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Significance of the JAL Group

What We Want to Convey in This Chapter

- The JAL Group's business model for creating value by leveraging the strengths cultivated since the company's founding - Value Creation Process Diagram
- JAL Group's Material Issues - Materiality
- Values that the JAL Group holds dear



Photography by ABIKO Sachie

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The Trails of Challenges

Since its birth in 1951 as Japan's first postwar airline, the JAL Group has constantly kept abreast of the changing times and has continued to accumulate technology and innovation.

We will continue to leverage the strengths we have developed since our founding to achieve our Purpose.



DC 6B aircraft

1951 Establishment

1950s

Established first airlines in Japan
In the midst of postwar reconstruction, a new wing of Japan creates new connections with the world.



Crew members of the first international flight

- Human Capital** 1951 Joined the first class of "stewardesses"
- Human Capital** 1954 Two Japanese become the first certified captains.
- FSC** 1954 Introduced scheduled international flights for the first time since the end of World War II

1970s

Entering the era of full-scale mass transportation.
Introduced jumbo jets early on, supporting the popularization of overseas travel and international exchange.



- FSC** 1970 Introduced Boeing 747 jumbo jet
- Cargo** 1972 Transported giant pandas from China

1990s

With environmental issues becoming a social issue, the JAL Group began full-scale resolution of these issues through its business as a company that supports air transportation and societal connections.

- Natural Capital** 1991 Launched Atmospheric Observations by Airliner project
- Mileage, Life and Infrastructure** 1993 Introduced the Frequent Flyer Program for international flights
- Human Capital** 1995 Introduced the first female JCAB Aircraft Maintenance Engineer Class 1



1960s

The era of jet aircraft.
JAL pushes to build societal connections between Japan and the rest of the world by launching package tours and round-the-world routes.



JALPAK first group of overseas package tours

- Mileage, Life and Infrastructure** 1965 JALPAK begins sales, making the longed-for overseas travel more accessible.
- FSC** 1967 Round-the-world route opened, becoming Japan's Wings Linking the World

1980s

Achieved the world's No. 1 position in scheduled international flight results.
After full privatization, the new JAL provides safe and reliable transportation.



Round-the-world Route 1

- Mileage, Life and Infrastructure** 1982 Issued JAL Card
- FSC** 1983 World's best passenger and cargo flight results according to the statistics of the International Air Transport Association (IATA) (World's best for five consecutive years until 1987)
- Cargo** 1987 Full privatization



Boeing777 aircraft

2000s

The JAL/JAS management integration further improved customer convenience and competitiveness. Joined oneworld membership

- Intellectual Capital** 2002 Introduced automatic check-in machines for international flights departing from Japan
- FSC** 2004 Introduced Class J, a new class for domestic flights
- FSC** 2007 Joined **oneworld** airline alliance, one of the world's largest airline alliances.



New type of automatic check-in machine

2000

2010

2010s

The JAL Group established a new Corporate Policy and renewed its foundation for value creation in the wake of its business failure. In addition, the birth of LCCs created an unprecedented flow of people.

- Human Capital** 2010 Filed for corporate reorganization proceedings
- Human Capital** 2010 Introduced JAL's first female captain
- Human Capital** 2011 Established a new Corporate Policy and JAL Philosophy
- LCC** 2011 Establishment of Jetstar Japan as a joint venture with Qantas Airways Group, etc
- LCC** 2012 Re-listed on the Tokyo Stock Exchange
- LCC** 2019 Launched ZIPAIR, an international medium-haul LCC airline
- 2019 Revised the Safety Charter and established a new Code of Conduct

Contributing to the Movement of People and Goods



Re-listed on the Tokyo Stock Exchange

2020



Contributing to the Societal Connections of People and Goods



Airbus A350-900 aircraft

2020s

Established JAL Vision 2030. ESG strategy is positioned as the topmost strategy in the management plan, creating social and economic value through air transportation and societal connections.

- LCC** 2021 Established JAL Vision 2030
- LCC** 2021 Acquired SPRING JAPAN to launch JAL's LCC strategy based in Narita
- 2022 Issued the first transition bond in airline industry
- Natural Capital** 2022 Operated the first flight in Japan with net zero CO₂ emissions on the Tokyo-Okinawa route
- 2024 Selected as SX Brand



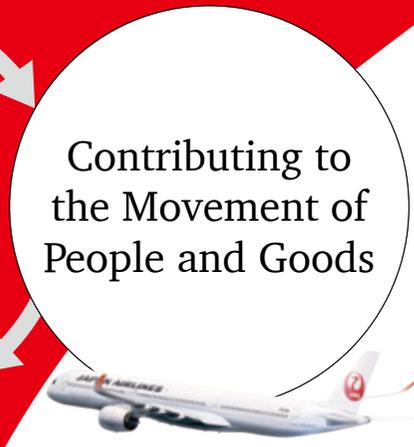
ZIPAIR



Sustainable Charter Flight

Becomes the World's Most Preferred and Valued Airline Group

2024



Connecting Air Transportation of People and Goods to New Air Travel demand

Full Service Carrier (FSC)

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



-  **JAPAN AIRLINES**
-  **J-AIR**
-  **JAPAN AIR COMMUTER**
-  **HOKKAIDO AIR SYSTEM**
-  **JAPAN TRANSOCEAN AIR**
-  **RYUKYU AIR COMMUTER**

Business

- Air transport services connecting the world and Japan, cities and regions

Number of airports served

Domestic: 64 locations
International: 384 locations

Revenue Passenger Kilometers (RPK)

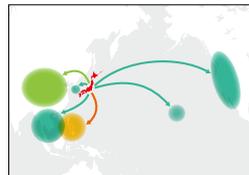
Domestic: 26,771,128 thousand persons/kilometer
International: 37,201,808 thousand persons/kilometer

Number of airline partnerships

38 companies
(Total of domestic and international airlines)

Low Cost Carriers (LCC)

Creating New Flows of People through Agile Business Development in Response to the Market



- ZIPAIR**
- SPRING JAPAN**
- Jetstar**

Business

- Air transport services connecting the West Coast of North America and Asia (ZIPAIR)
- Air transport services connecting Japan and China (SPRING JAPAN)
- Air transport services connecting Japan and Asia (Jetstar Japan)

Number of routes

Number of routes served
15 routes

*Excluding Jetstar Japan

Cargo and Mail

Responding to Customer Needs and Corporate Citizenship Activities as a High-quality Logistics Infrastructure that Meets the Needs of Society



JAL CARGO

Business

- Providing an optimal route network by combining our own passenger belly cargo space and freighters
- Corporate citizenship activities through the transport of high value-added cargo such as

pharmaceuticals and fresh products by establishing a global-standard transport system among Narita, Haneda, and Kansai Airports.

Revenue cargo tonne-km

Domestic: 282,974 thousand tonnes/kilometer
International: 2,515,410 thousand tonnes/kilometers



Developing New Businesses that Expand Societal Connections of People and Goods

Mileage, Lifestyle, and Infrastructure

Creating Businesses that Connect People and Communities through the Development of Diverse Products and Services

Mileage / Finance & Commerce

Providing a Variety of Mileage Lifestyle Services that Create New Societal Connections



Business

- Provide mileage lifestyle services such as JAL Pay and JAL Mall
- Planning and procurement of airport duty free and inflight sales
- Developing services such as EC, FURUSATO (hometown) tax payment

Number of JMB members (cumulative)
 Approximately 38 million people
JALUX revenue
 32 billion yen

Ground Handling

Create Inbound Flow of People through the Acceptance of Foreign Airlines, Contributing to the Development and Revitalization of the Country and Region



Business

- Ground handling of foreign airfreight on consignment
- Contracted maintenance of engines and landing gear, among others
- Support for expansion of inbound demand in cooperation with the national government, local governments, and other companies, among others

Number of flights by overseas airlines
 Passenger flights: 61,000 flights
 Cargo: 5,000 flights

Air Mobility

Accelerate Efforts to Build a Logistics Model using Drones and to Commercialize eVTOL

MaaS

Building a Business Model for a Regional Transportation Network That Connects People, Regions, and Various Modes of Transportation



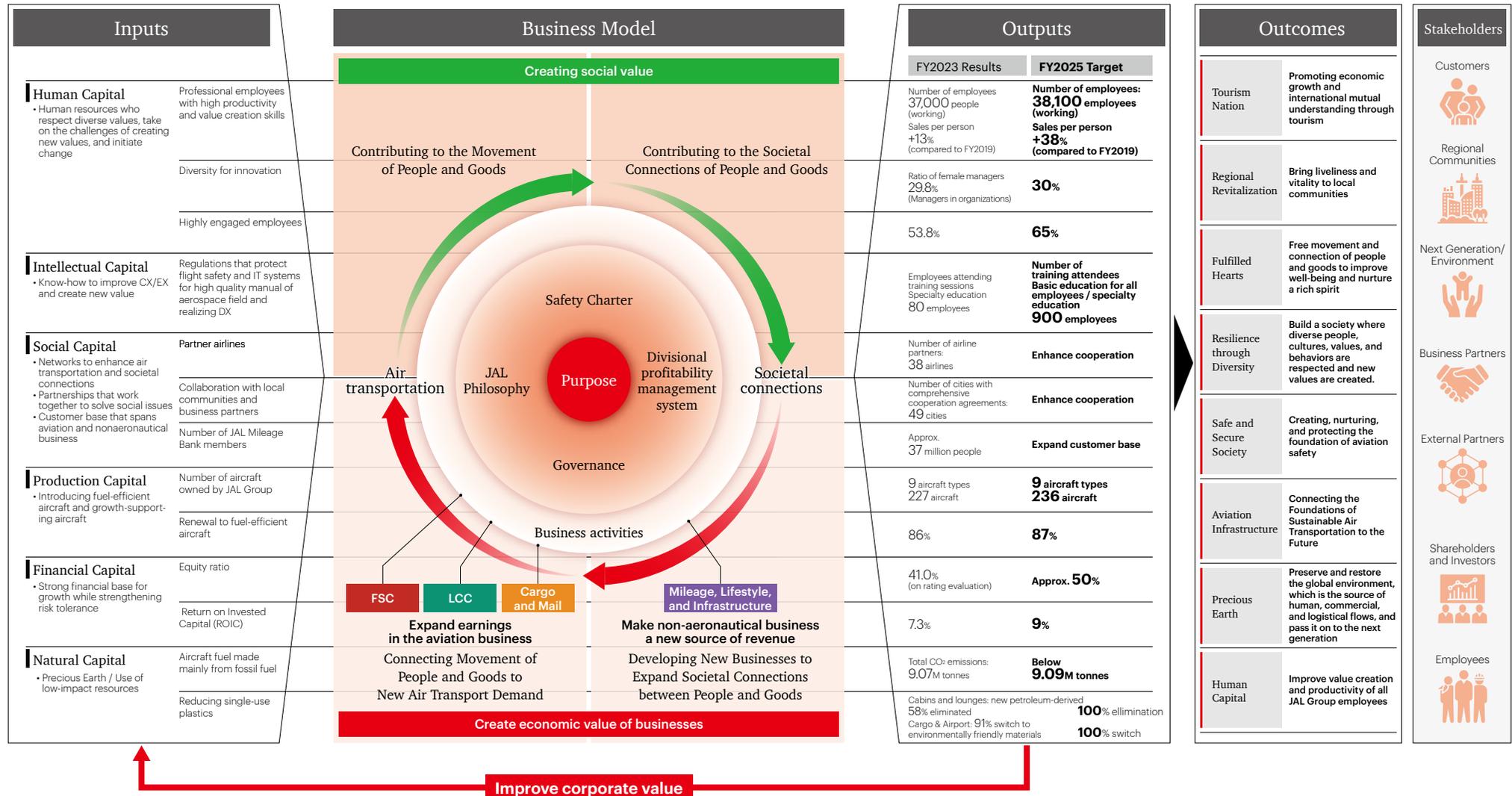
Business

- Preparations for commercialization of air mobility
- Drone solution service
- MaaS

- Commercialization of a logistics model for outlying islands that supports island life (Amami Setouchi Town)
- Simultaneous operation of 3 drones by a single remote operator.
- Establishment of eVTOL operating company.
- Development of "JAL MaaS" (a route search and digital ticket service)
- Expansion of last-mile services (Okinawa and Hawai'i)

Value Creation Process

Under the starting point of our Purpose, holding firmly on to the major premise of safe operations, the JAL Group will create relationships and societal connections through air transportation of people and goods in the domains of FSC, LCC, Cargo and Mail, and Mileage, Lifestyle and Infrastructure. With the social and economic values that were thus created, we will improve our corporate values and solve social issues with our stakeholders by promoting our measures through strengthening each capital and materiality.



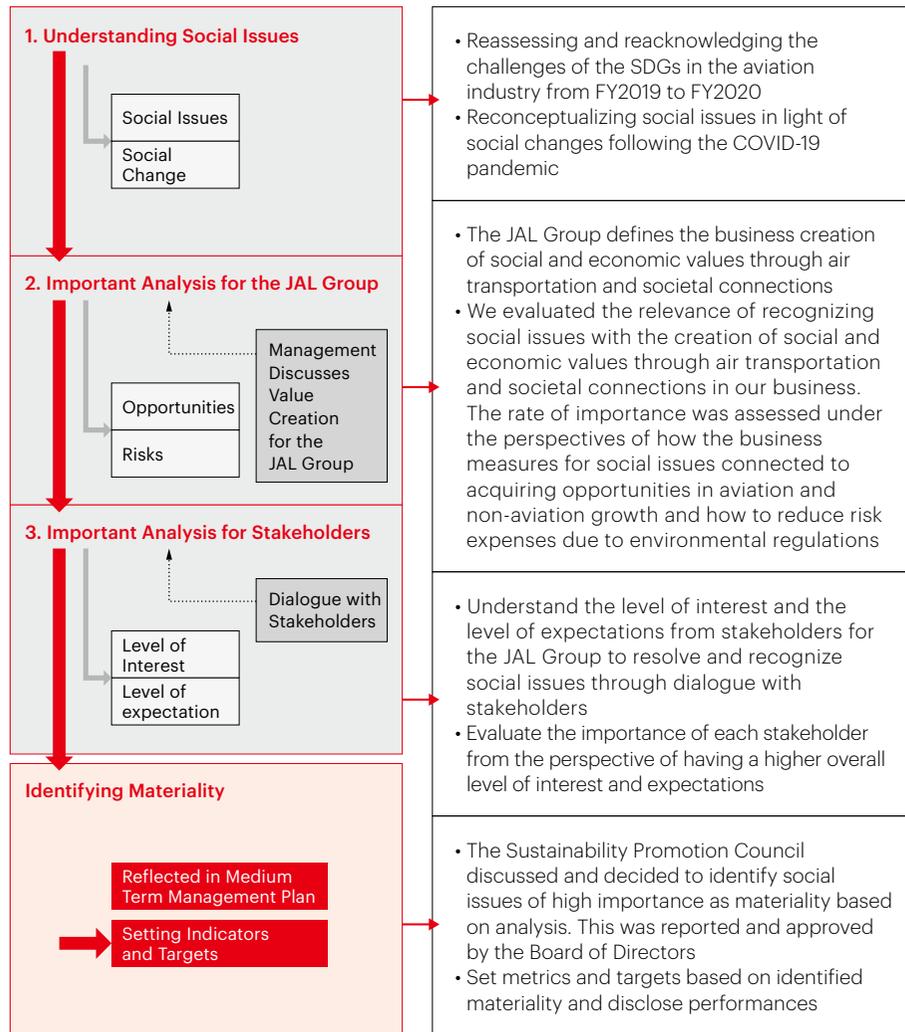
Materiality of the JAL Group's Initiatives

The JAL Group has established eight materiality issues, which we will address through the social and economic value created by our business.

We aim to achieve medium- to long-term growth through these materiality initiatives.

Materiality		Awareness of Key Issues	Indicator of Social Values Target for FY2025	Indicator of Economic Values Target for FY2025
Tourism Nation	Promoting economic growth and international mutual understanding through tourism	Tourism, which has a large economic ripple effect, can revitalize local economies, increase employment opportunities, and promote international mutual understanding as people around the world discover and spread the charms of Japan. The JAL Group, which connects people, regions, and society, will play a role in realizing a tourism-oriented nation.	<ul style="list-style-type: none"> Regional Revitalization Domestic total passengers +10% v.s. FY2019 Management targets Inbound expansion Inbound tourists to Japan using domestic flights 1,505,000 people Expansion of regional product distribution Domestic cargo volume: +10% v.s. FY2019 Management targets Promotion of new tourism Number of JAL Wellness & Travel partnerships: 10 municipalities Promotion of research with outside parties Work style research members 200 organizations 	<ul style="list-style-type: none"> Expansion of air travel and total passengers Domestic total passengers +10% v.s. FY2019 Management targets Inbound tourists to Japan using domestic flights 1,505,000 people Increase in transportation of local products Domestic cargo volume: +10% v.s. FY2019 Management targets Increase in contracted number of flights Number of contracted flights operated by customer airlines 107,000 flights Increase in the number of partnership municipalities related to travel Number of JAL Wellness & Travel partnerships: 10 municipalities Expansion of mile life service users Total number of Dokokani Mile users 810,000 people Creating flow of people through the development of subscription-type travel programs 250% v.s. FY2022
Regional Revitalization	Bringing prosperity and vitality to the community	In Japan, the declining birthrate, aging population, economic stagnation, and depopulation have become challenges for local communities. To solve these issues, the JAL Group will utilize its route network to contribute to the creation of sustainable corporate citizenship activities as a social infrastructure that connects people to people and cities to regions.	<ul style="list-style-type: none"> Respect for human rights Implementation ratio of human rights due diligence 100 percent Barrier-free and stress-free Boarding rate of customers who find it difficult to travel: 2.5 times v.s. FY2019 	<ul style="list-style-type: none"> Expansion of air travel in total passengers Boarding rate of customers who find it difficult to travel: 2.5 times v.s. FY2019 results
Fulfilled Hearts	Enhancing happiness and cultivate an enriched life through free movement and connection of goods and people	The JAL Group is committed to improving people's well-being and fostering corporate citizenship activities through transportation and the creation of connections.	<ul style="list-style-type: none"> Building a foundation for next-generation air mobility FY2025: eVTOL commercialization 	<ul style="list-style-type: none"> Commercialization of air mobility services FY2025: eVTOL commercialization
Resilience through Diversity	Building a diverse society in which people, cultures, values, and modes of behaviors are respected and new values are created	In building a resilient society, it is important to promote diversity throughout society. By creating opportunities for people to fly to actual places, feel with their five senses, and experience diverse values, we as an airline company will contribute to corporate citizenship activities to enhance diversity in society.	<ul style="list-style-type: none"> Maintenance and expansion of aviation and logistics networks More than 65 domestic entry points including code share 	<ul style="list-style-type: none"> Expansion of total air passengers/travelers and cargo traffic Domestic total passengers +10% v.s. FY2019 Domestic cargo volume: +10% v.s. FY2019 Management targets
Safe and Secure Society	Creating, developing, and protecting a safe infrastructure of the skies	To realize a safe and secure society with convenient mobility and lifestyle, we will realize comprehensive air mobility operations with safety and peace of mind as aviation professionals by combining the know-how, human skills, and customer base cultivated by the JAL Group to date with new technologies.	<ul style="list-style-type: none"> Reduction of CO₂ emissions Scope 1 emissions: less than 9.09 million tonnes (less than FY2019) Management targets Conservation of biodiversity 1,000 colonies of sexually reproducing corals (2026) Reduction of single-use plastics Management targets Cabins and lounges: No use of all new petroleum-derived plastics Cargo and airport: 100% switch to eco-friendly materials 	<ul style="list-style-type: none"> Expansion of air travel in total passengers Domestic total passengers +10% v.s. FY2019 Management targets Expansion of commerce Strengthening planning and sales of recycled products in cooperation with companies outside the JAL Group 15 companies
Aviation Infrastructure	Passing on the basis of sustainable air transport to the future	As an island nation surrounded by the sea on all four sides, aviation is an important part of Japan's social infrastructure, and the JAL Group is grateful for its existence as a social infrastructure that handles transportation between the world, Japan, and the regions, and is committed to fulfilling its mission as a public transportation provider by providing a route network.	<ul style="list-style-type: none"> Improving the ability to create social value Percentage of highly engaged employees 64.4 percent Promotion of DEI Ratio of female managers 30 percent Management targets 	<ul style="list-style-type: none"> Improving the ability to create economic value Sales per capita: +38% v.s. FY2019 Promoting DEI Ratio of female managers 30 percent Management targets
Precious Earth	Preserving and restoring the global environment, which serves as a source of people, sales and distribution channels, and to pass it on to the next generation	The environment must be safeguarded so that all living creatures may grow and live on this planet. The JAL Group sincerely accepts the fact that our air transport business impacts the environment significantly. To fulfill our responsibility of passing on our Precious Earth to the next generation, we will preserve the environment in every aspect.		
Human Capital	Enhancing capacity for value creation and productivity of all JAL Group employees	The JAL Group aims to be a company where everyone can thrive and play an active role, because each employee, with his or her diverse values, can demonstrate his or her individuality and take on various challenges, which will lead to the creation of new value, the provision of the best possible service to customers, and corporate citizenship activities.		

Starting from a comprehensive understanding of social issues, the JAL Group analyzes risks and opportunities from a sustainability perspective, and continuously reviews its materiality based on the opinions and expectations of external stakeholders. In 2023, the materiality was reorganized from the previous 17 Goals / 169 Targets of the SDGs, which were primarily addressed in the aviation business, to eight materialities that take into account new normal environmental changes and market changes. These eight materialities are more closely linked to the creation of economic value in all JAL Group business areas, not just aviation, and that take into account the impact of our business on society in terms of both risk and opportunity. Going forward, we will promote the penetration of the reorganized materiality within the company and realize value creation by promoting initiatives to address these materialities.



Materiality reorganization for 2023

Based on various domestic and international standards, industry targets, trends in the international community, and stakeholder expectations, we analyzed the degree of impact on society through our business potential (risk/opportunity) and on our company, its importance to management, and its importance to external stakeholders, and identified materialities. Based on the opinions of relevant ministries and agencies, academics and experts, NGOs, and other external experts, and after thorough discussions at the management level, the materialities were reported to the Board of Directors and reviewed in 2023.

Feedback from Outside Stakeholders

In order to further promote ESG management by keeping abreast of the latest social trends and incorporating the knowledge of experts into our strategies, we held a dialogue with Prof. KANIE Norichika, Professor at Keio University Graduate School and a leading expert in SDGs research, as part of the materiality review process. Prof. KANIE, one of the 15 experts who wrote the 2023 edition of the Global Sustainable Development Report (GSDR), which is compiled every four years by the United Nations, pointed out that when creating the SDGs, there was a discussion about the importance of achieving two well-being goals, the health of the Earth and the health of people, and as aviation is an indispensable social infrastructure it is important to realize safe, secure, and sustainable transportation. He also pointed out that flying to the area and actually feeling it through the five senses provides a valuable indication that the airline industry plays a great role in building a more resilient society and promoting diversity in society as a whole.



Toward Internal Penetration of Materiality

By providing opportunities for employees to think about why the JAL Group needs to address these issues in employee training programs such as New manager training and Airline Business Training, we are promoting the penetration of materiality and raising the awareness of each of us makes JAL what it is by making ESG “my own business”. In addition, through the use of an internal portal and the monthly distribution of sustainability information to those who wish to receive it, we encourage employees to understand how their work is connected to social issues, and we also encourage them to think about how a single initiative can be linked not only to a specific materiality, but also to multiple materialities, as an example of JAL’s unique approach to sustainability. We are striving to increase the number of initiatives that create social and economic value by sharing examples of initiatives that have a positive impact on society as initiatives that are unique to JAL.

At the JAL Group, materiality decisions and other important sustainability-related matters are discussed and decided by the Board of Directors after discussions at the Sustainability Promotion Council, which is composed of executive officers. Materiality is reflected in the Medium-Term Management Plan-Rolling Plan (MRP) for each fiscal year, and is reviewed both in the medium and long term. In addition, the need for a review of the materiality itself is also confirmed every fiscal year.

Overall Sustainability Governance

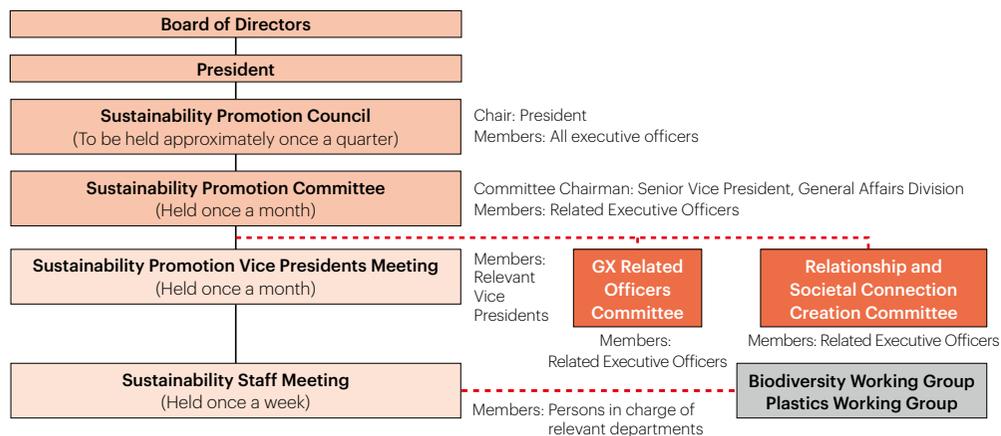
The JAL Group's Board of Directors deliberates and decides important matters related to sustainability. The Sustainability Promotion Council, chaired by the president, conducts a management review of the following items before discussing the issues to the Board of Directors.

- 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)
- Monitor and evaluate human rights due diligence

The Sustainability Promotion Committee (chaired by senior vice president, General Affairs Division), a meeting body under the Sustainability Promotion Council, meets monthly to confirm and discuss the progress of initiatives.

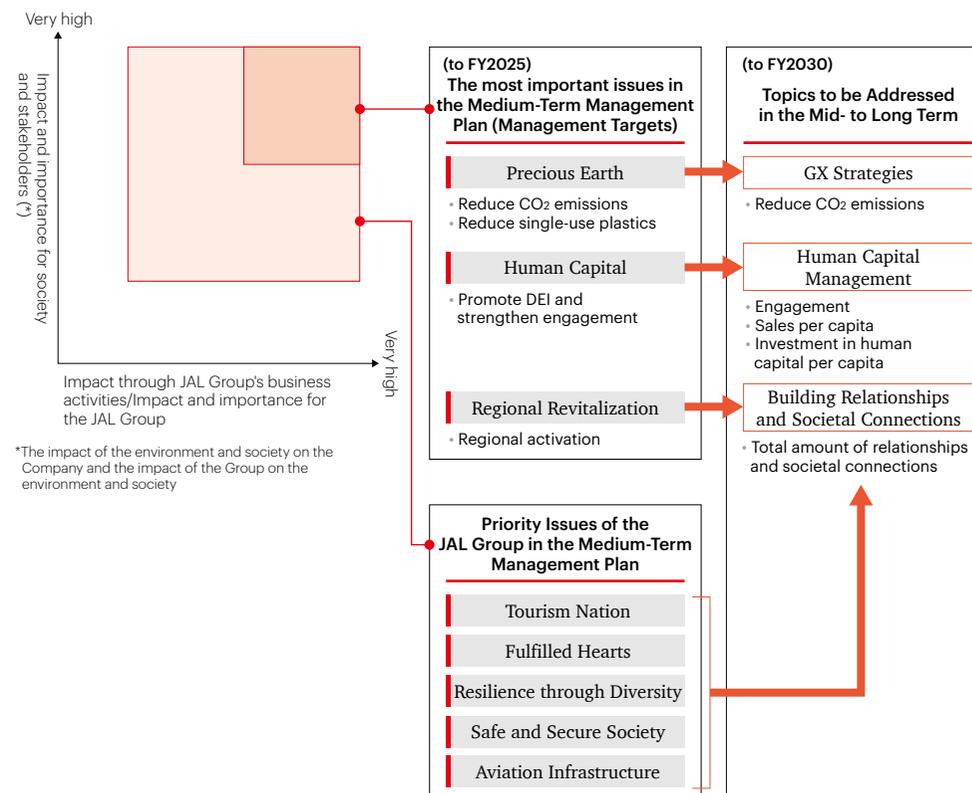
In FY2023, the information disclosure of Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD), DJSI assessment results and review, ESG assessment summary, reorganization of materiality, efforts to build relationships and societal connections through air transportation, and additions and revisions of goals were discussed and reported to the Board of Directors a total of four times.

Governance Structure



Reflecting Materiality in the Management Plan

In order to promote specific initiatives against materiality, we reflect them in our medium- and long-term management plans. For the period up to FY2025, we will focus on Precious Earth, Human Capital, and Regional Revitalization as the most important issues based on their importance to society and the JAL Group. We have set specific Key Performance Indicators (KPI) as management targets. In addition, for the longer term towards FY2030, we have decided to address materiality in the GX Strategy, Human Capital Management, and Building Relationships and Societal Connections, and have set indicators for each segment.



Relationships with Our Stakeholders

The JAL Group's efforts regarding air transportation of people and goods and create relationships and societal connections provide a variety of value to all stakeholders, including customers, local communities, the next generation/environment, business partners, outside partners, shareholders/investors, and employees, through our efforts to address material issues, and bring about social change/effects (impact).

Materiality	Major Initiatives Implemented	Main related indicators FY23 Results	Change/effect (impact)
<p>Contributing to the Movement of People and Goods</p> <p>Contributing to the Societal Connections of People and Goods</p>	<p>Tourism Nation</p> <p>Customers</p> <ul style="list-style-type: none"> Improve customer satisfaction Promote boarding for customers who find it difficult to travel 	<ul style="list-style-type: none"> NPS Domestic +6.8 points International +3.3 points (v.s. start of FY2021) Ratio of such passengers onboard 0.81% (2.2 times v.s. FY2019) 	<ul style="list-style-type: none"> Creating movement and connections Providing safety and security
<p>Fulfilled Hearts</p>	<p>Regional Revitalization</p> <p>Regional Communities</p> <ul style="list-style-type: none"> Increase local customer traffic and distribution of local products Expand inbound travel Maintain and develop regional route network, including outlying island routes 	<ul style="list-style-type: none"> Volume growth rate Passenger FY2019 +2.0% Cargo FY2019 -15% Number of Inbound tourists to Japan using domestic flights 912,578 (FY2019 +211,338) Number of domestic entry points 65 destinations (FY2019 +3) 	<ul style="list-style-type: none"> Revitalizing the local economy Creating an interacting community Building social infrastructure and networks
<p>Resilience through Diversity</p>	<p>Next Generation/Environment</p> <ul style="list-style-type: none"> Reduce total CO₂ emissions Reduce single-use plastics 	<ul style="list-style-type: none"> Total CO₂ emissions 9.07 million tonnes (FY19 -20,000 tonnes) Reduction ratio of new petroleum-derived single-use plastic items in in-house standard products used inflight and in lounges 58% (FY19 +55.5%) Conversion ratio of single-use plastics to eco-friendly materials in cargo and airports: 91% 	<ul style="list-style-type: none"> Conserving the environment
<p>Safe and Secure Society</p>	<p>Business Partners</p> <ul style="list-style-type: none"> Supply chain management Respect human rights of suppliers 	<ul style="list-style-type: none"> Confirmation ratio of integrity of critical suppliers (461 suppliers) 100% (FY19 +82 pt) Completion of human rights investigations of new key suppliers Selection completed 	<ul style="list-style-type: none"> Conserving the environment and biodiversity Respecting human rights
<p>Aviation Infrastructure</p>	<p>External Partners</p> <ul style="list-style-type: none"> Partnerships with other companies in the industry Partnerships with local governments and councils 	<ul style="list-style-type: none"> Number of partner airlines (Total of domestic and international) 38 airlines Number of cities with which we have comprehensive partnership agreements: 49 cities (FY19 +29) 	<ul style="list-style-type: none"> Strengthening of networks through cooperation with other companies Building a cross-industry collaboration framework for the creation of social value
<p>Precious Earth</p>	<p>Shareholders and Investors</p> <ul style="list-style-type: none"> Shareholder return Dialogue with investors 	<ul style="list-style-type: none"> Dividend payout ratio 34.3% (FY22 +2.6 points) Total number of meetings with domestic and foreign investors: 385 meetings 	<ul style="list-style-type: none"> Strengthening relationships with individual shareholders and investors through constructive dialogue
<p>Human Capital</p>	<p>Employees</p> <ul style="list-style-type: none"> Promote DEI Invest in human resources (education, productivity improvement) 	<ul style="list-style-type: none"> Ratio of female managers 29.8% Percentage of male employees taking childcare leave 80.5% Investment in human capital per capita FY19 +4.0% Sales per capita: FY19 +13.0% 	<ul style="list-style-type: none"> Returning benefits to employees Improving employee engagement Enhancing capacity for value creation

Please refer to Data Collection (p.122) for details.

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.

Basic Approach

Safety is a prerequisite for the existence of the JAL Group. It has been and will continue to be our mission.

The JAL Group has established the Safety Charter as the fundamental policy for safety under the Corporate Policy. The Safety Charter, based on the JAL Group Corporate Policy, expresses our determination and basic approach to flight safety, which is the fundamental premise of value creation as an airline company. Our actions are based on this commitment and basic approach.

The Safety Charter clearly states that “Safety: The protection of lives” so that everyone, from management to new employees, has a common understanding of safety. Safety is not a priority in comparison with timeliness, service or other factors but is unique to the JAL Group. It is the fundamental assumption of its existence.

All JAL Group employees, including top management, carry a Safety Charter Card that describes the Safety Charter.

Each and every employee performs their daily duties as flight safety professionals in conformance with this Charter.

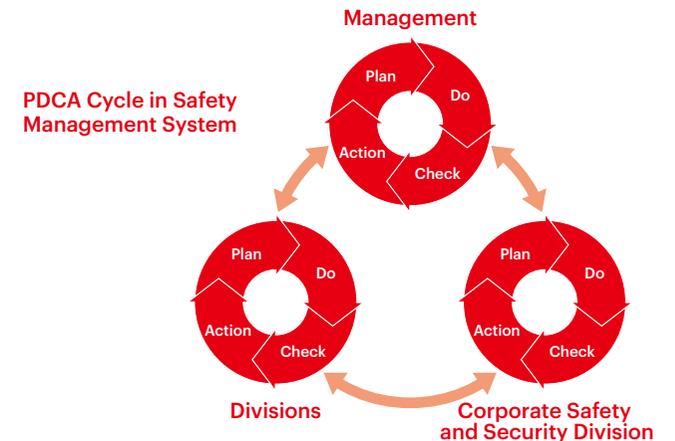
The JAL Group considers the systematic safety management system for maintaining and improving flight safety. Cultivating our safety culture, the foundation to function the safety management system, is being carried out by top management and all employees.

Based on the solid safety culture we have cultivated over the years, the JAL Group will develop and nurture each and every employee, who are the last Fortress of Safety. All our employees will work together to protect safety.

Safety Management System

The JAL Group’s safety management system is a systematic framework that collectively defines the safety policy, organizational structure, division of responsibilities, and methods of managing safety-related risks, among others. In accordance with the Safety Charter, our fundamental safety policy, manage-

ment, the Corporate Safety and Security Division, and each division will execute their respective safety-related PDCA cycles. By organically linking these cycles, we will ensure that the overall safety management system functions and continues to improve.



Safety Management System

- The JAL Group has eight airlines, including Japan Airlines. To maintain an even and high level of safety throughout the Group, safety management is based on a common policy confirmed by the Group Safety Enhancement Council. In addition, the Group Operational Safety and Security Promotion Committee has been established as a subordinate meeting body of the Group Safety Enhancement Council to maintain and strengthen safety-related cooperation among JAL’s divisions and group airlines.
- The President assumes final responsibility for safety.
- The chief safety officer (CSO), appointed by the President, has the responsibility and authority for the overall management of the safety management system and is involved in important management decisions such as safety measures and safety investments.

Implementation of Safety Management

• Risk Management

- (1) In order to accurately assess the actual status of daily flight safety, it is essential to collect information pertaining to safety, including reports from employees. In addition to reports from each department and flight data analysis programs, we also collect a wide range of information, including information on crew fatigue risk and risk duty management programs related to alcohol, which is used to prevent the occurrence of unsafety incidents. Furthermore, important information is promptly disseminated to all employees through various media.
- (2) In formulating flight safety measures and promoting responses to accidents and events in flight safety, we implement risk management based on the following steps.

• Education, Training and Safety Awareness

- (1) Initiatives based on the Three Actuals Principle
By visiting the accident site (actual site), seeing the aircraft wreckage and remains (actual objects), and listening to the stories of those involved in the accident (actual people), we are educating our employees about the importance of safety by delving deep into their consciousness.
- (2) Safety training
All employees attend safety training annually with the aim of fostering an awareness that our business lies under the basic premise of safety. In addition, JAL Group-wide safety training is conducted for new employees, employees in their tenth year of employment, and newly appointed managers.
- (3) Training and Screening
To ensure a stable level of safety and quality, we provide training and assessment for flight crew, maintenance engineers, line maintenance, cabin attendants, and flight duty management.

• Internal Audits

Internal audits are implemented on a regular basis to voluntarily identify areas for improvement in the safety management system and to raise the level of safety.

• Management Review

The Group Safety Enhancement Council annually reviews its policies and plans as well as conducts regular and ongoing reviews to evaluate whether their safety management system is functioning effectively and make improvements when necessary.

• Management of change

A management changing process is set up to reduce and avoid risks beforehand. This process addresses risks arising from the expansion or contraction of organizations and changes of facilities, systems, processes and procedures that may have impact on safety.

• Third-Party Assessments

(a) Outside Audits

JAL regularly undergoes safety audits by MLIT and IATA Operational Safety Audit (IOSA), an international safety audit program to enhance safety management.

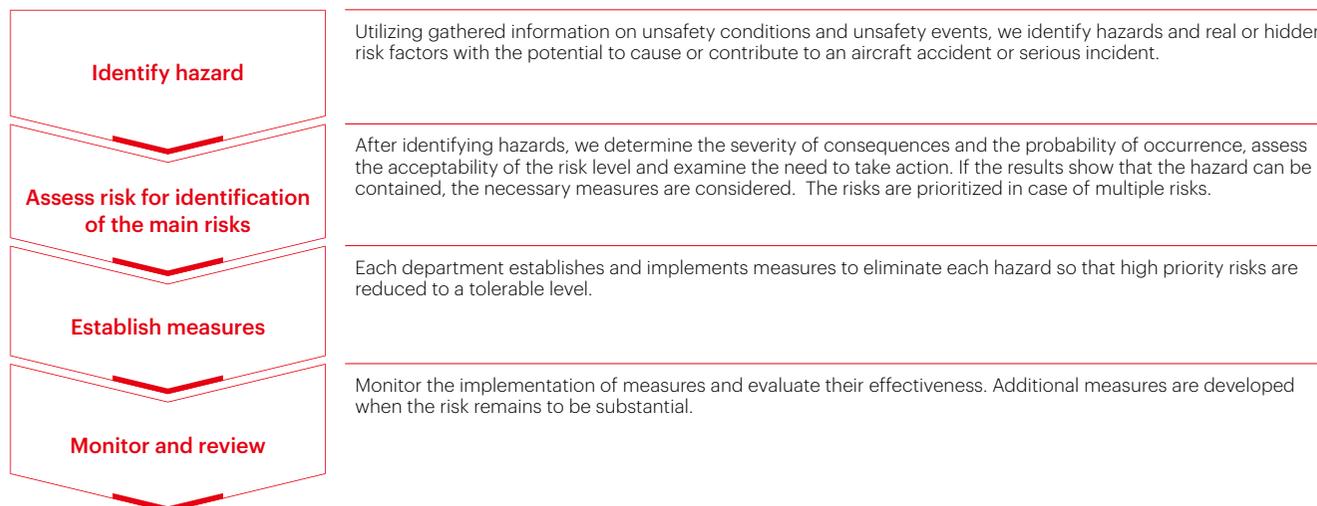


(b) Advice and Recommendations from the Safety Advisory Group

In August 2005, the Safety Advisory Group was established comprising five external experts to provide advice on safety issues. The members possess extensive knowledge and experience in human factors, failure and defect analysis, organizational operation and culture, and safety. They give a wide range of objective advice and recommendations on safety from an expert's viewpoint, which we apply to the JAL Group management and safety initiatives.



Steps in Risk Management



Cultivating a Safety Culture

Safety culture is part of the organizational culture, the common safety awareness among everyone in the organization and maximizes the function of the safety management system (SMS).

For example, it is part of the safety culture as every employee and organization holds the common awareness to actively report even the slightest anomaly or signals that are seen as a potential threat to future safety, to which the organization responds. In the aviation industry, rules and procedures have been established to ensure flight safety, and education and training are provided to acquire the knowledge and skills necessary to carry out these rules and procedures. On the other hand, as the environment surrounding flight safety changes, there is always the possibility that existing rules and procedures alone will no longer be sufficient to deal with these situations. It is necessary to implement a culture that can detect the signals of

such unsafety conditions and address them as early as possible.

The JAL Group is committed to fostering safety awareness and safety culture based on the second to third person perspective* and Three Actuals Principle as lessons learned throughout our history. Furthermore, to build on the safety awareness and safety culture we have cultivated and further strengthen the SMS functions, we have established four elements namely a just culture, a reporting culture, a flexible culture and a learning culture.

In addition, we will further foster a safety culture by having all JAL Group employees act on our shared values, thereby strengthening the SMS.

*The second to third person perspective: In order for each and every employee of the JAL Group to think from the customer's perspective, we value the second to third person perspective, which combines the third person perspective of an aviation professional with the first person perspective (if I were onboard) and second person perspective (if my family were onboard). We are committed to the second to third person perspective, which combines the first and second person perspectives.

A Just Culture

A just culture is also known as a culture of trust. The JAL Group's Safety Management Manual stipulates that "all employees' safety decisions and acts are respected and tolerated, regardless of the outcome." This is based on the premise that employees act as safety professionals and contribute to the safety of operations with their knowledge, skills, and abilities. However, when a truly unacceptable behavior occurs, it will be dealt with strictly, and even in the case of an acceptable behavior, measures will be taken to restore, maintain, or improve safety. By ensuring transparency and consistency, employees can act with safety and peace of mind without fear of any disadvantages. The JAL Group considers this just culture to be a prerequisite for the other elements and promotes employee understanding.

A Reporting Culture

For proper safety management, it is essential to report unsafety hazards and all potential unsafe elements. We have implemented a voluntary reporting system, enabling employees to report even minor human errors. These reports are subsequently utilized in our preventative measures. As transparent and consistent responses are carried out based on this just culture, establishing an environment for reporting with confidence and encouraging employees to feel comfortable voicing their concerns.

A Flexible Culture

In order to ensure safety even in unforeseen circumstances, it is necessary to understand the purpose and background of established rules and regulations, and to accumulate knowledge of various response cases. We are working to ensure that all employees can always inquire why these procedures are implemented and to understand the real reason for the guidelines. We are also working to improve our decision-making process so that we can respond flexibly to changes in circumstances, such as reviewing staff assignments, increasing staff as necessary, and delegating authority.

A Learning Culture

The JAL Group aims to achieve sustainable growth and development by adapting to rapid environmental changes. In order to continuously improve safety, we are constantly implementing the best safety measures through an ongoing cycle of improvement. This includes regular reviews and updates of manuals, as well as the optimization of our organization, facilities, and business plans.

Comment

Safety Training for Cabin Attendants

Our instructors design safety training programs for cabin attendants in accordance with the relevant rules and regulations. We have established an effective training program that combines classroom lectures and practical skills so that all cabin attendants can maintain a high level of safety quality as safety professionals. The basic concept of safety operations to maintain safety quality is to "take care of the precious lives of our customers". To ensure that each cabin attendant acquires and maintains the skills to act independently based on this concept, training covers the curriculum, reflects frontline conditions, and provides individual feedback. I feel that being involved in such daily training plays a responsible role in enhancing the safety quality of cabin attendants.



NOGUCHI Emi
Safety Training Group, Inflight Education and Training Department

Fostering a Culture of Safety

In order to further foster the safety culture of the JAL Group, which has been nurtured over many years, in 2022, the Group clearly stated our policy on fostering a culture of safety in the Safety Management Manual. Furthermore, we have established a dedicated team consisting of members from the Safety Management departments from each Group company and production divisions. As a first step, we have implemented measures to create an environment in which employees can comfortably report their work. Our work is always connected to safety. We believe it is important for all JAL Group employees to understand the concept of safety culture and actively foster the concept. We will continue to examine how to promote and foster safety culture.



MIYACHI Hideaki
Aviation Safety Research Department



On May 27, 2024, the Ministry of Land, Infrastructure, Transport and Tourism issued an Administrative Warning for a series of safety events related to flight safety at the JAL Group. On June 11, we submitted measures to prevent recurrence. Top management will take the lead in rebuilding the safety management system in unison with all employees. We will work to restore our trust in safety by ensuring that we will implement measures to prevent recurrence.

*In view of the importance of the content, this section contains content related to FY2024.

Background Leading to the Administrative Guidance from the Ministry of Land, Infrastructure, Transport and Tourism

Following the January 2, 2024 aircraft collision at Haneda Airport, the entire aviation industry has been promoting Emergency Measures to Ensure Flight Safety and Security as an urgent safety and security measure. Against this backdrop, a series of safety events occurred. In response, we received an Administrative Warning as administrative guidance in writing from the Ministry of Land, Infrastructure, Transport, and Tourism on May 27, particularly because the problems occurred consecutively in a short period of time. The JAL Group took this issuance seriously, formulated measures to prevent recurrence, and submitted them to the Ministry of Land, Infrastructure, Transport and Tourism on June 11.

With top management taking the lead and all employees working together, the JAL Group as a whole will work to review our safety management system and strive to regain the trust of society and our customers.

Series of Events

Contents (Location)	Date of Occurrence
Entered the runway without ATC instructions (Seattle)	November 5, 2023
Entered the runway without ATC instructions (San Diego)	February 6, 2024
Flight cancelled due to inappropriate behavior resulting from alcohol consumption (Dallas)	April 24, 2024
Entered the runway without ATC instructions (Fukuoka)	May 10, 2024
Contact with aircraft on a spot (Haneda)	May 23, 2024

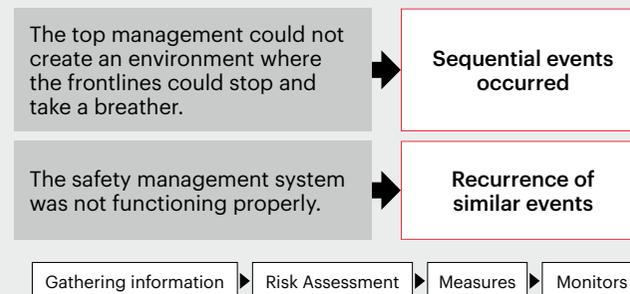
Factors and Preventive Measures

Based on the process of the safety management system, the JAL Group takes measures to investigate the cause and prevent recurrence each time an unsafety incident occurs. However, recently, in light of a series of consecutive safety events and the recurrence of similar events in the past, we analyzed these events and found two common factors in the background.

First, we recognized that one of the reasons for the consecutive incidents was the lack of an environment where the frontlines could stop and think only of safety. Although the JAL Group's overall policy is to make decisions and take action with safety as the premise, we recognized that we were not able to create a working environment where our employees could focus on safety in a calm manner. Secondly, we discovered that similar cases reoccurred because our safety management system such as information collection, risk assessment, follow-up after implementation of measures and the like were not adequately functioning.

Based on the above, we will implement emergency

Common Factors



responses to the series of safety events and ensure that preventive measures are firmly in place, before taking drastic measures to address the two common factors over the medium to long term. As an emergency response, appropriate measures focused on each event will be adopted. In addition, to give the frontline time to get back to basics, management has issued the message, "Let's pause for a moment and talk with your co-worker."

The next drastic measure is for top management to first listen to the frontline and gather information on issues. We will also conduct a comprehensive review of our safety management system, formulate a plan to address the issues discovered, and implement the plan sequentially. Safety is a commitment and the basic foundation of business continuity for the JAL Group. Top management will take the lead with a strong will to make improvements towards operations that are safer and with peace of mind. The entire company will work together to improve the situation.

Preventive Measures

Measures to prevent incidents immediately

Immediate measures to stop the continuous occurrence of unsafety events

Targeted measures

Entering the runway | Contact with another aircraft | Alcohol consumption

"Let's pause for a moment and talk with your co-workers"

Medium- to long-term measures

Future Measures

- Management absorbs feedback from the frontline and identifies issues that need to be addressed
- General review of safety management system
- Develop a plan to address the above issues

JAL Philosophy

Part1 In Order to Lead a Wonderful Life

Chapter1
The Formula for Success (The Formula for Life and Work)

The Result of Life and Work = Attitude x Effort x Ability

Chapter2
Have the Right Attitude

Decide on Doing What Is Right as a Human Being.

Have 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 Merciless

Wrestle in the Center of the Ring

Grasp Matters Simply

Possess Opposing Extremes

Chapter3
Accumulate Tedious Efforts with Passion

Work Earnestly

Accumulate Tedious Efforts

Work with Voluntary Attention

Fire Yourself Up

Strive for Perfection

Chapter4
Ability Will Improve

Ability Will Improve

Part2 To Become a Wonderful JAL

Chapter1
Each of Us Makes JAL What It Is

Each of Us Makes JAL What It Is

Discuss Frankly

Lead by Example

Be the Center of the Vortex

Valuable Lives Are Entrusted to Us in Our Work

Be Thankful

Put Yourself in the Customer's Position

Chapter2
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

Chapter3
Unite Our Hearts

Make the Best Baton Pass

Align Mental Vectors

"Workfloor" Management

Follow the Merit System

Chapter4
Possess a Fighting Spirit

Maintain an Ardent Desire

Never Give Up Until We Succeed

Boast and Make It Come True

Possess True Courage

Chapter5
Be Creative in Our Work

Today Should Be Better Than Yesterday; Tomorrow Better Than Today.

Conceive Optimistically, Plan Pessimistically, and Execute Optimistically

Think Through to Visualize the Results

Decide and Act with Speed

Face Challenges with Courage

Aim High

As a Vector for All Employees

The JAL Philosophy is a guiding principle that is cherished by everyone, who is involved in JAL's services and products in order to realize the JAL Group Corporate Policy.

It is the standard which we make decisions in our daily work with integrity towards the realization of our Corporate Policy. The overlap of the JAL Philosophy, which is based on what is right as a human being, and the spirit of challenge that has paved the way for the history of Japan's skies, has fostered an organizational culture of mutual respect and support for

each other's challenges, and is linked to a sincere desire to be of service.

We will continue to align the vectors of all of our employees and cherish the values we create together with our customers and local communities.



Connecting Based on the JAL Philosophy

The JAL Group provides a number of workshops and exchange opportunities to support the development of human resources based on the JAL Philosophy Workshop in the workplace and to deepen understanding of colleagues beyond the boundaries of job categories.

When the future was unclear and uncertain during the COVID-19 pandemic, we strengthened ties among workplaces through voluntary efforts to do what we can do on our own now. Through the philosophy representatives elected from each workplace, we are deepening ties not only at the leadership level but also throughout the JAL Group.

JAL Philosophy Workshops

The JAL Philosophy Workshop provides an opportunity to discuss one's work with colleagues of different generations as well as job categories, and to realize that one's work is built on collaboration with colleagues.



Employees Speak for Themselves

Leader's Workshop

In an era of rapid and drastic change, leaders at the executive and vice president level participate in Leader's Workshop six times a year, and those at the manager level participate once a year, to discuss current issues as well as future challenges and to find solutions.



With the former President Akasaka

Management Based on the Participation of All Members

The divisional profitability management system is based on an amoeba management system and advantages such as fostering personnel with a sense of management, the realization of Management by All, and proactive business management. It is a business management system where all JAL Group employees face the figures related to company management with the pursuit of maximizing profits. We aim 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.

Under this system, an annual revenue and expense plan is formulated for each organization, and a management cycle is operated on a monthly basis to steadily achieve this plan. Specifically, the planned figures are updated monthly with the target and prospect figures that take into account the latest situation. All members of the organization work together to achieve their goals. After the actual results are finalized, the factors that cause the difference between the forecast and actual results are analyzed. Subsequently, the leader considers and implements measures based on the analysis results to

achieve the annual revenue and expense plan.

In this 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.

To Promote Business Model Reform

From this fiscal year, we have decided to incorporate the divisional profitability management cycle into profitability management for each business segment, with the aim of clarifying income and expenditures by business segment and promoting business portfolio management. Based on the income and expenditure plan for each business segment, the person in charge of the business segment involves the relevant organizations to discuss measures aimed at optimizing the financial performance of that business segment. At Group Performance Report Meetings attended by all executives, the earnings situation of each business segment is reported, and the measures to be taken are repeatedly discussed. Based on the principle of “maximize revenue and minimize expenses,” all participants sharing their insights toward achieving the annual earning goal and rebuilding the business portfolio. By leveraging

the strength of the divisional profitability management system and achieving growth in each business segment, we will contribute to the promotion of Business Model Reform and lead to the sustainable growth of the JAL Group.

Comment

Management by All Contributes to More Profits

I am in charge of profitability management at a group company in the Cargo and Mail division. All employees always have a sense of profitability in their daily management services and work to maximize sales and minimize expenses. At the At Company Performance Report Meetings which is held once a month, we report on the status of our own division's earnings. If there are any problems between organizations, we share our insights with each other and take measures to improve earnings and implement them. In particular, in the past few years, when the environment was unpredictable due to the impact of COVID-19, each division analyzed demand trends in detail. We all came up with effective measures, such as expanding the Cargo and Mail handling menu and reviewing work and business hours in certain divisions. By implementing these measures, we were able to overcome this difficult environment by increasing external revenues and reducing service costs. When the various measures we implemented actually appear in the Target and Result Sheet for the month, I feel that I am participating in the management of the company. This motivates me.



IMAKI Junko
JAL Kansai Aircargo System Co.,Ltd
Planning and General Affairs Department,
Planning and Revenue Management Group

Realization of JAL Group Corporate Policy

