Co., Ltd. (ANA) published a joint report “Forward Virtually Zero CO₂ Emissions from Air Transport in 2050” to build a stable supply system for SAF.

**The report aims to raise awareness and promote understanding of SAF in Japan and provides a wide range of information on mass production and utilization including estimates of SAF requirements in Japan. To pass on air transportation to the next generation as an important social responsibility related parties.**

**Cross-industry collaboration**

In March 2022, JAL, together with JGC HOLDINGS CORPORATION, ANA and REVO International Inc., launched ACT FOR SKY, a voluntary organization with the aim of promoting SAF, carbon neutrality, and the importance of resource recycling, while changing the attitudes of citizens and companies, which will hopefully lead to behavioral changes.

We started with 16 companies, and as of April 2023, we have expanded to 27 companies. ACT FOR SKY promotes and expands domestic SAF through information exchange and discussion among its members, as well as activities to raise awareness of society by disseminating information and holding events aimed at realizing a decarbonized and recycling-based society. JAL, as one of the managing companies, will continue to carry out concrete initiatives aimed at the development of aviation and the entire industry in Japan and the realization of a sustainable society.

**Collaboration with the government**

At the FY2021 Study Group on CO₂ Reduction 5.6 in the Aviation Sector, the target of replacing 10 percent of the fuel consumed by Japanese airlines with SAF was set up as a common target of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and Japanese airlines. To introduce SAF, Japan recommended that the development and production of internationally competitive domestic 40,000 SAF should be promoted and that coordination among wholesalers on the supply side and airlines on the user side should be strengthened in order to build future supply chains. For this reason, in FY2022, the Public-Private Council for the Promotion of SAF co-sponsored by MLIT and the Ministry of Economy, Trade, and Industry, was established as a forum for public-private discussions and joint initiatives on technical and economic issues and solutions. JAL is actively participating in this forum.

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### Use of SAF

The JAL Group has set a goal of “Replacing 1 percent of all fuel on board (FOB) with SAF in FY2025 and 10 percent in FY2030.” In order to achieve our goals, we are promoting the procurement of SAF in Japan and overseas as well as working with stakeholders across industries in Japan to produce and commercialize domestic SAF. We are also promoting the spread and expansion of SAF through participation in the development of “future generation SAF” such as synthetic fuels.

**What is Sustainable Aviation Fuel (SAF)?**

The term “sustainable aviation fuel” refers to aviation fuel that uses feedstocks that are not derived from petroleum. These products are made from feedstock that have absorbed CO₂, such as used cooking oil and forest residues. By utilizing the feedstock, new CO₂ can be reduced.

---

**Activities to Reduce SAF Production**

- **Evaluation of SAF at the end of the study group,**
  - **SAF based on feedstocks that have absorbed CO₂, such as used cooking oil and forest residues.**
- **Utilization of the feedstock,**
  - **New CO₂**
- **Curb new CO₂ emissions**
  - **SAF**
  - **Jet fuel**
  - **CO₂ emissions**

---

**SAF Initiatives at JAL**

**Procurement of SAF Overseas**

In FY2021, we signed a joint agreement with one world alliance member airlines to purchase SAF from the United States, where SAF is already produced. SAF will be purchased from Aemetis Inc., which produces SAF from tallow, and Gevo Inc., which produces SAF from non-edible corn.

**Collaboration with the government**

At the FY2021 Study Group on CO₂ Reduction 5.6 in the Aviation Sector, the target of replacing 10 percent of the fuel consumed by Japanese airlines with SAF was set up as a common target of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and Japanese airlines. To introduce SAF, it was recommended that the development and production of internationally competitive domestic 40,000 SAF should be promoted and that coordination among wholesalers on the supply side and airlines on the user side should be strengthened in order to build future supply chains.
Upgrading to Fuel-Efficient Aircraft

In September 2019, we began introducing Airbus A350-900 on domestic routes and currently have 16 aircraft. From 2023, we will begin to introduce Airbus A350-1000 on international routes, and we will introduce the new Boeing 737-800 in 2026 as a replacement for the currently operating Boeing 737-800. These aircraft are fuel-efficient, have low noise, and can reduce CO2 emissions by 15 percent to 25 percent compared to previous models. The newly introduced aircraft will use funds raised through a public offering in FY2020. It will also be funded by the SDGs Bonds, the world’s first transition bond issued by the airline industry in March 2022, and will be utilized to steadily upgrade to fuel-efficient aircraft.

As the development of next-generation aircraft equipped with new technologies powered by electricity and hydrogen increases, we will cooperate with aircraft and engine manufacturers to promote technological reforms. Since the development of infrastructure, including airports, is also essential for the next generation of aircraft, we will work with stakeholders such as the national government and airport companies to improve the environment.

Reducing CO2 Emissions in Daily Operations

In order to reduce CO2 emissions, various efforts are taken in our daily operations, such as eco-friendly flights by arranging the timing of operations and steering, reducing the weight of the aircraft and shortening the flight route. These efforts are collectively called “JAL Green Operations”. We monitor the actual flight routes on a daily basis, and even at the flight planning stage, we create a flight route plan that matches the actual situation, and so on, in order to optimize the loaded fuel on board (FOB).

In addition, the implementation rate of the early acceleration ascension method, which has been actively promoted for some time, has increased significantly because the speed limit stipulated in the Civil Aviation Act was changed after discussions with the Civil Aviation Bureau, making it easier to implement.

JAL Green Operations

- Preparing for Departure
  - Optimized Flight Plans
  - Reduced APU Usage
  - Access with Early Acceleration
- While Parked in Spot
  - Closing Window Shades
- At Takeoff
  - 2 Reductions of Onboard Weight
- In Flight
  - Adjusting Flight Speed
  - Continuous Descent Operations
  - Reduced Flaps
  - Delayed Flap & Gear
- During Descent
  - Idle Reverse II
  - Single Engine-Take-off
  - Total
  - 63,000 households* CO2 emissions from electricity use in one month (Equivalent to 58,810 liters of gasoline)

In FY2022, the reduction result was 2.4% compared to the FY2020 target of 2.5% of total emissions.

Other measures and data related to “improvements in daily operations” are also posted on our company website.

JAL Green Operations

WEB: https://www.jal.co.jp/sustainability/environment/climate-action/emission_trading/#carbon

Measures to Reduce CO2 Emissions from Ground Equipment

With regard to ground equipment, initiatives to reduce unit energy consumption by one percent or more on average are in progress. Under the “operator classification evaluation system” of the Act on the Rational Use of Energy (Energy Conservation Act) implemented by the Ministry of Economy, Trade, and Industry, the JAL Group has been certified as “3 Class,” an excellent business operator, for eight consecutive years since 2015.

To reduce CO2 emissions from airport vehicles, Tokyo International Airport (Haneda) is introducing electric-powered vehicles. At Narita International Airport, used cooking oil in the Dining Port Goro’s Kuku restaurant operated by the JAL Group, was collected and processed into biodiesel fuel. This fuel, a local production and consumption project, is then used in ground support equipment at Narita International Airport.

Providing Carbon Offset Programs

In addition to responding to ICAO CORSIA which is an international emissions reduction and offset scheme, we offer “JAL Carbon Offset” to our customers.

JAL Carbon Offset

In cooperation with OHDOBB, a Norwegian company, we offer JAL Carbon Offset. This program for individual and corporation customers enables to offset the CO2 emissions from their flights. At the Sustainable Charter Flight held in November 2022, we worked to achieve Net Zero CO2 Emissions using the individual program by supporting projects that absorb CO2.

In addition, the corporate program allows companies to provide reports on CO2 emissions visualization, select credit programs, implement carbon offsets, and issue certificates. We will continue to work with our customers to reduce CO2 emissions.

CORSTAT Project

In order to accurately predict climate change, it is essential to observe the CO2 concentration and understand its circulation at multiple locations, including the sky. The JAL Group has been using aircraft to conduct atmospheric observations since 1993, and in 2005, a public-private CONTRAIL project was launched by five organizations (National Institute of Environmental Studies, Meteorological Research Institute, Japan Coorporation, JAL Foundation, Japan Airlines) to expand the observations.

This project, the first of its kind in the world to continue global observations of greenhouse gases (such as CO2) in scheduled flight, involves using a JAL group of aircraft to conduct frequent, long-term observations in the sky. The data is being used by researchers around the world.
Biodiversity Conservation

Basic Concept

The JAL Group recognizes the preservation and restoration of nature is a particularly important issue for a sustainable society, as it strengthens the social infrastructure, and commits to comprehensively solutions to biodiversity and climate change.

To date, the JAL Group has actively promoted the conservation of biodiversity, including the conservation of species through the prevention of illegal wildlife trade, the preservation of ecosystems through plant quarantine, and the conservation of natural resources at World Natural Heritage sites. In addition, to address climate change, we have been working on upgrading to fuel-efficient aircraft, implementing JAL Green Operations regularly, and utilizing SAF in order to achieve Net Zero CO2 Emissions by 2050, while taking into consideration the impact of CO2 emissions will exert on the ecosystem. (Disclosure of Information on climate change based on the TCFD)

The JAL Group aims to build a society in which nature and people coexist in harmony throughout its business activities. Based on the premise of reducing our impact on nature, we will create the flow of people through the preservation and experience of nature, and the flow of goods and services through trade, thereby connecting goods and services of products that are produced in rich ecosystems. In this way, we will create relationships and connections through mobility, and through the realization of “Nature Positive,” and will create a future in which everyone can feel affinity and hope, thereby enhancing our corporate value. To realize these goals, we will work under our "Commitment to Nature"

Based on the Task Force on Nature-related Financial Disclosures (TNFD) information disclosure framework, the following discloses information from the perspectives recommended by the TNFD: governance, strategy, risk and impact management, and metrics and targets.

Goverance

The JAL Group’s Board of Directors demonstrates a strong supervisory function through the periodic reporting (four times in FY2022) on the execution of initiatives concerning climate change and biodiversity. In the execution, the Sustainability Promotion Council, chaired by the President, formulates basic policies, sets important targets, manages progress, and deliberates and decides on policies to deal with issues. The Sustainability Promotion Council, chaired by the Senior Vice President of the General Affairs Division, deliberates on individual issues identified through the environmental management system (EMS) and reports to the Sustainability Promotion Council. The content of this disclosure based on TNFD’s recommendations was reported to and approved by the Board of Directors in August 2023.

“See TNFD Beta Framework (v0.4)"

Strategy

The JAL Group follows the LEAP approach proposed by the TNFD, identifying nature dependencies and impacts as well as priority areas, to systematically assess nature-related risks and opportunities on a scientific basis. “LEAP approach - LEAP” is an acronym for the four phases of Locate, Evaluate, Assess, and Prepare. It is an information disclosure guidance that consists of “Locate,” which identifies the nature interface throughout the supply chain and identifies priority locations; “Evaluate,” which diagnoses the dependencies and impacts between the business activities and “Assess,” which evaluates the key risks and opportunities based on the results of the “Diagnose” and “Prepare,” which prepares a response to nature-related risks and opportunities and reports back to investors.

Nature-related Dependencies & Impacts

Nature, consisting of freshwater, ocean, land and atmosphere, provides various benefits (ecosystem services) to the JAL Group’s business. For example, a stable climate maintains a suitable operating environment for aircraft (regulating services) and provides places and opportunities for tourism (cultural services), leading to the creation of human flows. In addition, blessings such as food (supply services) lead to the creation of commercial and logistical flows.

In March 2023, the JAL Group held an internal workshop to explore contacts with nature, inviting a lecturer from the World Wide Fund for Nature Japan (WWF Japan) to identify the dependencies and impacts of the JAL Group’s air transportation business on nature. The dependencies were identified as “flights to natural heritage sites, beach resorts, and other nature-rich tourist destinations” and “sales of local food products,” while the impact was identified as “possible environmental pollution around the airport.

Priority Location Identification

The JAL Group recognizes water as an important resource that affects climate change and biodiversity and its sustainability.

The JAL Group’s water intake areas are mainly in Japan, where water stress levels are considered low (analysed using Aqueduct), and we recognize that its risks are low. We will continue to efforts to conserve water resources such as the recycling of water for washing aircraft parts, to name a few. Additionally, the Group’s Water risk analysis tool provided by the World Resources Institute (WRI) has identified water-related risks associated with the operation of the Group.

Our efforts and data on water resources issues are also posted on our company website.

Biodiversity Risks

The JAL Group identified priority areas by focusing not only on water, but also on biodiversity itself, including ecosystems such as forests and coasts, and the various species that inhabit them.

The JAL Group’s destinations were matched with areas of significant biodiversity in WWF’s Biodiversity Risk Filter, and it was found that many areas in Japan are at high biodiversity risk. Hokkaido, Kagoshima (Amami), and Okinawa, which have high demand for nature tourism, were identified as areas where our businesses are dependent on nature. Also, Tokyo was identified as an area with high priority for biodiversity conservation, where operations have an impact on nature because it is a major airport.

Risks and Opportunities on the Organization’s Businesses

The loss of biodiversity can be a significant risk to the continued operation of our air transportation business, and managing it can also lead to opportunities. The workshop also assessed nature-related risks and opportunities based on the identified dependencies and impacts, which are summarized in the table below. In the future, we will deepen the assessment of risks and opportunities by analysing financial impacts as well.

Risk and Impact Management

The JAL Group defines risks as any event or action that may impede the achievement of the organization’s mission, objectives, or goals, and conducts semiannual risk surveys and assessments.

Those assessed as of particular importance are positioned as priority risks, and the status of risk management is reviewed at the Group Risk Management Council chaired by the President, where countermearses are discussed and decided. With regards to environmental issues such as climate change and biodiversity, which are priority issues in our management strategy, we implement risk management through the PDCA cycle based on the EMS, while considering relevant laws, regulations, and policy trends in the international community.

Risk Management System


Metrics and Targets

The JAL Group recognizes that biodiversity is affected by various environmental issues, including climate change, resources, and environmental pollution, and commits to comprehensive solutions. In addition to targets related to biodiversity conservation, we disclose environmental data such as CO2 emissions, waste and water consumption.

For targets and KPIs, visit our company Web site.

Focus and Strategic Measures

Sexual Reproduction and Coral Regeneration Project

One of the attractions of Okinawa are coral reefs. Coral reefs are not only beautiful but also have many roles, such as being a place where living organisms coexist and live. However, in recent years, the number of coral reefs has been decreasing due to rising sea temperatures and the occurrence of large numbers of hazardous crown-of-thorns starfish. Japan Transocean Air (JTA) has formed a council with local companies that support efforts to regenerate coral reefs in Ishigaki and Kume Islands using a new method called the Sexual Reproduction Method.
Prevention of Illegal Wildlife Trade

In June 2018, the JAL Group signed the Buckingham Palace Declaration, promoted by the International Air Transport Association (IATA), to promote the prevention of illegal wildlife trade. In the Amami-Okinawa region, where many rare wildlife live, we are working with the Ministry of the Environment and local governments to participate in training sessions to prevent poaching and smuggling, to test the use of identification techniques to identify wildlife, and to establish a cooperative system in cases where it is difficult to identify species.

Considering Biodiversity in Foodstuffs and Commercial Materials

In July 2022, the JAL Group established in-house guidelines for foodstuffs and commercial materials to be handled to identify rare wildlife, and to establish a cooperative system in cases where it is difficult to identify species.

We are promoting the guidelines within the company to properly understand the importance of biodiversity conservation and to recognize the relationship between foodstuffs and commercial products.

Particularly relevant areas: Particularly relevant areas:

We will strive to prevent carbon emissions from aircraft and factories, which cause environmental pollution.

To achieve this, we will reduce emissions of nitrogen oxides (NOx), carbon monoxide (CO), and hydricarbon (HC) by using aircraft engines that comply with appropriate standards. We will also manage and reduce the release of hazardous chemical substances in accordance with the regulations.

The JAL Group is aware that air transport is responsible for a number of negative effects on the environment and aims to live in harmony with residents around the airport.

To reduce noise, we are upgrading our fleet to the latest low-noise aircraft that comply with noise standards. We are also actively introducing noise abatement operational procedures.

Voice

Mangrove Planting Activities

On November 29, 2022, JAL/Alm marked Indonesia’s tree-planting day by planting mangroves in the PIK Mangroves Ecotourist Area as part of their SDGs initiative. The purpose of planting mangroves is to restore and maintain the quality, functions, and benefits of the mangrove forests. This initiative is a concrete action taken by JAL to conserve local environmental biodiversity. In total, 250 mangroves were planted. Preparation for the activity included surveys of mangrove trees, such as plastic gloves, rubber boots, hats, and personal hygiene tools. The event was attended by almost all staff in the branch as well as the Asia and Oceania region. The founder of mangrove Jakarta, Mr. Piarinda Hirsanto, expressed gratitude for Japan Airlines’ concern for the environment and hopes that this initiative can be continued in other places. The participants enjoyed this activity and it became a memorable moment for them.

Rudy Tittoradi Banuru, General Affairs Sector, Jakarta Branch, Senior Vice President Officer, Asia & Oceania

Precaution of Environmental Pollution

We will continue to take on new initiatives to realize a more sustainable society.

We are also working on manufacturing and selling upcycled products to familiarize air travel by utilizing discarded parts.

Research and development are an important issue for the business.

We will continue to work with stakeholders to accelerate the promotion of resource recycling.

Video

Recycling of Inflight Paper Cups

The JAL Group has been recycling paper cups (40 cups, mullders) on some domestic routes since December 2022 in cooperation with Nippon Paper Industries Co., Ltd.

In the past, beverage paper products were incinerated as general waste from a technical and sanitary standpoint. However, the JAL Group has made it possible to recycle used paper cups by creating a unique recycle chain whereby paper cups used for inflight services are properly sorted and collected by the JAL Group, and then transported, accumulated, baled, and recycled by the Nippon Paper Group using advanced technology. Customer cooperation is essential for sorting the items. We will continue to work with stakeholders to accelerate the promotion of resource recycling.

Video of paper cup recycling

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Voice

Recycling of Domestic Boeing 777 Aircraft Achieving a Recycling Rate of 96 Percent

We have been selling Boeing 777 aircraft, which operated domestic flights until the end of 2021, to overseas markets. We have taken the first initiatives in Japan to recycle some of the materials used in the aircraft.

In addition to recycling metals such as aluminum and iron, we also recycled plastics and carbon fiber composite materials (CFRP) as materials resulting in a 96 percent recycling rate.

We are also working on manufacturing and selling upcycled products to familiarize air travel by utilizing discarded parts.

We will continue to take on new initiatives to realize a more sustainable society.

KAMEDA Hirokuni, Head of New Business Development Team, Japan Airlines Co., Ltd. Engineering and Maintenance Division Business Promotion Division

Video

Image of Reduction of Single-use Plastics Consumption Toward FY2025 Targets

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Sustainability Initiatives

Special Feature

Sustainability of Restaurants in the Sky

We must keep our focus on the various challenges of food that support life. Greenhouse gas emission accompanied by food is 21 percent to 37 percent of all emissions, but one third of the food is discarded. There are a variety of issues surrounding food, including overfishing and the impact of pesticides on biodiversity, worker’s rights, and nutritional bias. Our efforts will continue to provide customers with safe, sustainable, and delicious meals that are friendly to ecosystems and labor, and to recycle them into resources without waste.

Implement a Food Waste Reduction Program that Includes the Supply Chain

- Post-Harvest Loss
  - Utilization of disposable crops
  - Reuse of non-standard crops

- Processing Loss
  - Composting all food loss including supply chain
  - Recycling-oriented vegetable

- Purchasing/Storage Loss
  - Reservation analysis
  - Stock/buying control

- Cooking Loss
  - Composting all food loss
  - Prevention of excessive removal of edible parts and reuse of edge materials
  - Loss analysis by category

- Food Waste
  - Campaigns to prevent leftover food
  - JAL Meal Skip Option
  - Donations to welfare councils

Post-Harvest Loss Processing Loss Purchasing/Storage Loss Cooking Loss Food Waste

- • Utilization of disposable crops
- • Reuse of non-standard crops
- • Composting all food loss including supply chain
- • Recycling-oriented vegetable
- • Reservation analysis
- • Stock/buying control
- • Composting all food loss
- • Prevention of excessive removal of edible parts and reuse of edge materials
- • Loss analysis by category
- • Campaigns to prevent leftover food
- • JAL Meal Skip Option
- • Donations to welfare councils

Voice

Delicious and Sustainable Meals

When planning tasty and sustainable inflight meals, our first consideration is the needs of our customers. While we value communication with our cooks, including exchanging opinions with our crew, we aim to prepare inflight meals that customers would want to talk about.

JAL Royal Catering inflight meal catering facility
Factories that have acquired environmental certification ISO14001 and set an environmental goal of reducing food loss.

JAL Meal Skip Option Service
This service is designed to meet the needs of customers who wish to rest in the cabin without inflight meal.

JAL Report 2023
Framework for Respecting Human Rights

The JAL Group promotes efforts to respect human rights based on its human rights policy and internal rules governing the mechanism and operation of human rights due diligence (hereinafter “Human Rights DD”). Aiming to respect the human rights of all stakeholders, including suppliers, customers, and employees, we set ten priority issues in FY2022 from the following three perspectives: supply chain management, provision of products and services, and improvement of the internal environment.

1. Confirmation of Human Rights Policy
2. Human Rights Risks Assessment
3. Human Rights Risk Evaluation/Extraction of Issues
4. Review of Implementation Status of Prior Year’s Improvement Plan
5. Dialogue with Important Suppliers
6. Management Review
7. Reflect on the Previous Year’s Review
8. Confirmation of Prior Year’s Improvement Plan
9. Implementation of Key Initiatives
10. Report Internally and Externally

Specific details of each step are as follows:

1. Confirmation of Human Rights policy
   - We strictly confirm that there are no issues with the policy contents. After confirming the contents, we made no changes to the policy in FY2022.

2. Human rights risks assessment
   - Based on the risks that have emerged from the human rights risk survey, we identified human rights issues that need to be addressed with particular emphasis. In FY2022, we identified “prevention of human rights violations by external communications” as a new issue, which was one of the most common risks.

3. Human rights risks evaluation/extraction of issues
   - In the mid-term management level, we conduct a review of the previous year’s activities. In FY2023, with the gradual transition to society in the post-COVID-19 era, we shifted our focus from travel-related issues to preventing the spread of infectious diseases.

4. Review of implementation status of previous year’s improvement plan
   - In FY2022, we reviewed the implementation status of the previous year’s improvement plan. In FY2023, we identified “prevention of human rights violations by external communications” as a new issue.

5. Dialogue with important suppliers
   - We had dialogues with stakeholders and formulated proposals for priority issues and improvement plans for the current fiscal year based on the contents of the “3. Human rights risk evaluation/extraction of issues” and “4. Review of implementation status of the previous year’s improvement plan.”

6. Management review
   - We report the contents of the previous year’s review, the priority issues proposed for the current year, and the improvement plan to the President. In FY2023, we reviewed that we were committed to issue tracking in the prevention of the spread of infectious diseases from priority issues, and that we will add new measures to prevent human rights violations caused by external communications.

7. Reflect on the previous year’s review
   - Based on the results of the management review, improvements are reflected in the improvement plan for the current fiscal year. In FY2023, we reviewed that we were committed to issue tracking in the prevention of the spread of infectious diseases from priority issues, and that we will add new measures to prevent human rights violations caused by external communications.

8. Confirmation of most important issues and improvement plan for the current fiscal year
   - In FY2022, we confirmed that there were no issues with the policy contents. After confirming the contents, we made no changes to the policy in FY2022.

9. Implementation of key initiatives
   - In FY2022, we confirmed that there were no issues with the policy contents. After confirming the contents, we made no changes to the policy in FY2022.

10. Report internally and externally
    - In FY2022, we confirmed that there were no issues with the policy contents. After confirming the contents, we made no changes to the policy in FY2022.


List of Initiatives to Respect Human Rights

<table>
<thead>
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<th>Stakeholders</th>
<th>Challenges</th>
<th>Scheduled to be implemented in FY2023</th>
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<tr>
<td>Suppliers</td>
<td>Confirmation of respect for human rights in the supply chain</td>
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<td>Procurement of products with consideration for human rights</td>
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<td>Improvement of accessibility</td>
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<td>Prevention of human trafficking</td>
<td>Replanning</td>
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<td>Prevention of long working hours</td>
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<td></td>
<td>Fair and impartial hiring and promotion</td>
<td>Continued</td>
</tr>
<tr>
<td></td>
<td>Prevention of discrimination against race and culture</td>
<td>Continued</td>
</tr>
<tr>
<td></td>
<td>Prevention of personal information leakage</td>
<td>Continued</td>
</tr>
</tbody>
</table>

Please refer to the special issue “Eleven priority issues, indicators and targets related to respect for human rights” on pp.107-108 for specific initiatives.
1. Confirmation of Respect for Human Rights in the Supply Chain

We strive to establish a sustainable supply chain that includes respect for human rights, compliance with laws and regulations, global environmental protection, and proper labor practices. In FY2022, we distributed and collected self-assessment questionnaires to all 461 main suppliers, to identify risks, explain the results to suppliers who were able to identify risks, requested corrective measures, and completed soundness investigations. We have also started the operation of a hotline for domestic and overseas suppliers. In FY2023, based on the advice we received in dialogue with experts, we will identify suppliers that are closely tied to our company and highly important from an ESG perspective, and will conduct on-site audits.

2. Procurement of Products with Consideration for Human Rights

As for the service supplies and meals provided to our customers at the cabin and lounge, we adopt certified products that take into consideration the workers’ rights involved in forestry, agriculture, and fishing. We strive not to be complicit in human rights violations such as poor working conditions, child labor, and land rights violations of indigenous peoples. In FY2022, 9.7 percent of paper products were replaced with certified products, and ten kinds of certified fishery and agricultural products were used. In FY2023, we aim to increase the usage rate of certified paper products to 95 percent.

3. Improving Accessibility

In accordance with the JAL Group Accessibility Services Policy, we are working to create fun and entertaining travel by providing stress-free travel options to all customers. We promoted initiatives based on four pillars (employee education, environmental improvement, information dissemination, and accessible tourism), including training and lectures to enhance empathy through interaction with para-athletes, pre-flight workshops to relay various concerns about flying, and tours for customers with developmental disabilities. In FY2023, we will continue to strive to improve accessibility based on the four pillars.

4. Prevention of Infectious Disease Expansion

We are working to ensure that all customers can enjoy a safe and secure air travel. In FY2022, we promoted initiatives based on three pillars (improve hygiene and cleanliness, use digital technology to make touchless automatic and self-service, and support travel), including employee education on hygiene and infectious diseases and the implementation of “hospitality service utilizing facial recognition technology” at Amami Airport. We will continue to provide airport and inflight services that allow customers to travel with a peace of mind. In the light of the global shift to the post-coronavirus era, we will change the position of these issues from priority issues in FY2023.

5. Prevention of Human Trafficking

The JAL Group regards unintentional complicity in human trafficking to air transport as a particularly important human rights issue. In FY2022, continuing from the previous year, all employees were provided with education on the respect for human rights, including information on the prevention of human trafficking. In addition, as part of our efforts with external stakeholders, we invited officers from the National Police Agency to tell us about the current situation in human trafficking in Japan. We held panel discussions with staff from airports and offices in the company. In FY2023, we will continue to educate all employees on the prevention of human trafficking, expand the scope of our external stakeholders, and take on prevention measures.

6. Prevention of Human Rights Violations by External Dissemination

Amid the increasing complexity of the environment surrounding the JAL Group, we will establish a checking system to ensure that there are no human rights violations committed unintentionally through external dissemination. This issue was newly added in FY2023. In FY2023, we will strengthen the checking system so that the main department can effectively notify. To raise awareness among employees, we will also incorporate this content into training programs related to the respect for human rights and work to prevent violations of human rights caused by external dissemination.
Build better relationships with stakeholders

Efforts by Corporate Citizenship Activities

As a good corporate citizen, the JAL Group aims to build better relationships with its stakeholders and contribute to the development of society. As part of our corporate citizenship activities, we will use our know-how as an airline company to create opportunities to think about the future of the environment and society, foster the next generation, support culture and sports, and work with various stakeholders. We support volunteer activities by our employees.

**Topic 1 JAL SORAIKU®**

JAL SORAIKU® aims to provide students with the opportunity to think about their future and the future of the global environment by exploring the wonders of the sky and the joy of flying. We have held online classes, SORA-E CO Classes, origami plane classes, and virtual JAL Factory tours as activities that can be done during COVID-19. In addition, we have also resumed face-to-face activities. We encourage people to think about the future through online programs and face-to-face interactions.

**Topic 2 Education Content Delivery**

We offer JAL STEAM SCHOOL, a class in which pilots explain the world of aircraft and aviation from the perspectives of STEAM. In addition, JAL STEAM SCHOOL Portable, an interactive program that summarizes the contents of the class in an easy-to-understand manner, is exhibited in science museums and other venues throughout Japan to provide opportunities for more people to develop their creative thinking skills. Furthermore, in collaboration with DOCOMO gacco, we introduced "People who Work in Airline Industry" presented by JAL Group employees in gacco®, a video learning service.

**Topic 3 Culture and Sports Support**

In support of a DBI society that recognizes individual differences and promotes active participation, we have expanded our support and sponsorship from the "School of Challenge for Tomorrow" program® to encompass all five programs under "the School of Challenge for Tomorrow" initiative® and are working to further promote a barrier-free mindset through passports so that everyone can feel the importance of challenging themselves to something new.

**FY2022 Support Results**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating schools</td>
<td>129 schools (12,098)</td>
<td>277 schools (23,963)</td>
<td>757 schools (91,346)</td>
</tr>
<tr>
<td>Number of people</td>
<td>350,354 yen</td>
<td>2,275,052 yen</td>
<td>1,902,380 yen</td>
</tr>
</tbody>
</table>

For information on Charity Miles, visit the JAL website.

https://www.jal.co.jp/en/jalmile/use/charity/

**Topic 4 Ensuring Air Transport and Supporting Affected Areas**

In response to the earthquake off the coast of Fukushima Prefecture in March 2022, from the day after the earthquake, we increased scheduled flights to and from the Tohoku region, assigned larger aircraft and operated extra flights (March to April: 672 flights) to maintain and secure air transportation for people in the Tohoku region. In addition, we conducted the following activities to provide assistance for natural disasters that occurred in Japan and overseas.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of JAL SORAIKU® participants past 4 years</th>
</tr>
</thead>
</table>

**Evaluation of sustainability**

Evaluation of DEI initiatives

| 2023 CONFIRMING MSD-JAPAN EMPOWERING WOMEN INDEX (WIN) |
| JioRainbow/DEI Award 2022 Best Rating “Best Workplace” |

**Evaluation of workstyle innovation**

| Evaluation of DX initiatives |
| Evaluation of health and productivity management |

**Evaluation of Wellness Promotion**

| Evaluation of disclosure |

| Our company’s inclusion in the MSCI Index and use of the MSCI logo, trademark, service mark or index name is not intended to sponsor, promote or promote our company by MSCI or its affiliates. MSCI’s services and data are the exclusive property of MSCI and the names and logos of MSCI and the MSCI Index are trademarks or service marks of MSCI or its affiliates. |
## 1. Data Highlights

### ESG

<table>
<thead>
<tr>
<th>CO2 emission reductions</th>
<th>Emission from aircrafts (1000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>9,330</td>
</tr>
<tr>
<td>IFRS</td>
<td>9,085</td>
</tr>
<tr>
<td>%</td>
<td>94.5%</td>
</tr>
<tr>
<td>%</td>
<td>89.3%</td>
</tr>
</tbody>
</table>

### Percentage of fuel-efficient aircrafts

- Non-fuel-efficient aircrafts (%)
- Fuel-efficient aircrafts (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>4.8%</td>
<td>5.0%</td>
<td>4.7%</td>
<td>5.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>IFRS</td>
<td>4.4%</td>
<td>5.0%</td>
<td>4.7%</td>
<td>5.0%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

### Employees

- Number of employees (people)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>34,182</td>
<td>33,832</td>
<td>36,682</td>
<td>36,423</td>
<td>36,359</td>
</tr>
<tr>
<td>IFRS</td>
<td>34,182</td>
<td>33,832</td>
<td>36,682</td>
<td>36,423</td>
<td>36,359</td>
</tr>
</tbody>
</table>

### On-time arrival rate

- Domestic (%)
- International (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>83.7%</td>
<td>84.8%</td>
<td>84.8%</td>
<td>84.8%</td>
</tr>
<tr>
<td>IFRS</td>
<td>83.7%</td>
<td>84.8%</td>
<td>84.8%</td>
<td>84.8%</td>
</tr>
</tbody>
</table>

### Net Promoter Score (NPS)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>IFRS</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
</tbody>
</table>

### Shareholder’s Equity Ratio

- Shareholders’ Equity (billion yen)
- Shareholders’ Equity Ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>36,199</td>
<td>35,243</td>
<td>35,243</td>
<td>35,243</td>
</tr>
<tr>
<td>IFRS</td>
<td>36,199</td>
<td>35,243</td>
<td>35,243</td>
<td>35,243</td>
</tr>
</tbody>
</table>

### Dividend payout ratio (%)

- Dividend payout ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>39.3%</td>
<td>39.3%</td>
<td>39.3%</td>
<td>39.3%</td>
</tr>
<tr>
<td>IFRS</td>
<td>39.3%</td>
<td>39.3%</td>
<td>39.3%</td>
<td>39.3%</td>
</tr>
</tbody>
</table>

### Total return ratio (%)

- Total return ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese GAAP</td>
<td>4.7%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>IFRS</td>
<td>4.7%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

1. In Japan Airlines Co., Ltd. (Locally hired managers overseas + Non-Japanese managers hired in Japan in business planning and maintenance engineering jobs) / Total managers
2. Sum of Japan Airlines Co., Ltd. and JAL Sunlight Co., Ltd., a special subsidiary, as of June 1 of the following fiscal year
3. The survey is conducted every two years, and the percentage of employees who choose four or five out of five ratings
4. Compared to results in early FY2017
5. EBITDA is adopted from FY2005. Accordingly, figures for FY2019 are also calculated under EBITDA for comparison.
6. EBIT = Profit or Loss before Financing and Income tax (Profit/Loss before Tax – Finance Income/Expenses)
7. EBITDA Margin = EBITDA/Revenue
8. EBIT Margin and EBITDA Margin for FY2020 and FY2021 are not shown as they are negative figures.
9. Shareholder’s Equity Ratio based on credit rating evaluation considering Hybrid Finance
10. Basic diluted shares are used for both shareholders’ equity and profit or loss attributable to owners of parent for the calculation of the share price.
11. Shareholder’s Equity Ratio based on credit rating evaluation considering Hybrid Finance
12. Profit or Loss before Financing and Income tax (Profit/Loss before Tax – Finance Income/Expenses)
13. Total dividend rate = Total Dividends / Shareholders’ Equity
14. Profit attributable to owners of parent for FY2019 excludes the effects of income taxes deferred
2. ESG Data

### Environment (§)

#### Addressing Climate Change

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Scope 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total emissions</td>
<td>1.000 t CO₂</td>
<td>1.000 t CO₂</td>
<td>1.000 t CO₂</td>
<td>1.000 t CO₂</td>
<td>1.000 t CO₂</td>
</tr>
<tr>
<td>NOx emissions</td>
<td>1.000 t NOx</td>
<td>1.000 t NOx</td>
<td>1.000 t NOx</td>
<td>1.000 t NOx</td>
<td>1.000 t NOx</td>
</tr>
<tr>
<td>CO² emissions</td>
<td>1.000 t CO²</td>
<td>1.000 t CO²</td>
<td>1.000 t CO²</td>
<td>1.000 t CO²</td>
<td>1.000 t CO²</td>
</tr>
</tbody>
</table>

#### Environmental investments

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of fuel-efficient aircrafts</td>
<td>183</td>
<td>197</td>
<td>198</td>
<td>193</td>
<td>192</td>
</tr>
<tr>
<td>Aircraft type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATR42-600</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Embraer 190</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Boeing 737-800</td>
<td>62</td>
<td>62</td>
<td>61</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>Boeing 787</td>
<td>42</td>
<td>49</td>
<td>49</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>Airbus A350</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Water consumption

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tap water consumption</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
</tr>
<tr>
<td>Groundwater, osa, river, lake, industrial water consumption</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
<td>1,000 m³</td>
</tr>
</tbody>
</table>

#### Foodstuffs and commercial products

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of violations of internal guidelines for ESG risk foodstuffs and commercial products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of violations of internal guidelines for ESG risk foodstuffs and commercial products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Environment (§)

#### Problem Solutions

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Scope 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total emissions</td>
<td>1,000 t CO₂</td>
<td>1,000 t CO₂</td>
<td>1,000 t CO₂</td>
<td>1,000 t CO₂</td>
<td>1,000 t CO₂</td>
</tr>
</tbody>
</table>

### Energy (§)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption (total)</td>
<td>1,000 MWh</td>
<td>38,849</td>
<td>37,820</td>
<td>18,406</td>
<td>25,819</td>
</tr>
<tr>
<td>Steam, heat, cooling</td>
<td>1,000 GJ</td>
<td>340</td>
<td>332</td>
<td>317</td>
<td>307</td>
</tr>
<tr>
<td>Electricity</td>
<td>1,000 MWh</td>
<td>102</td>
<td>98</td>
<td>89</td>
<td>92</td>
</tr>
<tr>
<td>Town gas, LPG</td>
<td>1,000 GJ</td>
<td>267</td>
<td>257</td>
<td>245</td>
<td>241</td>
</tr>
<tr>
<td>Crude oil equivalent</td>
<td>1,000 kl</td>
<td>3,784</td>
<td>3,684</td>
<td>1,781</td>
<td>2,537</td>
</tr>
<tr>
<td>Jet fuel</td>
<td>1,000 kl</td>
<td>3,784</td>
<td>3,684</td>
<td>1,781</td>
<td>2,537</td>
</tr>
</tbody>
</table>

### Social (§)

#### Human Resources (§)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new employees (men)</td>
<td>501</td>
<td>2,000</td>
<td>2,200</td>
<td>2,500</td>
<td>2,700</td>
</tr>
<tr>
<td>Number of new employees (women)</td>
<td>385</td>
<td>728</td>
<td>927</td>
<td>1,100</td>
<td>1,200</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>7,430</td>
<td>5,125</td>
<td>5,964</td>
<td>6,772</td>
<td>7,476</td>
</tr>
</tbody>
</table>

### Acquisition of Independent Assurance Statement

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total waste disposed</td>
<td>30</td>
<td>17</td>
<td>13</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Total waste generated</td>
<td>3,373</td>
<td>3,320</td>
<td>3,417</td>
<td>3,465</td>
<td>3,530</td>
</tr>
<tr>
<td>Total waste recycled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

1. Data Highlights
2. ESG Data
3. Business Data
4. Financial Data
5. Other Data
## Social (S)  Human Resources

### Data Section

#### Table 1: Employee Data

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37,126</td>
<td>38,684</td>
<td>40,368</td>
<td>42,048</td>
<td>43,848</td>
</tr>
<tr>
<td>Cockpit crew (Consolidated)</td>
<td>2,742</td>
<td>2,932</td>
<td>3,092</td>
<td>3,192</td>
<td>3,222</td>
</tr>
<tr>
<td>Cabin crew (Consolidated)</td>
<td>2,690</td>
<td>2,812</td>
<td>2,998</td>
<td>3,126</td>
<td>3,276</td>
</tr>
<tr>
<td>Ground staff (Consolidated)</td>
<td>10,024</td>
<td>10,246</td>
<td>10,582</td>
<td>11,092</td>
<td>11,662</td>
</tr>
<tr>
<td>Ground staff (Non-consolidated)</td>
<td>21,262</td>
<td>22,344</td>
<td>23,692</td>
<td>24,860</td>
<td>25,256</td>
</tr>
<tr>
<td>Number of employees reemployed</td>
<td>4,576</td>
<td>4,650</td>
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<tr>
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#### Table 3: Employee Education Data

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#### Table 5: Employee Diversity Data

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<td>7.8</td>
<td>7.6</td>
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</tbody>
</table>

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**Notes:**

1. Data Highlights
2. ESG Data
3. Business Data
4. Financial Data
5. Other Data

---

**Governing Board: Shigeki Nakada, President and Representative Director**

**Executive Officers:**

- President and Representative Director: Shigeki Nakada
- Executive Vice President: Katsuyuki Inoue
- Executive Vice President: Masahiro Kamezaki
- Executive Vice President: Tatsuya Masuda
- Executive Vice President: Takashi Hattori
- Executive Vice President: Naoyuki Fujita
- Executive Vice President: Hiroshi Komori

**Executive Officers (Recruiting and Development):**

- President and Representative Director: Shigeki Nakada
- Executive Vice President: Katsuyuki Inoue
- Executive Vice President: Masahiro Kamezaki
- Executive Vice President: Tatsuya Masuda
- Executive Vice President: Takashi Hattori
- Executive Vice President: Naoyuki Fujita
- Executive Vice President: Hiroshi Komori

**Executive Officers (Financial):**

- President and Representative Director: Shigeki Nakada
- Executive Vice President: Katsuyuki Inoue
- Executive Vice President: Masahiro Kamezaki
- Executive Vice President: Tatsuya Masuda
- Executive Vice President: Takashi Hattori
- Executive Vice President: Naoyuki Fujita
- Executive Vice President: Hiroshi Komori

**Executive Officers (Corporate Strategy):**

- President and Representative Director: Shigeki Nakada
- Executive Vice President: Katsuyuki Inoue
- Executive Vice President: Masahiro Kamezaki
- Executive Vice President: Tatsuya Masuda
- Executive Vice President: Takashi Hattori
- Executive Vice President: Naoyuki Fujita
- Executive Vice President: Hiroshi Komori

**Executive Officers (Personnel):**

- President and Representative Director: Shigeki Nakada
- Executive Vice President: Katsuyuki Inoue
- Executive Vice President: Masahiro Kamezaki
- Executive Vice President: Tatsuya Masuda
- Executive Vice President: Takashi Hattori
- Executive Vice President: Naoyuki Fujita
- Executive Vice President: Hiroshi Komori

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**Disclosure of Corporate Governance System:**

- The number of NFPs (Non-Fiduciary Persons): 1
- The number of independent directors: 9
- The number of executive officers: 11

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**Data Section Sustainability Introduction:**

- The JAL Group Value Creation Story
- Growth Strategy
- Data Section
- Sustainability

---

**Growth Strategy:**

- The JAL Group's value creation strategy is based on the following three pillars:
- **Value Creation:**
  - Quality and safety
  - Sustainability
- **Business Model:**
  - Cost leadership
  - Service leadership
- **Human Resources:**
  - Employee engagement
  - Diversity and inclusion
- **Sustainability:**
  - Social responsibility
  - Environmental responsibility
  - Economic responsibility

---

**Social Responsibility:**

- JAL Group's social responsibility initiatives include:
- **Social contribution:**
  - Donations through Charity Miles
  - Miles donated to Children's Dream Support Project
- **Information security and personal information protection:**
  - Number of data breaches: 4
  - Number of secondary uses of personal data: 0
  - Number of substantiated complaints received from outside parties regarding privacy protection: 0
  - Number of privacy regulatory complaints: 0
  - Number of privacy information security and personal information protection breaches: 0
- **Environmental responsibility:**
  - Number of institutional investors: 3
  - Donations through Charity Miles: 61,032,500 yen, 9,208,500 yen, 11,328,500 yen, 0 yen, 4,611,500 yen
- **Economic responsibility:**
  - Number of IR mail subscribers: 3,843,000 people
  - Number of employees: 38,972 people, 13,345 people, 19,273 people, 38,169 people, 35,987 people
  - Number of annual reports: 2
  - Number of new employees: 8,140 people, 7,745 people, 9,727 people, 6,125 people, 5,192 people
  - Number of annual reports: 2
  - Number of new employees: 8,140 people, 7,745 people, 9,727 people, 6,125 people, 5,192 people

---

**Acquisition of Independent Assurance Statement:**

- The JAL Group's financial statements for the fiscal year ended March 31, 2023, have been independently audited by KPMG. The independent auditors have expressed an unqualified opinion on the financial statements.
3. Business Data

Aviation Business Area (FSC, LCC, Freighter Post)

### Data

#### Safety
- **Aircraft accidents (cases)**: case 1 1 0 2 0
- **Accidents involving passenger deaths**: case 2 1 1 1 0
- **Unsafe operations**: case 48 33 39 47 48
- **Safety events**:
  - **System problems (Episcope)**: case 19 9 6 6 10
  - **Parts departing from Aircraft**: case 4 4 1 1 3

#### Aircraft
- **De Havilland DHC-8-400**: 100
- **ATR42-600/ATR72-600**: 7 10 11 13 14
- **Embraer 170/Embraer 190**: 32 32 32 32 32
- **Boeing 737-400**: 3 0 0 0 0
- **Boeing 737-800**: 62 62 61 65 62
- **Boeing 767-300**: 6 5 2 0 0
- **Boeing 787-8**: 25 29 29 29 29
- **Boeing 787-9**: 17 20 20 22 22
- **Boeing 777-200**: 12 11 9 4 0
- **Boeing 777-200ER**: 11 11 11 8 3
- **Boeing 777-300**: 4 4 4 4 0
- **Airbus A350-900**: 0 5 8 15 16

#### Number of partner airlines
- **Domestic flights**: 60 62 61 61 64
- **International flights**: 348 371 368 380 376

#### Number of flights
- **International flights — flight**: 244,467 242,603 134,325 244,022 263,585
- **International flights — flight**: 54,747 51,129 8,138 17,127 20,688
- **Total — flight**: 299,214 263,732 142,463 261,149 284,273

#### Percentage of flights operated
- **Domestic flights**: 90.12 90.12 97.12 96.06 98.46
- **International flights**: 99.54 99.36 99.04 99.24 99.82

#### On-time performance
- **Domestic flights**: 88.33 86.71 96.74 94.15 91.33
- **International flights**: 87.47 86.35 93.17 86.96 74.05
- **Total**: 83.10 82.62 96.02 89.38 86.83

#### On-time arrivals
- **Domestic flights**: 84.12 83.29 96.27 50.99 88.88
- **International flights**: 87.46 86.83 95.33 91.70 79.74
- **Total**: 84.99 84.18 96.38 80.81 87.99

#### Number of partner airlines
- **Domestic**: Company 3 3 3 3 4
- **International**: Company 30 30 35 35 34

#### Flight Data
- **Domestic passengers (FSC)**
  - **Total passengers**: 34,959,576 33,783,710 12,212,131 10,238,833 30,108,920
  - **Increase in domestic passenger traffic**: +4.0 +4.2 +7.4 +3.0 +1.4
  - **Number of inbound travelers to Japan**: 730,669 701,240 49,188 121,844 582,180
  - **Domestic miles**: 26,195,658 25,443,520 9,282,122 12,089,054 23,090,624
  - **Revenue Passenger Kilometers — domestic**: 1,000 5,000 10,000 15,000 20,000

#### Non-Aviation Area (Mileage, Lifestyle and Infrastructure)
- **Sales revenue billion yen**
  - **FY2018**: — 19.4 20.1 — —
  - **FY2019**: 16.8 18.6 18.5 17.1

#### Mileage and Cargo
- **Total number of JMB members**: 1 million approx. 34.0 approx. 35.0 approx. 36.5 approx. 37.0
- **Domestic travel people**: 2,942,203 2,789,979 1,141,342 1,004,500 2,149,697
- **Overseas travel people**: 2,178,875 2,063,388 1,141,293 1,045,400 2,131,981

#### Non-Aviation Area (Mileage, Lifestyle and Infrastructure)
- **Sales revenue billion yen**
  - **FY2018**: — 170.1 170.1 166.9 —
  - **FY2019**: — 170.1 170.1 166.9 —

#### Travel
- **Revenue billion yen**
  - **FY2018**: — 19.4 20.1 — —
  - **FY2019**: 16.8 18.6 18.5 17.1

#### Collateralization of Traffic
- **Number of flights restricted to foreign airlines**: 10,000 8.3 8.2 0.3 1.1 2.3
- **Cargo flights**: 10,000 0.5 0.5 0.6 0.6 0.6
- **Total**: 10,000 8.8 8.7 0.9 1.7 2.9

#### Collaboration with External Parties
- **Promotion of JAL Wellness & Travel**: —
- **Number of city partnerships**: 20 25 30 32 33
- **Number of Lab Alliances**: 7 11 12 12 11

#### Contracted Services
- **Revenue billion yen**
  - **FY2018**: — — — — 18.3
  - **FY2019**: — — — — 18.3

#### Increase in domestic traffic1
- **Domestic passenger traffic**: +1.3 +7.6 +3.0 +7.1 +3.0
- **International passenger traffic**: +2.2 +8.0 +3.0 +7.4 +3.3

#### Results of pharmaceutical transportation
- **tours**: 443 610 +136 +20 +0.9
- **%**: +123

#### Customer Satisfaction
- **Net Promoter Score (NPS)**
  - **Domestic flights**: point +1.3 +7.6 +3.0 +7.1 +3.0
  - **International flights**: point +2.2 +8.0 +3.0 +7.4 +3.3

#### Voice of customers
- **case**: 37,524 37,621 19,712 21,095 30,795

---

1. **Numbers issued excluding boarding
2. **Each year is based on the estimation of consolidated transactions. In addition, the company applied the Accounting Standard for Revenue Recognition (ASUJ) Statement No. 24. issued by the Japan Auditing Standards Board, and the IFRS Accounting Standard for Revenue Recognition (ASUJ) Guidance No. 30, issued on March 31, 2020 (FY2021) since FY2020. Accordingly, sales revenue figures for FY2019 are the figures after retrospective application of the accounting standard.
3. **Some of these include cooperation agreements with councils rather than municipalities.
4. **Japan Airlines Co., Ltd. only.
5. **Sales revenue billion yen
6. **Operating revenue billion yen
7. **Operational revenue billion yen
8. **Sales revenue billion yen
9. **Total
10. **JAL Co., Ltd.
11. **Return to my table of contents 12. **Result of pharmaceutical transportation
13. **Increase in domestic traffic
14. **Net Promoter Score (NPS)
15. **Voice of customers
16. **Sales revenue billion yen
17. **Sales revenue billion yen
18. **Sales revenue billion yen
19. **Sales revenue billion yen

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For more safety data, please visit the JAL website for our Safety Report.

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International Route Map

Number of cities in service
376 Airports 367 cities
(as of May 31, 2023)
Domestic Route Map

Number of cities in service: 63 Airports 56 cities (As of May 31, 2023)
*Excluding LCC flights

Chapter 5 Data Section

1. Data Highlights
2. ESG Data
3. Business Data
4. Financial Data
5. Other Data

Consolidated Subsidiaries
(as of March 31, 2023)

<table>
<thead>
<tr>
<th>Corporate Name</th>
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<th>Ratio of Voting Rights</th>
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<td>JAL NARA CO., LTD.</td>
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<tr>
<td>JAL REAL CATERING CO., LTD.</td>
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**Other Segments**

<table>
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<th>Ratio of Voting Rights</th>
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<tr>
<td><strong>JAL KANSAI AIRCARGO</strong></td>
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<tr>
<td><strong>JAL CARGO SERVICE CO., LTD.</strong></td>
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</tr>
<tr>
<td><strong>JAL MAINTENANCE SERVICE CO., LTD.</strong></td>
<td>10</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>JAL SKY CO., LTD.</strong></td>
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<td>100.0</td>
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<tr>
<td><strong>JAL SKY SERVICE CO., LTD.</strong></td>
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<td>100.0</td>
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<td><strong>JAL SKY SERVICE OKINAWA CO., LTD.</strong></td>
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<td><strong>JALUX TRAVEL (U.K.) LTD.</strong></td>
<td>GBP1,000</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*JAL's ownership is 50% or less, it is considered a subsidiary because JAL has substantial control.

Some flights between Osaka (Itami) and Kumamoto are also codeshare flights with AMX.

**Fukuoka-Amakusa, Kumamoto-Amakusa sectors are codeshare flights with Amakusa Airlines (AMX).**

*Osaka (Kobe)-Aomori, Osaka (Kobe)-Hanamaki, Osaka (Kobe)-Matsumoto, Osaka (Kobe)-Kochi, Fukuoka-Amakusa, Kumamoto-Amakusa sectors are codeshare flights with Amakusa Airlines (AMX). They are operated by AMZ aircraft and crew.

**Nagoya (Komaki)-Kumamoto, Nagoya (Chubu) - Kochi sectors are codeshare flights with Fuji Dream Airlines (FDA).**

*Osaka (Kobe)-Aomori, Osaka (Kobe)-Hanamaki, Osaka (Kobe)-Matsumoto, Osaka (Kobe)-Kochi, Fukuoka-Amakusa, Kumamoto-Amakusa sectors are codeshare flights with Amakusa Airlines (AMX). They are operated by AMZ aircraft and crew.
### Financial Data

#### Key Performance Indices

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Operating margin (%)</strong></td>
<td>13.8</td>
<td>12.7</td>
<td>14.7</td>
<td>15.7</td>
<td>13.2</td>
<td>12.8</td>
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<tr>
<td><strong>ROE (%)</strong></td>
<td>39.3</td>
<td>4.3</td>
<td>4.3</td>
<td>3.3</td>
<td>2.6</td>
<td>2.6</td>
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<tr>
<td><strong>Shareholders’ Equity Ratio (%)</strong></td>
<td>46.4</td>
<td>52.7</td>
<td>52.7</td>
<td>56.2</td>
<td>57.2</td>
<td>57.4</td>
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<tr>
<td><strong>E/E (Trice)</strong></td>
<td>0.3x</td>
<td>0.2x</td>
<td>0.1x</td>
<td>0.1x</td>
<td>0.1x</td>
<td>0.1x</td>
<td>0.2x</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA (margur (%))</strong></td>
<td>22.3</td>
<td>19.1</td>
<td>19.8</td>
<td>20.3</td>
<td>20.6</td>
<td>20.6</td>
<td>19.2</td>
<td>19.2</td>
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<tr>
<td><strong>EBITDA (margur (%))</strong></td>
<td>23.0</td>
<td>21.0</td>
<td>21.9</td>
<td>21.3</td>
<td>21.1</td>
<td>21.1</td>
<td>21.1</td>
<td>21.1</td>
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<tr>
<td><strong>Unit cost (yen)</strong></td>
<td>8.4</td>
<td>8.6</td>
<td>8.7</td>
<td>9.1</td>
<td>9.4</td>
<td>10.1</td>
<td>10.4</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>Unit cost (incl. fuel cost)</strong></td>
<td>11.5</td>
<td>12.3</td>
<td>12.3</td>
<td>11.7</td>
<td>12.3</td>
<td>13.1</td>
<td>12.3</td>
<td>12.3</td>
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<tr>
<td><strong>Dividend payout ratio (%)</strong></td>
<td>30.1</td>
<td>21.3</td>
<td>24.9</td>
<td>24.9</td>
<td>24.9</td>
<td>24.9</td>
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#### Business Data

**International Operations**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Passenger revenue</strong></td>
<td>390.6</td>
<td>423.0</td>
<td>454.8</td>
<td>444.7</td>
<td>415.2</td>
<td>402.3</td>
<td>350.0</td>
<td>476.2</td>
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<tr>
<td><strong>RPM (yen-seat-km)</strong></td>
<td>44.74</td>
<td>46.23</td>
<td>47.99</td>
<td>50.93</td>
<td>50.62</td>
<td>51.86</td>
<td>54.25</td>
<td>54.34</td>
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<tr>
<td><strong>Revenue passenger km</strong></td>
<td>34,005</td>
<td>35,390</td>
<td>36,109</td>
<td>40,335</td>
<td>40,033</td>
<td>42,013</td>
<td>44,659</td>
<td>45,312</td>
</tr>
<tr>
<td><strong>Revenue passenger km/capita</strong></td>
<td>7,723</td>
<td>7,790</td>
<td>8,490</td>
<td>9,000</td>
<td>9,080</td>
<td>9,240</td>
<td>9,560</td>
<td>8,340</td>
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<tr>
<td><strong>Revenue passenger load factor (%)</strong></td>
<td>76.1</td>
<td>76.5</td>
<td>75.7</td>
<td>75.9</td>
<td>80.3</td>
<td>81.0</td>
<td>81.3</td>
<td>77.1</td>
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<tr>
<td><strong>Yield</strong> (yen)**</td>
<td>11.9</td>
<td>12.4</td>
<td>12.6</td>
<td>11.7</td>
<td>11.0</td>
<td>11.0</td>
<td>9.9</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Unit revenue (yen)</strong></td>
<td>9.1</td>
<td>9.5</td>
<td>9.5</td>
<td>8.9</td>
<td>8.2</td>
<td>8.9</td>
<td>9.7</td>
<td>8.8</td>
</tr>
</tbody>
</table>

**Domestic Operations**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger revenue</strong></td>
<td>495.2</td>
<td>467.4</td>
<td>467.4</td>
<td>502.1</td>
<td>529.6</td>
<td>520.9</td>
<td>514.8</td>
<td></td>
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<tr>
<td><strong>RPM (yen-seat-km)</strong></td>
<td>36,443</td>
<td>37,084</td>
<td>36,300</td>
<td>35,969</td>
<td>35,425</td>
<td>35,714</td>
<td>36,116</td>
<td>36,189</td>
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<tr>
<td><strong>Revenue passenger km</strong></td>
<td>23,012</td>
<td>23,214</td>
<td>23,904</td>
<td>24,341</td>
<td>24,560</td>
<td>23,643</td>
<td>24,760</td>
<td>25,443</td>
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<tr>
<td><strong>Revenue passenger km/capita</strong></td>
<td>7,353</td>
<td>7,784</td>
<td>8,660</td>
<td>9,197</td>
<td>9,507</td>
<td>9,412</td>
<td>9,705</td>
<td>8,703</td>
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<tr>
<td><strong>Revenue passenger load factor (%)</strong></td>
<td>63.1</td>
<td>64.0</td>
<td>68.1</td>
<td>67.9</td>
<td>80.3</td>
<td>71.8</td>
<td>72.0</td>
<td>70.3</td>
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<tr>
<td><strong>Yield</strong> (yen)**</td>
<td>21.5</td>
<td>20.2</td>
<td>23.0</td>
<td>23.3</td>
<td>20.2</td>
<td>20.2</td>
<td>20.2</td>
<td>20.2</td>
</tr>
<tr>
<td><strong>Unit revenue (yen)</strong></td>
<td>6.3</td>
<td>5.4</td>
<td>6.0</td>
<td>5.4</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
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</tbody>
</table>

**Domestic Cargo Operations**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue cargo km</strong></td>
<td>50.4</td>
<td>54.2</td>
<td>60.3</td>
<td>54.3</td>
<td>43.3</td>
<td>44.3</td>
<td>44.3</td>
<td>44.3</td>
</tr>
<tr>
<td><strong>Revenue cargo km (yen -10 km)</strong></td>
<td>1,578</td>
<td>1,512</td>
<td>1,754</td>
<td>1,724</td>
<td>1,887</td>
<td>2,233</td>
<td>2,429</td>
<td>2,429</td>
</tr>
<tr>
<td><strong>Revenue cargo km (yen -10 km)</strong></td>
<td>25.0</td>
<td>25.4</td>
<td>24.2</td>
<td>23.3</td>
<td>22.2</td>
<td>22.2</td>
<td>21.8</td>
<td>20.7</td>
</tr>
</tbody>
</table>

**International Cargo Operations**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue cargo km</strong></td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td><strong>Revenue cargo km (yen -10 km)</strong></td>
<td>180.0</td>
<td>188.0</td>
<td>188.0</td>
<td>188.0</td>
<td>188.0</td>
<td>188.0</td>
<td>188.0</td>
<td>188.0</td>
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</tbody>
</table>
Evaluation and Analysis of Financial Conditions

Outline of Operating Results

In FY2022 (April 1, 2022 to March 31, 2023), air passenger demand recovered steadily as the shift toward balancing the COVID-19 pandemic’s prevention and socioeconomic activities gained momentum. The JAL Group flexibly secured its air transportation network both domestically and internationally in accordance with the situation of the COVID-19 pandemic. In addition, despite a recovery in passenger demand that took longer than expected, we made every effort to recover from the COVID-19 pandemic by working to improve earnings through comprehensive cost-cutting efforts and maximizing sales in the cargo business domain. Toward fiscal year 2023 and beyond, the JAL Group will continue these efforts and fulfill its social mission as a public transport company in order to respond to the post-pandemic air transport demand.

In terms of revenue, international passenger revenue increased by 348.7 billion yen from the previous year due to a recovery in demand mainly from inbound travelers as a result of the easing of restrictions on entry into Japan. Domestic passenger revenue increased by 216.0 billion yen from the previous year due to recovery mainly in tourism demand driven by the government’s “Narita Wide Travel Support Program”, as well as improved customer preference and increased efficiency. As a result, total revenue was 1,375.5 billion yen, or an increase of 101.5 percent from the same period in the previous year.

In terms of expenses, fuel costs increased by 177.8 billion yen due to an increase in fuel consumption resulting from the resumption of flights and an increase in the unit price of fuel due to higher fuel prices. Personnel costs increased by 46.5 billion yen due to the return of personnel who had been transferred outside the company in response to a recovery in business performance and an increase in performance-linked bonuses. On the other hand, as a result of cost management efforts, total operating expenses were 1,344.6 billion yen, or an increase of 43.0 percent from the same period in the previous year. As a result of the above, the EBIT was a gain of 64.5 billion yen (EBIT loss of 239.4 billion yen in the same period in the previous year). The profit attributable to owners of the parent was 34.4 billion yen (the loss attributable to owners of the parent of 177.5 billion yen in the same period in the previous year).

In FY2022 (April 1, 2022 to March 31, 2023), the revenue and EBIT by each business domain shown above are calculated by a virtual method; Not showing the actual Revenue and EBIT. The criteria shown above does not match Air Transport Business segments or others.

<table>
<thead>
<tr>
<th>FY2022 Changes in EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Passenger</td>
</tr>
<tr>
<td>Int’l Passenger</td>
</tr>
<tr>
<td>Cargo/Mail</td>
</tr>
<tr>
<td>Full Service Carrier Other*</td>
</tr>
<tr>
<td>LOCD*</td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Fuel</td>
</tr>
<tr>
<td>Other Expenses</td>
</tr>
<tr>
<td>Net</td>
</tr>
</tbody>
</table>

*1 stands for profit increase (revenue increase, cost decrease)  
*2 stands for profit decrease (revenue decrease, cost increase)  
*3 Mileage, Lifestyle and Infrastructure and others = Travel, mileage alliance, commissioned business income, etc.  
*4 Other income/expenses:Gain on sale of aircraft, other income/expenses, equity in earnings of affiliates, and investment income/expenses  
*5 PSS, Fuel Surcharge  
*6 The revenue and EBIT by each business domain shown above are calculated by a virtual method; Not showing the actual Revenue and EBIT. The criteria shown above does not match Air Transport Business segments or others.
(1) Performance of Air Transportation Segment

In FY2022, revenue in the Air Transportation Segment increased by 96.3 percent year on year to 1,261.0 billion yen and the profit before investing, financing and income tax (hereinafter referred to as “Segment profit (or loss)”) was 50.7 billion yen (segment loss of 451.8 billion yen in the same period in the previous year). (Revenue and Segment profit (or loss) are before the elimination transactions between segments.)

2. Performance by Business Domain

1. International Passenger Operations (Full Service Carrier)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2021</th>
<th>FY2022</th>
<th>y/y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue (JPY Bn)</td>
<td>68.7</td>
<td>417.5</td>
<td>+507.0</td>
</tr>
<tr>
<td>RPK (MN passenger km)</td>
<td>6,027</td>
<td>9,516</td>
<td>+58.3</td>
</tr>
<tr>
<td>ASK (MN seat km)</td>
<td>24,535</td>
<td>35,243</td>
<td>+43.6</td>
</tr>
<tr>
<td>Load Factor (%)</td>
<td>26.5</td>
<td>27.9</td>
<td>+5.2</td>
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</table>

2. Domestic Passengers

<table>
<thead>
<tr>
<th>Location</th>
<th>FY2021</th>
<th>FY2022</th>
<th>y/y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>12,015</td>
<td>12,015</td>
<td>0.0</td>
</tr>
<tr>
<td>Europe</td>
<td>3,040</td>
<td>3,040</td>
<td>0.0</td>
</tr>
<tr>
<td>Asia/Oceania</td>
<td>9,516</td>
<td>9,516</td>
<td>0.0</td>
</tr>
<tr>
<td>China</td>
<td>205</td>
<td>205</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>27,315</td>
<td>27,315</td>
<td>0.0</td>
</tr>
</tbody>
</table>

3. Cargo and Mail

<table>
<thead>
<tr>
<th>Component</th>
<th>FY2021</th>
<th>FY2022</th>
<th>y/y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo revenue (MN ton km)</td>
<td>116,987</td>
<td>20,017</td>
<td>▼98.6</td>
</tr>
<tr>
<td>Mail-service operations (JPY Bn)</td>
<td>3.6</td>
<td>1.7</td>
<td>▼50.7</td>
</tr>
<tr>
<td>Cargo operations (JPY Bn)</td>
<td>20,751</td>
<td>20,751</td>
<td>+0.0</td>
</tr>
<tr>
<td>Mail-service operations (MN ton km)</td>
<td>231</td>
<td>14,706</td>
<td>▼99.4</td>
</tr>
<tr>
<td>Cargo operations (MN ton km)</td>
<td>20,017</td>
<td>20,017</td>
<td>+0.0</td>
</tr>
<tr>
<td>Mail-service operations (MN ton km)</td>
<td>231</td>
<td>14,706</td>
<td>▼99.4</td>
</tr>
<tr>
<td>Cargo operations (MN ton km)</td>
<td>20,017</td>
<td>20,017</td>
<td>+0.0</td>
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</tbody>
</table>

4. Others

Results of JALPAK Co., Ltd., JALUX Co., Ltd., and JAL Card Co., Ltd. are shown below.

JALPAK Co., Ltd.

<table>
<thead>
<tr>
<th>Component</th>
<th>FY2021</th>
<th>FY2022</th>
<th>y/y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (excluding elimination of consolidated transactions, billions of yen)</td>
<td>30.63</td>
<td>38.039</td>
<td>+25.0</td>
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</table>

JALUX Co., Ltd.

<table>
<thead>
<tr>
<th>Component</th>
<th>FY2021</th>
<th>FY2022</th>
<th>y/y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (excluding elimination of consolidated transactions, billions of yen)</td>
<td>70.6</td>
<td>70.6</td>
<td>0.0</td>
</tr>
</tbody>
</table>
**Chapter 5 Data Section**

### 3. Analysis of Operating Expenses

**Total Operating Expenses**

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
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<tbody>
<tr>
<td>344.6</td>
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</table>

**Actual Fixed Costs**

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>492.5</td>
<td></td>
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</table>

In terms of expenses, fuel expenses increased by 177.8 billion yen due to an increase in fuel consumption resulting from the resumption of flights and an increase in the unit price of fuel due to higher fuel prices, and personnel expenses increased by 46.5 billion yen due to the return of personnel who had been transferred outside the company in response to the recovery in business performance and an increase in performance-based bonuses. On the other hand, as a result of cost management efforts, overall operating expenses amounted to 1,344.6 billion yen, or an increase of 43.0% from the same period of the previous year.

As a result of the above, EBIT was 64.5 billion yen (¥259.4 billion yen in the same period of the previous year).

### 4. Cash Flow

#### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>292.9</td>
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</tbody>
</table>

#### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>81.7</td>
<td></td>
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</tbody>
</table>

#### Cash Flows from Financing Activities

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.4</td>
<td></td>
</tr>
</tbody>
</table>

The balance of Cash and Cash equivalents at the end of FY2022 increased by 145.0 billion yen from the end of the previous fiscal year to 639.2 billion yen.

1) **Cash Flows from Operating Activities**

As a result of adding back or subtracting non-cash items including depreciation and operating receivables and operating payables to/from profit before income tax of 52.4 billion yen, cash flow (inflow) from operating activities was 292.9 billion yen (cash outflow of 103.5 billion yen for the previous year).

2) **Cash Flows from Investing Activities**

Cash flow from investing activities (outflow) was 117.4 billion yen mainly due to the acquisition of fixed assets (cash outflow of 103.5 billion yen for the previous year).

3) **Cash Flows from Financing Activities**

Cash flow from financing activities (inflow) was 81.7 billion yen due to the repayment of long term debts and lease payments (cash inflow of 359.2 billion yen for the previous year).

### 5. Capital Investments and Fleet Procuration

#### Fleet Information

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>FY2022</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boeing 787-9</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Boeing 777-300</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Boeing 737-600</td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>

#### Capital Investments

<table>
<thead>
<tr>
<th>FY2022</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>117.4</td>
<td></td>
</tr>
</tbody>
</table>

#### Fleet Procuration

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>FY2022</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boeing 787-9</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Boeing 777-300</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Boeing 737-600</td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>

### 6. Financial Position

For FY2022, shareholder’s equity ratio was 39.3% and Net D/E ratio was 40.1 both in terms of credit rating evaluation basis, kept at a healthy level.

1) **Assets**

Assets at the end of FY2022 were 2,520.6 billion yen, which increased by 144.8 billion yen from the end of the previous fiscal year, mainly due to an increase in cash and cash equivalents balance.

2) **Liabilities**

Liabilities were 1,663.6 billion yen, up 133.9 billion yen from the end of the previous fiscal year, mainly due to the increase of contract liabilities.

3) **Equity**

Equity increased by 10.8 billion yen from the end of the previous fiscal year to 850.9 billion yen, mainly due to the net profit attributable to owners of the parent.

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*1 Figures in brackets represent aircraft lease payments within one year.*

*2 Figures in brackets represent Shareholders’ Equity Ratio based on Credit rating evaluation considering Hybrid Finance.

*3 Figures in brackets represent Net D/E Ratio based on credit rating evaluation considering Hybrid Finance.

*4 Equity Attributable to Owners of the Parent.

*5 Ratio of Equity Attributable to Owners of the Parent to Total Assets.

*6 Interest Bearing Debt/Shareholders’ Equity.

*7 Interest Bearing Debt – Cash and Deposits/Shareholders’ Equity.
Chapter 5 Data Section

7. Rating Information

JAL’s current credit ratings are shown in the table on the right.

<table>
<thead>
<tr>
<th>(As of August 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating &amp; Investment Information, Inc. (R &amp; I)</td>
</tr>
<tr>
<td>Japan Credit Rating Agency, Inc. (JCRA)</td>
</tr>
<tr>
<td>Fitch Ratings Japan</td>
</tr>
<tr>
<td>Moody’s Investors Service</td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
</tr>
</tbody>
</table>

8. Fuel and FX Hedging

(1) Hedging Policy

For the fuel market, the amount of fuel used on international flights can be hedged to a certain extent by fuel surcharges. Therefore, the amount of fuel used on domestic flights is hedged. For the foreign exchange market, the revenue denominated in foreign currency is about the same size as expenses other than fuel that are denominated in foreign currency. Thus, there is a risk in the fuel cost portion. The fuel used on international flights can be hedged by fuel surcharge, so the JAL Group hedges against the fuel used on domestic flights. However, the JAL Group will take flexible actions as there are some situations in which foreign currency revenue exceeds foreign currency expenses excluding fuel costs.

Fuel/FX Markets

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore Kerosene (USD/bbl)</td>
<td>81.6</td>
<td>128.3</td>
</tr>
<tr>
<td>Dubai Crude (USD/bbl)</td>
<td>74.0</td>
<td>96.3</td>
</tr>
<tr>
<td>WTI Crude (USD/bbl)</td>
<td>117.6</td>
<td>114.6</td>
</tr>
</tbody>
</table>

(2) Overcoming Market Risks

The impact of market volatility is mitigated by hedging and fuel surcharges. Although there is a time lag in its effects each year over a medium-term timeframe, the JAL Group has been largely successful in mitigating the risk of market fluctuations. Based on cumulative changes in prices over a certain period of time, the JAL Group has offset the impact of those changes through hedging and fuel surcharges.

9. Retirement Benefit Obligations

Japan Airlines and its major consolidated subsidiaries have adopted funded and non-funded defined benefit plans and defined contribution plans to fund post-employment benefits for employees, and almost all employees are eligible for these plans. When employees retire, and on other occasions, Japan Airlines and its major consolidated subsidiaries may also provide premium severance packages, which are not included in calculations of the actual difference for defined benefit obligations in accordance with IFRS. These pension plans are exposed to general investment risk, interest rate risk, life risk and other risks, but employers deem these risks are insignificant. A pension fund that is legally separate from the JAL Group manages funded defined benefit plans. The board and trustee of the pension fund are required by law to act in the best interest of plan participants and are responsible for managing plan assets based on a prescribed policy. As of March 31, 2023, Japan Airlines and its consolidated subsidiaries had lump-sum retirement plans. The Japan Airlines Welfare Pension Fund also introduced an option similar to a cash-balance plan as well as other alternatives. The JAL Group Pension Fund, which is used by some domestic consolidated subsidiaries, uses a cash balance pension plan.

10. Distribution of Profits

The JAL Group regards shareholder returns as one of its most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible acquisition of treasury shares, while securing internal reserves for making investments for corporate growth and to adapt to changes in the business environment, in order to build a strong financial structure.

The dividend amount will be determined with an emphasis on continuity, stability, and predictability, with the standard dividend payout ratio at approximately 35%. In addition, the JAL Group will actively and flexibly consider the acquisition of treasury shares upon consideration of the company’s financial condition and other factors. As a result, the JAL Group will strive to achieve a range of approximately 35% to 50% for its total payout ratio based on the total amount of dividends and the acquisition of treasury shares, by appropriately allocating periodic profits and management resources to its stakeholders.

The JAL Group also continuously strives to improve capital efficiency through monitoring the total return on equity ratio, which is calculated by dividing the sum of total dividends paid out and purchase of treasury shares by shareholders’ equity. The JAL Group makes its efforts to maintain this ratio at approximately 3% or above.

Our dividend policy is to pay dividends twice a year, as interim dividends and year-end dividends. The decision body for the year-end dividend and interim dividend is the shareholders’ meeting and Board of Directors, respectively. The company’s articles of incorporation stipulate that the JAL Group may pay interim dividends to shareholders with the record date of September 30th each year, upon a resolution by the Board of Directors.

Since the spread of the COVID-19 pandemic, the JAL Group has not provided dividends for FY2020 and FY2021 as it was necessary to place the highest priority on securing liquidity on hand and strengthening our financial position. However, the JAL Group has decided to pay its year-end dividend at 25 yen per share for FY2022, as cash flow is steadily recovering, positive profitability is achieved for the full fiscal year, and as air transport demand is expected to make a steady recovery toward the next fiscal year. As there were no interim dividends for FY2022, the annual dividend is 25 yen per share. We would like to express our deep appreciation to our shareholders for their continued support during the pandemic.

We forecast a dividend of 40 yen per share for FY2023 including an interim dividend of 20 yen per share, as cash flow is steadily recovering, positive profitability is expected for the full fiscal year, and as air transport demand is expected to make a steady recovery toward the next fiscal year. 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.

11. Business Risks

(1) Pandemic Risk

1. Risks related to short-term impact on business performance
2. Risks related to medium-to long-term changes in the business environment

(2) Natural Disaster Risk and risks related to external factors including Terrorist Attacks

(3) Climate Change Risk, Global Warming Risk and Risks related to Environmental Regulations

(4) External Environment Risk such as International Affairs and Economic Trends

(5) Aircraft Delivery Risk

(6) Market Fluctuation Risk

(7) Aviation Safety Risk

(8) Regulatory Risk, Environmental Compliance Risk and Litigation Risk

(9) IT Risk and Customer Data Protection Risk

(10) HR Risk and Industrial Relations Risk

For more information, please visit the JAL website.

## 5. Other Data

### Stock Information

<table>
<thead>
<tr>
<th>(as of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stock Exchange</strong></td>
</tr>
<tr>
<td><strong>Stock Code</strong></td>
</tr>
<tr>
<td><strong>Number of Shares Per Unit</strong></td>
</tr>
<tr>
<td><strong>Account Closing Date</strong></td>
</tr>
<tr>
<td><strong>Ordinary General Meeting of Shareholders</strong></td>
</tr>
<tr>
<td><strong>Date of Finishing Shareholders Eligible to Exercise Voting Rights at the Ordinary General Meeting of Shareholders</strong></td>
</tr>
<tr>
<td><strong>Date of Record for Dividend</strong></td>
</tr>
<tr>
<td><strong>Shareholder Registry Administrator</strong></td>
</tr>
<tr>
<td><strong>Date of او</strong></td>
</tr>
<tr>
<td><strong>Account Closing Date</strong></td>
</tr>
<tr>
<td><strong>Number of Shares Per Unit</strong></td>
</tr>
<tr>
<td><strong>Stock Code</strong></td>
</tr>
<tr>
<td><strong>Stock Exchange</strong></td>
</tr>
</tbody>
</table>

### Share Price and Trading Volume

- **Total Shares Issued:** 750 million (Common stock: 700 million) (Class 1 Preferred stock: 12.5 million) (Class 2 Preferred stock: 12.5 million) (Class 3 Preferred stock: 12.5 million) (Class 4 Preferred stock: 12.5 million) (Outstanding Shares Issued: Common stock: 437,143,500 (Number of shares per unit: 100) Shareholding ratio is calculated by subtracting 136,291 shares of treasury stock and rounding to the nearest million yen)

### Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares held (stock)</th>
<th>Voting rights ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>69,693,900</td>
<td>15.97</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd.</td>
<td>10,064,000</td>
<td>4.38</td>
</tr>
<tr>
<td>Kycora Corporation</td>
<td>7,638,400</td>
<td>1.74</td>
</tr>
<tr>
<td>Daowa Securities Group Inc.</td>
<td>5,003,000</td>
<td>1.14</td>
</tr>
<tr>
<td>JP IMISE LUX RE US (SG) LONDON (BRANCH ECO)</td>
<td>4,945,079</td>
<td>1.00</td>
</tr>
<tr>
<td>GOVERNMENT OF NORWAY</td>
<td>3,900,880</td>
<td>0.86</td>
</tr>
<tr>
<td>NOUMURA INTERNATIONAL PLC AT</td>
<td>2,449,000</td>
<td>0.56</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT - TREATY 05534</td>
<td>2,378,652</td>
<td>0.54</td>
</tr>
<tr>
<td>Nomura Securities Co., Ltd.</td>
<td>2,333,195</td>
<td>0.53</td>
</tr>
<tr>
<td>SSTC CLIENT OMNIBUS ACCOUNT</td>
<td>2,120,440</td>
<td>0.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>116,693,648</td>
<td>27.14</td>
</tr>
</tbody>
</table>

*Shareholding ratio is calculated by subtracting 136,291 shares of treasury stock and rounding to two decimal places.*

### Other Media

In addition to this report, detailed information is available on our corporate website and various booklets for stakeholders.

#### Corporate Policy and Company Profile

The following detailed information is also posted on the JAL corporate website.

#### Safety and Quality

Safety Management - Initiatives to Create a Safe and Secure Society - Quality Initiatives

#### Sustainability

- Sustainability Management
- Integrated Report/ESG Data
- JAL Group Sustainability Initiatives
- JAL Group Initiatives to Achieve the SDGs

#### Investor Relations

- About the JAL Group
- Stock Information
- IR Library
- Financial Highlights
- Monthly Traffic Data
- Business Risks

#### Other Media

- JAL Group Safety Report
- Monthly Traffic Data
- Media Library/Financial Information
- Consolidated Financial Statements
- Consolidated Financial Statements
- Consolidated Financial Results

#### About front and back covers

The A30, which is specially painted in green, has an image of “eco-friendly” green, which aims for sustainable growth in consideration of the global environment. Now that the three years of COVID-19 have passed, the JAL Group is moving toward a sustainable future by uniting employees who are active in various fields to create relationships and connections through the movement of people and goods.