

# Corporate Policy

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The JAL Group established a Medium-Term Management Plan FY2021-2025 to realize its Corporate Policy, Purpose, and JAL Vision 2030. Its Corporate Policy is their goal and foundation for a universal management and Purpose is their ideal state of being.

Medium-Term Management Plan FY2021-2025 is reviewed yearly as a rolling plan. This plan is realized by creating social and economic values through our businesses, while making use of our strengths in our human resources, customers, and financial base, as well as our Safety Charter and JAL Philosophy, our universal values, and our divisional profitability management system and strong governance.



JAL Group Corporate Policy		<b>THE JAL GROUP WILL:</b> Pursue the material and intellectual growth of all our employees; Deliver unparalleled service to our customers; and increase corporate value and contribute to the betterment of society.	
	Purpose	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.	
	Vision	JAL Vision 2030	<div> <div>Safety and Peace of Mind</div> <div>Build a society where everyone can live safely, securely and with a peace of mind</div> </div> <div> <div>Sustainability</div> <div>Build a better future where everyone can feel fulfilled and hopeful</div> </div>
	Management Strategy	Medium-Term Management Plan FY2021-2025	<a href="#">↗ p. 27</a>
	Strengths	• Human Resource Infrastructure <a href="#">↗ p. 67</a>	• Customer Base <a href="#">↗ p. 34</a>
	Foundations of Value Creation	• Safety Charter <a href="#">↗ p. 20</a>	• JAL Philosophy <a href="#">↗ p. 24</a>
		• Divisional Profitability Management System <a href="#">↗ p. 25</a>	• Governance <a href="#">↗ p. 97</a>

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### Editorial Policy

The JAL Group publishes *JAL REPORT 2024* to inform stakeholders about the outcome of its business activities in the previous financial year, its 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 collated 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.

#### Reporting Period

Principally from April 2023 - March 2024 (FY2023)

#### Report Scope

The JAL Group 189 companies including Japan Airlines Co., Ltd. 134 subsidiaries and 54 affiliates

#### Month of Issue

August 2024

#### 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 (METI) 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



Frontline and Management,  
Our Two Perspectives to Achieve  
the Highest Corporate Value with  
the Best Teamwork Ever

**TOTTORI Mitsuko**  
President and Representative Director  
Group CEO



## Decided to Apply My Unique Capabilities as President

From April 2024, I, TOTTORI Mitsuko, was appointed as the new president and Group CEO.

I spent most of my career in the Cabin Attendants Division, and served as an executive officer and senior vice president of Cabin Attendants Division since 2020 and as senior vice president of Customer Experience Division since 2023. When I was asked to become president, this caused quite a dilemma for me. It was the most challenging question to answer as I wondered if I would be able to handle such a large crucial role. Finally, I decided to accept the position because of my strong beliefs and sentiments I held in my life. My outlook is that the frontline and management must be near-at-hand. Being close to our customers, I learned a great deal from them as I had first-hand experience in the change of their values. If the Group could reflect these changes of values and senses into our management, we could reach out to more customers, which would lead to further growth.

Although I'm not necessarily a type of person showing a strong leadership, I always believed in being fair and impartial as quoted in our JAL Philosophy. After managing 8,000 cabin attendants, I learned to make clear decisions in a fair and just manner, and to build a team where everyone would believe and cooperate with me.

Since the COVID-19 pandemic, the value of our customers is more diverse. The speed of change has accelerated. Management issues that need to be resolved are becoming more complex and must be overcome with a variety of skills. Having spent a long time in the frontline and having management experience, I gradually become convinced that there was something I could do as being president. Thus, I decided to accept this position. It is a curious thing that as soon as I said, "Yes" I became quite determined to take on this role. My mission is to connect the frontline with top management and create the best possible teamwork.

## Leading the Way to Safety

The JAL Group Safety Charter states that "Safety: The protection of lives" and the JAL Philosophy states that "our job is to take care of

precious lives." The starting point of my safety mindset is "to unquestionably protect valuable lives." It is based on the accident that occurred on August 12, 1985, when JL123 crashed into a ridge in Mount Osutaka. I was a novice cabin attendant, and the shock I received still deeply resonates in my mind. I felt that my work was connected to the lives of our customers, a feeling that cannot be expressed from book learning. I have climbed Mount Osutaka many times, and every time I meet a bereaved family member, who becomes elderly or has reached adulthood, I feel a strong sense of closeness in my heart. Accidents not only take the lives of our customers, but it also changes the lives of their families. This is something that should never be spoken of lightly, and it has built up a strong sense of safety in my heart.

On January 2 of this year, a tragic accident occurred at Haneda Airport when JL516 collided with a Japan Coast Guard aircraft. All 379 passengers and crew on board were able to escape, thanks to the cooperation of our passengers. It reminded us of the lessons learned from past accidents and the importance of daily training. We regret receiving an administrative guidance from the Ministry of Land, Infrastructure, Transport and Tourism in May, following a series of unsafety events. We take this matter very seriously. We promise to apply the lessons learnt from the JL516 accident and the series of events to our safety operations.

As a person who recalls the past, I strongly believe that I will take the lead in passing on the value of life to the next generation and spreading awareness and actions for flight safety to every corner of the organization. To this end, it is important for all employees to be aware that their work is linked to safety, and for top management to never underestimate the problem. The frontline always tries its best to take on the job at hand, but even events that at first glance seem unrelated to safety may become strained resulting in a major problem. Therefore, those of us in charge of management are required to sharpen our sensitivity to the slightest changes in the frontline and take all possible measures. To this end, we will continue to bring the frontline and management closer together, build a relationship in which information does not stagnate, and make safety a reality.

Please refer to p.23 for details on Measures to Prevent Recurrence in light of the Administrative Guidance.



### Creating New Value with a “Customer-in” Mindset

Before appointed as the president, I worked mainly in the Cabin Attendants Division and the Customer Experience Division, where I was able to listen to customer feedback, complaints, and sometimes praise. During the process, I now reflect that although I was supposed to be pursuing “the value sought by customers,” my focus had unwittingly turned to creating and communicating from a “product-out” perspective on the provider side. Before I knew it, I was making things that were difficult for customers to understand and use. For example, it is important for all employees, not just those in the development department, to take the customer’s point of view when developing our website, but I feel that we have yet to do so.

JAL has been searching for “what the core values are that only we can provide.” Through the unprecedented crisis of the COVID-19 pandemic and experiencing a series of natural disasters, we appreciate the importance of peace of mind. In addition to refining each of our services, we have come to realize that we want our customers to always feel comfortable and at ease with JAL. We want to become a “lifelong partner” in a wide range of areas.

To this end, it is necessary for each and every employee to not only update their own values and ways of thinking but to become closer to the values of our diverse customers, in other words, to the roots of their sense of delight and peace of mind. At times, it may be necessary to take a bold challenge for them to say, “I am amazed that JAL offers this service.” I would like employees to see the world, be more receptive, and find keys and hints. Top management should also evaluate and judge such challenges from the customer’s perspective. Whether a company has a “customer-in” attitude can be immediately sensed by the customers. The new international aircraft, Airbus A350-1000, introduced in January of this year, has been well received by our customers with new functions and services throughout the aircraft. A virtuous cycle is created where “customer delight = employee delight” and that delight becomes the driving force for the next challenge. Through our “customer-in” service, we will create new customer experience values by combining the “value sought by customers” with “value that only JAL can provide.”

### Promoting Business Structure Reform, Aiming for Highest Profits Aimed at 2030

Under the Medium-Term Management Plan through FY2025, the JAL Group is promoting business structure reforms to achieve a risk-tolerant profit structure, based in part on its experience with the COVID-19 pandemic. In FY2023, air travel demand recovered better than expected and international flights drove the Group’s overall performance. We were able to achieve higher profits than in FY2019, before the COVID-19 pandemic. While we expect demand to continue to grow, we also expanded our non-air transport revenues to achieve balanced growth. As for our target profit, we plan to achieve EBIT\*<sup>1</sup> of 200 billion yen in FY2025, and around 2030, we aim to achieve EBIT of 300 billion yen, which would be our record-high profit. In addition to our core business of full-service carrier (FSC) and Cargo and Mail operations, our new LCC and Mileage, Lifestyle and Infrastructure Businesses are expected to have a profit composition of approximately 60:40 in FY2025, however, we aim to balance this profit composition to approximately 50:50 by around 2030, achieving a higher degree of stability.

In order to achieve this goal, our first growth strategy in the airline business is to expand international flights, including LCCs. We will introduce the Airbus A350-900 and Boeing 787-9 to replace the medium-sized Boeing 767, increase the number of aircraft and seat capacity to capture the strong demand that is expected in the future. Through these measures, we will expand the scale of our international operations to 1.4 times the current level by 2030. For domestic routes, we will introduce the latest small aircraft, such as the Airbus A321neo and Boeing 737 MAX, to improve comfort and convenience and aim at achieving high profitability. In our non-airline business, we will focus on solving social issues, especially regional revitalization, and expand the flow of people, commodities and logistics through various approaches. As an example, we will enhance new tourism that leads to new flow of people and logistics in the region, sales of distinctive regional products, air mobility as a new regional transportation system, ground



Please refer to p.30 for details on Medium- to Long-Term Management Strategies.

handling that supports the attraction of non-Japanese visitors to the region, and domestic logistics business that supports the distribution of local perishable goods. And by linking these services by mileage and fostering a wide and long relationship with our customers, we will continue to grow by expanding new air transport demand and air transportation of people and goods, especially in Japan.

Regarding shareholder returns, we resumed dividend payments in FY2022 and will restore the dividend payout ratio to approximately 35 percent in FY2024. Going forward, we aim to increase dividends through sustained growth in profit levels, while striving for further shareholder returns in the medium to long term, based on our financial strength and capital reserves.

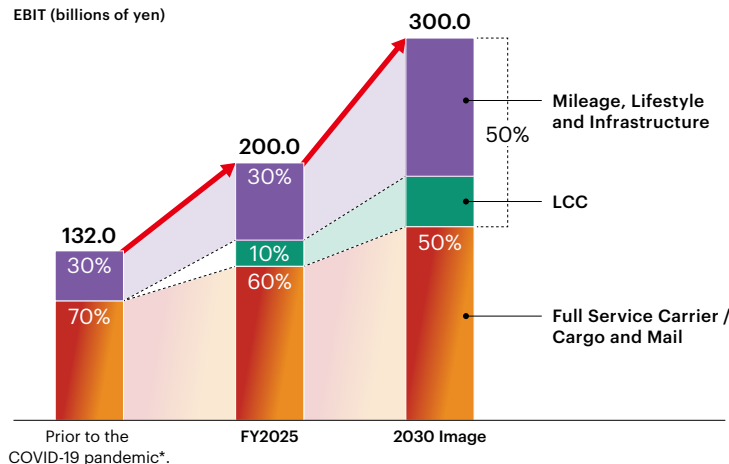
\*1 EBIT: Earnings Before Interest and Taxes / Earnings before financial and corporate income taxes  
(EBIT is the income before income taxes less financial income and expenses such as interest)

### Promoting GX\*2 as a Prerequisite for Future Aviation

The JAL Group positions ESG strategies as the topmost strategy for enhancing corporate value toward the realization of the JAL Vision 2030, which aims to enhance a society that is safe with peace of mind,

### Business Structure Reform and Profit Growth

EBIT (billions of yen)



\*Assumed figures excluding the impact of the COVID-19 pandemic from FY2019 results

create a sustainable future. The Group has identified GX, creating relationships and societal connections, and human capital management as three themes to be addressed over the medium to long term.

GX is one of the most important initiatives to achieve net zero emissions by 2050, and we must promptly implement solutions. First, in order to reduce fuel consumption, we are introducing fuel-efficient aircraft and devising ways to improve our daily operations. With the introduction of the new aircraft, I mentioned earlier, we expect the percentage of state-of-the-art fuel-efficient aircraft in our fleet to reach more than 75 percent by 2030.

Another major item is the promotion of SAF\*3 utilization. While air transport demand is increasing, it is essential to expand the supply of SAF, especially domestically produced SAF, in order to make air transport sustainable. We must discuss and cooperate not only with the aviation industry, which is the buyer, but also with the national government, the oil industry, and various industries to realize stable supply and stable procurement of domestically produced SAF. I will take on dialogue with our stakeholders and strengthen our partnership with the attitude of "What can the JAL Group do?"

However, it will take more time for these efforts to bear fruit.

### Market Environments and Direction of Strategy

	Overseas Markets	Domestic Markets
Society & Economy	<b>Expansion and stable growth</b>	<b>Maturity and gentle growth</b>
JAL Strategy	<b>Driving growth by expanding of international flights by both FSC and LCC</b> <ul style="list-style-type: none"> <li>Increasing the number of aircraft and increasing the size of aircraft will increase supply and capture strong demand.</li> <li>➡ Increase business scale by <b>1.4 times</b></li> </ul>	<b>Creating flows of people, commodities and logistics through non-air transport businesses</b> <ul style="list-style-type: none"> <li>Improve comfort and profitability with the latest small aircraft</li> <li>Establish new forms of travel, transportation infrastructure, product sales, and distribution in the region</li> </ul>

Please refer to p.49 for details on Strategies for Each Business.

Please refer to p.26 for details on Overview of Management Strategy.

Therefore, we will vigorously promote GX by incorporating items that will have an immediate impact, such as the use of emissions trading and investment in companies with new technologies to remove CO<sub>2</sub>.

\*2 GX: Green Transformation

\*3 SAF: Sustainable Aviation Fuel

### Creating a Cycle of Economic and Social Value with Relationships and Societal Connections through Air Transportation

The population of Japan is declining, and the challenges are gradually becoming apparent in terms of both demand and supply. The creation of relationships and societal connections is one of the answers that was brought forth after reconsidering and questioning the social significance of the JAL Group during the COVID-19 pandemic when the movement of people came to a standstill and all air transportation services could not be provided. The JAL Group generates economic value in the form of sales and profits as compensation for services related to the transportation of people and goods. At the same time, the relationships and societal connections between people, land, and goods that transportation brings about also bring about social value. Meeting people brings nostalgia to some, new knowledge and sensitivity for others, and life-changing opportunities for others - in other words, the creation of relationships and societal connections leads to well-being, such as physical and mental enrichment and happiness. In addition, the expansion of flow of people, commodities, and logistics to and from the region can contribute to

solving corporate citizenship activities such as regional revitalization and the development of the tourism industry. In this way, the air transportation of people and goods and relationships and societal connections interact to create a cycle of economic and social value.

I want our employees, as well as with our many stakeholders in Japan and overseas, to understand that the JAL Group provides such value to people around the world and that we play an important role in this important infrastructure. This time, we have focused on the nonresidential population to create indicators for relationships and societal connections in the Medium-Term Management Plan. It not only demonstrates our strong will to create social value, but also serves as a message to all employees to work as a unified group to achieve this goal.

### Creating a System that Enables Diverse Human Resources to Demonstrate their Abilities

Our employees drive GX and create relationships and connections. On the other hand, with the declining birthrate, aging and shrinking population, we are constantly challenged to make the aviation industry more attractive to the human resources who will be responsible for the future, and to carefully nurture them. With this sense of management, we are promoting human capital management by setting four themes: expanding the field of success, increasing diversity, developing capabilities, and gaining knowledge.

As a gateway to this, we will maximize the use of DX so that the

Please refer to p.91 for details on Promoting Domestic SAF.

Please refer to p.31 for details on Creation of Social and Economic Value through the creation of Relationships and Societal Connections.



same output can be produced by fewer people. The premise is that by using AI and other new technologies to increase productivity, we will spend more time reviewing current work and challenging ourselves to create new value with customer-innovation.

Among the four themes of human capital management, I place particular emphasis on the theme of developing capabilities. Through the COVID-19 pandemic, I was reminded of the importance of evaluating my abilities and work objectively. At that time, many cabin attendants were transferred out of the Group due to a significant reduction in opportunities to work on flights due to flight reductions, but I was able to see new possibilities for our employees, saying “I can do this!” and this gave them a chance to discover new possibilities. This led to the return of these employees to their workplaces, and the idea of “Why don’t I apply the experience and abilities I gained during my secondment to cabin attendant work?” not only led to improved services and the development of new products and services, but also to greater cooperation between departments and employees. From this experience, which shows that an objective viewpoint can enhance value creation, we have set “the number of employees seconded or dispatched to companies and organizations inside and outside the Group, domestically and internationally” as one of the indicators of human capital management. I hope that young people will take advantage of such opportunities and grow significantly.

It is also important to increase diversity. As we expand our business from the traditional aviation domain to new domains, it is important to build a business model based on ideas that are not bound by traditions and assumptions, and to refine it from diverse perspectives. To this end, we will promote diversity equity and inclusion (DEI) and create a work environment in which each employee has diverse skills and values in addition to diverse attributes, such as gender, nationality, age, and disabilities, who can play an active role to their fullest extent.

We will provide our employees with opportunities to take on new challenges, reward them for their achievements, increase their engagement and imagination of value, and attract motivated human resources. We will continue to create a system and culture in which the Group and its human resources grow together as one.

## We want to be a Company that Exceeds Stakeholder Expectations

However, in order to achieve our medium- to long-term growth with our sights set on 2030, we must not simply wait for the recovery to begin, but we must also take bold measures to change the trend ourselves. I believe that the key to success lies in the degree to which the JAL Group can be close to its stakeholders, including customers, business partners, local communities, shareholders, and employees, with whom it interacts on a daily basis. If we listen carefully to their voices, we will surely discover their latest needs. We want to be a company that solves social issues and creates new markets by responding to the needs of our stakeholders. We want to be a company that people expect “JAL will do it,” and we want to be a company that greatly exceeds those expectations.

Recently, young employees have taken the lead in creating the JAL FUTURE MAP, which envisions the future from the perspective of the relationship between the JAL Group and society. I fully support their ideas, and with the free thinking of all employees as the engine, we will surely realize a heartwarming society and future in which many people and goods move freely. Please look forward to the future of the JAL Group.

Please refer to p.67 for details on Maximizing the Value of Human Capital.

Please refer to p.9 for JAL FUTURE MAP.





## JAL FUTURE MAP

The JAL Group has positioned ESG strategies as the topmost strategy in its Medium-Term Management Plan-Rolling Plan, which presents a value creation story of creating both social and economic value and enhancing corporate value through the creation of “relationships and societal connections through air transportation.”

In August 2024, we released the JAL FUTURE MAP, which depicts a vision of the future, with the aim of promoting understanding of our efforts and activities among various people inside and outside the company toward the creation of relationships and societal connections set forth in our ESG strategy. Employees from various backgrounds participated in

the creation of this map, which depicts a number of future ideas created by relationships and societal connections, and examples of how JAL and society will interact in the future. The ideas depicted in this map and the free thinking of all employees will be used as an engine to work with our customers and communities to realize a sustainable future.

