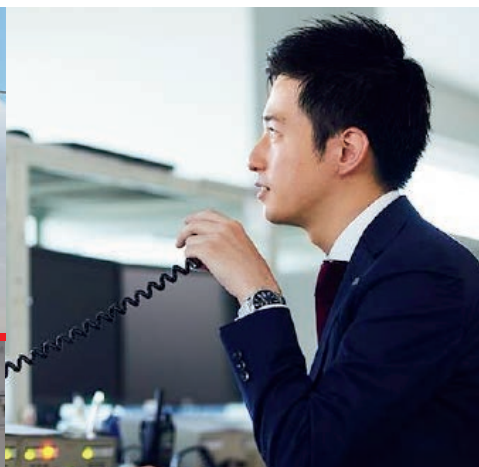


FLY INTO TOMORROW

JAL REPORT 2021

The fiscal year ended March 31, 2021





The JAL Group adopts the **Corporate Policy** as its universal management goal and management rationale, and established the **Safety Charter** as the Group's safety policy based on the Corporate Policy.

The JAL Group also established the **JAL Philosophy** as a mindset, values and attitude expected of all Group employees, with the hope that application of this Philosophy will lead to realization of the Corporate Policy.

The JAL Group Will:

Pursue the material and intellectual growth of all our employees;

- Deliver unparalleled service to our customers;
- Increase corporate value and contribute to the betterment of society.

Safety 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.

JAL Philosophy

Part 1 In Order to Lead a Wonderful Life

- Chapter 1 The Formula for Success (The Formula for Life and Work)
The Result of Life and Work
= Attitude × Effort × Ability
- Chapter 2 Have the Right Attitude
Base Criteria for Decision-Making 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
- Chapter 3 Accumulate Tedious Efforts with Passion
Work Earnestly
Accumulate Tedious Efforts
Work with Voluntary Attention
Fire Yourself Up
Strive for Perfection
- Chapter 4 Ability Will Improve
Ability Will Improve

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
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
- 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
- Chapter 3 Unite Our Hearts
Make the Best Baton Pass
Align Mental Vectors
“Workfloor” Management
Follow the Merit System
- Chapter 4 Possess a Fighting Spirit
Maintain an Ardent Desire
Never Give Up Until We Succeed
Boast and Make It Come True
Possess True Courage
- Chapter 5 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

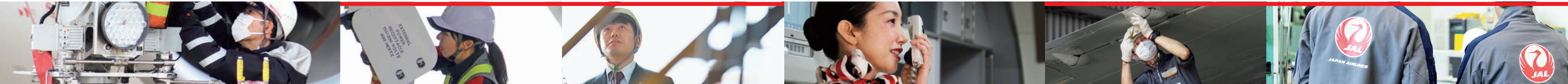


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Editorial Policy

The JAL Group has published this JAL REPORT 2021 to inform stakeholders about our business activity outcomes in the previous financial year, our strategies for the future, and to provide an understanding of the Group's pursuit of social value along with economic value, and sustainable growth. This report has been collated from a wide range of both financial and non-financial information that the JAL Group has deemed to be of particular importance to Group management, all of which is made available on the Group's website.

Period covered by the report

Primarily April 2020 to March 2021 (FY2020)

Scope of the report

This report covers 131 JAL Group companies, comprising Japan Airlines Co., Ltd., 79 subsidiaries and 51 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 reference in preparing this report. The GRI Standard issued by the Global Reporting Initiative (GRI) was used as reference for ESG information.



Date of publication

September 2021

JAL corporate website

www.jal.com/en/

Offers a comprehensive insight into JAL Group's business approach, activities in general, IR (Investor Relations) information and sustainability information.

Regarding statements about the future outlook
This report includes statements about the future outlook of JAL Group businesses and forecasts. These statements reflect current JAL Group analysis related to existing information and various trends. Actual results may differ from the forecasts due to business risks and uncertainties.

Regarding products, services, events, etc.
Some of the products, services, events, etc. contained in this report have been suspended due to extenuating circumstances. For the latest information, please refer to sources such as JAL corporate website.

Regarding the photos included
In some of the photos in this report, masks are not worn however masks were only removed for the purposes of the photograph.

JAL Group Information System

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



We aim to be “the world’s most preferred and valued airline group” with “Safety and Comfort” and “Sustainability” as the engines of growth.

Foreword

First and foremost, I would like to express my heartfelt sympathy to those affected by the novel coronavirus (COVID-19) and their families and my deepest respect and gratitude to all the healthcare professionals and others working to protect human lives and bring the situation under control.

Since last year, the COVID-19 pandemic has had a tremendous impact on many industries including the aviation industry, and we were not an exception. Our company is facing an extremely difficult situation, and I express my sincerest appreciation to our customers and stakeholders for your tremendous support and kindness.

Amid an uncertain business environment, the JAL Group formulated a new Medium Term Management Plan in order to overcome the current crisis and make steady progress toward the future. We will endeavor to achieve sustainable growth and development and increase corporate value in the post COVID-19 era through the execution of our business strategy, finance strategy and ESG strategy as the pillars of strategic management.

This year marks the 70th anniversary of the foundation of the JAL Group. Given the dramatic shifts to values in these changing times brought about by the pandemic, we will make concerted efforts to become “the world’s most preferred and valued airline group” by leveraging the strengths we have cultivated to date with a focus on “Safety and Comfort” and “Sustainability” as the engines of growth. We look forward to your continued support and patronage.

September 2021

AKASAKA Yuji

Representative Director, President





Facing dramatic environmental shifts without precedent

Fiscal 2020 was a turbulent year of rapid changes in the business environment brought about by the spread of COVID-19. We were forced to steer through difficult waters in **maintaining essential air transport networks** and transporting healthcare workers and medical supplies, while reducing flights to the extent possible to control the movement of people. We also did everything possible to **stop negative cash flows and ensure employment security to all our employees** through intensive cost reduction and investment control.

On the other hand, I was sure the pandemic would generate **far-reaching and unprecedented changes in the environment**. Experiencing the pandemic, a crisis that confronted humanity, has sharpened awareness of global social issues such as risk exposure and the SDGs and has increased momentum to address these issues head-on. Furthermore, the acceleration of digital

transformation is drastically changing private lives and we are bound to see huge changes in society in the future. Based on these perceptions of the business environment, I strongly felt a sense of crisis that we will fall behind the times if conventional thinking remained unchanged. To overcome the current crisis and facing the urgent need to **implement financial and business structure reforms**, we have redefined **the vision of what the JAL Group aspires to be in the future**.

The JAL Group's reason for being is to contribute to the betterment and development of society through air transportation as social infrastructure and a community lifeline. This stance has not and will not change. I feel that it is our responsibility and mission to **spearhead solutions to social issues and reforms** and to stand at the forefront of driving initiatives in the coming era. For this purpose, we have set goals that are appropriate for this.

Spearheading solutions to social issues and reforms through ESG strategy as our strongest growth strategy

Driven by this strong aspiration, we announced **"JAL Vision 2030,"** which defines where the JAL Group wants to be in 2030, and set the goals of creating **"a safe and secure society"** and **"a sustainable future"** in the Medium Term Management Plan, which was announced in May.

While the movement of people posed risks in the pandemic situation, we reaffirmed the importance of meeting people in person and the value of movement, since some things cannot be done without movement. We need to get back to a world where people and goods can move safely and freely.

This may be too big a challenge for one airline to handle. However, the sustainable growth of the JAL Group can only materialize in a society and future such as this. I feel that the pursuit of a sustainable society through business activities driven by **ESG strategies** will create new business opportunities, and we should not miss out on that chance.

In particular, addressing climate change is a pressing social issue for airlines, which emit huge amounts of CO₂ in daily operations. With this in mind, we announced our commitment to **achieve net zero carbon emissions by 2050** at the June 2020 General Meeting of Shareholders.

Advances in aviation technology have replaced four-engine aircraft with long-haul twin-engine aircraft and nearly halved the amount of fuel consumption over the past 30 years. Likewise, continued efforts by manufacturers and airlines to develop cutting-edge aircraft through further technological advances should lead to huge reductions in fuel consumption and carbon emissions.

The question is how net zero emissions can be achieved. The answer is building a supply chain for the development and production of environmentally-friendly alternative and synthetic fuels through long-term cooperation with many partners. I would like to see the JAL Group play a central role in making big waves that swell to form new initiatives.

The JAL Group will focus on the key themes of **"Safety and Comfort"** and **"Sustainability"** as growth engines; amid a time of upheaval with drastic changes in values toward travel.



To become the world's most preferred and valued airline group, where many people and goods lively move around.

A safe and secure society and a sustainable future created by diverse human resources

Originally, air transportation developed with **a spirit of challenge** to open uncharted routes. Given the major unprecedented changes in the business environment, now is the time to apply the spirit of challenge we inherited from our predecessors and the strengths we have developed over the years, that is, our human resource base, customer base and financial base. In particular, our human resources are our greatest assets. Our **diverse workforce, including the young generation of the future and female employees**, will drive initiatives toward “JAL Vision 2030.” Even amidst large-scale flight reductions and suspensions due to the pandemic, we saw every one of our 36,000 employees voluntarily do “what we can do now,” which reaffirmed my belief in the underlying strength of our human resources.

With this strength, I am confident that we can take the lead in finding solutions to social issues and promoting reforms, and contribute to the betterment and development of society. I will provide opportunities for **every employee to demonstrate their abilities**, give words of encouragement, “You can do it, let’s do it together,” and together, take on new challenges.

The JAL Group will continue to move forward to become **“the world’s most preferred and valued airline group”** of all our stakeholders.

We look forward to your continued support and patronage.

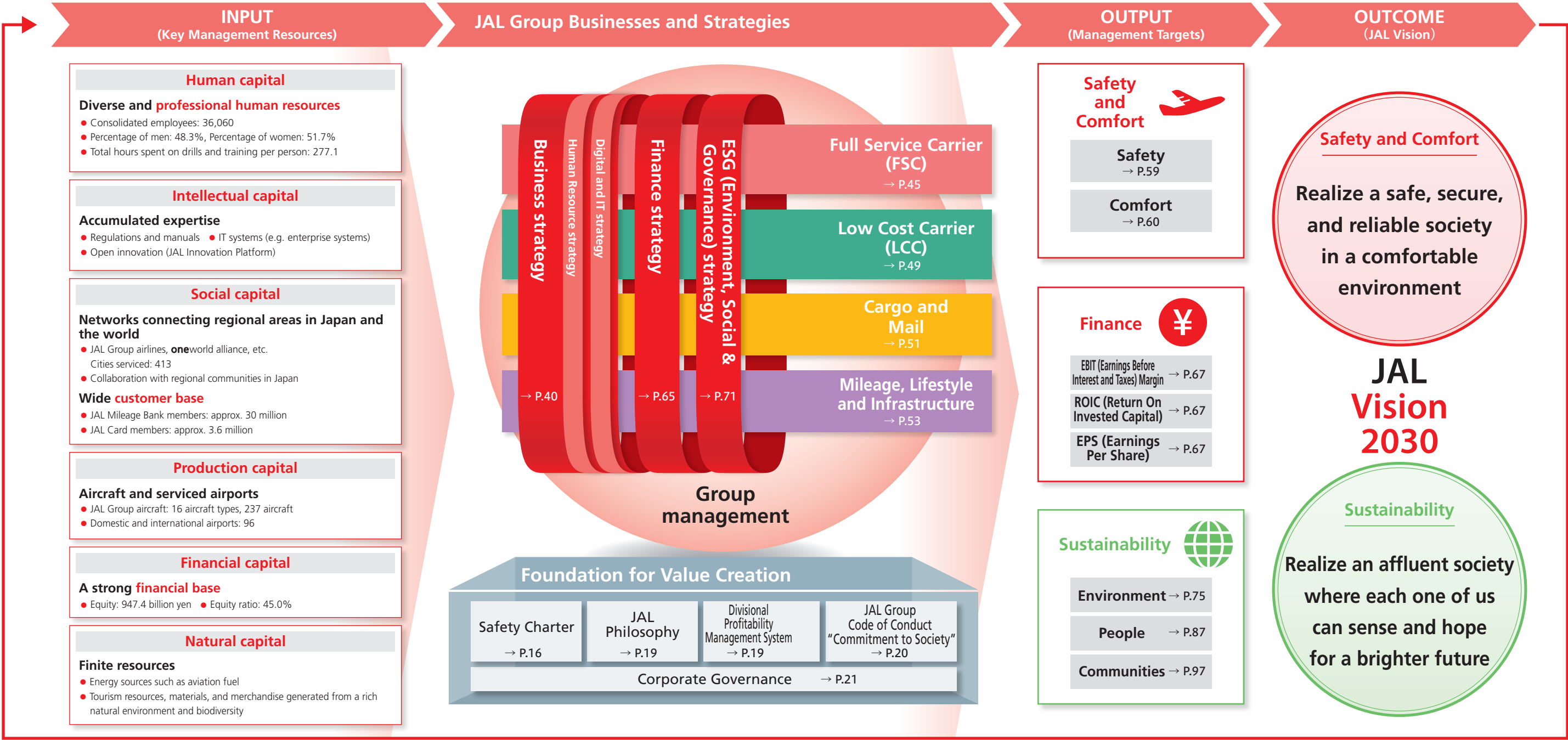


chapter 01

The JAL Group Value Creation Story

The Value Creation Process

The JAL Group aims to contribute to the betterment and development of society as set forth in the Corporate Policy, and create social value along with economic value through business activities utilizing our management resources, with safety as the basic foundation of business continuity. We will base our actions on the JAL Philosophy, the divisional profitability management system, the JAL Group Code of Conduct “Commitment to Society” and corporate governance.



Changes in the business environment	Airline Industry / JAL	Market	Society
	Severe damage on business Air travel demand in 2020: reduced by approx. 70% (YoY)* <small>* vs 2019: Statistics of IATA (International Air Transport Association)</small>	Structural changes in air travel and consumer behavior	Growing social awareness to achieve the SDGs

Stakeholders					
Customers	Regional communities	Business partners	Administration	Shareholders	Employees

70 Years of Challenge and Innovation

This year marked the 70th anniversary of the foundation of the JAL Group. We would like to reflect on our history from the founding of the company as the first post-war private airline in Japan to the present, together with episodes of challenge and innovation.



1951 – 1970s

JAL started business by borrowing aircraft from another airline and outsourcing operations and maintenance, but we eventually realized our dream of independent operations with our own aircraft and expanded our route network.

1980 – 2000s

With the liberalization and deregulation in the aviation sector, we entered an era of intensifying competition. We grew into a global airline by improving quality and differentiating ourselves from other airlines.

2010 – Present

After JAL went into bankruptcy in January 2010, we achieved revitalization through business optimization and awareness reform. Now that we face an unprecedented crisis due to the COVID-19 pandemic, we will utilize the strengths we have cultivated through history to overcome it and strive to realize "JAL Vision 2030" through the combined efforts of all our employees.

Management in General

1951: Founding of Japan Airlines (former company)
1959: Birth of the Tsurumaru (Japanese crane) logo

1987: Full privatization
2002: Merger of Japan Airlines and Japan Air System
Establishes the Corporate Policy, Safety Charter, Code of Conduct

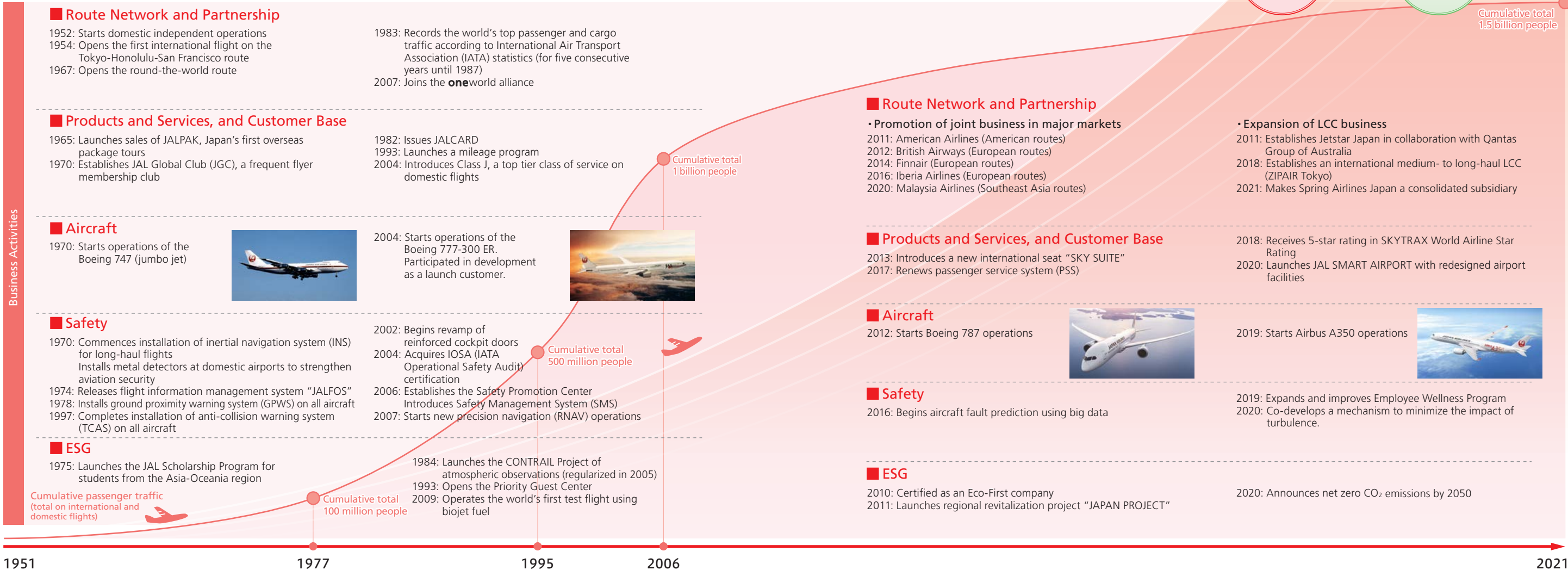
2010: Files petitions for reorganization proceedings
Reorganizes route network and withdraws from freighter business
2011: Establishes a new Corporate Policy and the JAL Philosophy
Introduces the divisional profitability management system and returns to the Tsurumaru logo

2012: Relists on the Tokyo Stock Exchange
Enacts the Fundamental Policies of Corporate Governance
2019: Revises the Safety Charter and enacts a new Code of Conduct
2021: Establishes "JAL Vision 2030"

The first Tsurumaru logo

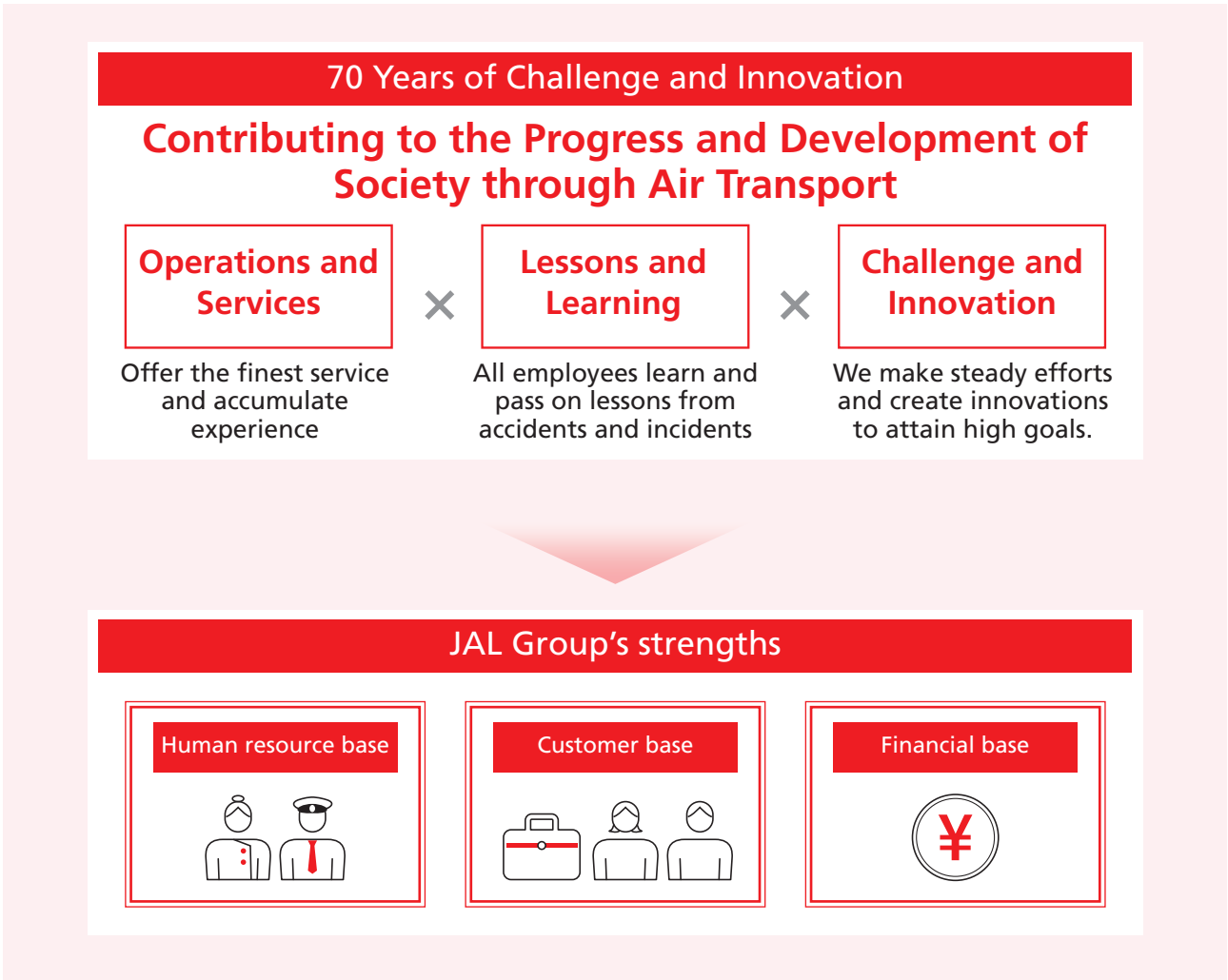
The second Tsurumaru logo

The third Tsurumaru logo



► JAL Group's Strengths

Three strengths cultivated through 70 years of history



Human resource base

Human resource base is a collective term for every employee who belongs to the JAL Group, corporate policies, the corporate stance and corporate culture such as the JAL Group Corporate Policy and the JAL Philosophy. Air transportation requires advanced expertise and precision. Therefore, the JAL Group has continuously improved human skills, while accumulating knowledge and experience in flight operations and everyday work, and passing on skills from veteran employees to the next generation including lessons learned from the past. Human resources who practice the JAL Philosophy and act autonomously and voluntarily are the greatest strengths of the JAL Group.

Customer base

Customer base refers to everything related to customers such as our mileage program, membership organizations, data accumulated over the years and relationships with customers who have used the JAL Group to date. The JAL Mileage Bank has more than 30 million members. We aim to improve customer satisfaction and preference and attract even more customers by reviewing problems identified through assessments and customer feedback and by making improvements each day.

Financial base

Financial base collectively refers to the financial position of the JAL Group, strict financial discipline on resource allocation and cost management, communication with our stakeholders, and other financial matters. After our bankruptcy in 2010, we have built a solid financial base, which stands out amongst global airlines, through steady and sound management focused on profitability rather than size. Despite the financial damage caused by COVID-19, we have maintained a sound financial position, enabling stable business operations.

► Foundation for Value Creation/Safety Charter

Basic Stance on Safety

Safety Charter

The JAL Group has established a Safety Charter based on its Corporate Policy in order to indicate in greater detail its fundamental policy regarding safety. It clearly states, “Safety: the protection of lives,” to ensure that decisions and actions are aimed at protecting lives with a shared awareness among all organizations that safety is the basic foundation of our business. All JAL Group staff carry a Safety Charter Card printed with the Safety Charter and abide by it as professionals on a daily basis.

Safety Management System

We have established a safety management system (SMS), which is a systematic framework including the organizational structure, responsibilities, policies, and operational procedures necessary for safety management.

[System]

Under the overall management of the General Safety Manager, who is appointed pursuant to the Civil Aeronautics Act, senior management executives, the Corporate Safety and Security Division, and each division operate their respective safety management cycles, which are organically linked, and make continuous improvements. Management regularly reviews achievement outcomes of safety initiatives and safety targets, and gives necessary instructions to improve the SMS, and the need for safety investment and resources.

- For the Safety Management Organizational Chart SMS, click here.

PDCA Cycle of the Safety Management System



[Risk Management and Corrective Action]

Safety is maintained by accurately grasping the actual status of daily operations, monitoring the SMS based on information on incidents and other data, and continuously implementing necessary improvements. In order to grasp the actual status, it is essential for employees to report unsafe situations that they experienced or discovered and the resulting events (“unsafe events”). We have therefore created an environment to facilitate and encourage reporting. Reports from employees are managed in real time in an integrated safety database, and risk assessment of each report is performed. Necessary measures are formulated and implemented for high priority risks in order to reduce risks, using risk assessment and human error analysis methods in the process. In addition to reports from employees, flight data recorded during flight are analyzed to provide information for risk management.

[Human Resources]

Employees are educated and trained on skills, knowledge and abilities necessary to ensure proper implementation of the SMS. We also conduct education and activities to raise safety awareness and develop human resources to equip them with necessary skills, knowledge and abilities.

A safety culture

A safety culture is an organizational culture and a shared awareness of safety of members in an organization. Recognizing that “Safety: the protection of lives. It is the basic foundation of business continuity for the JAL Group,” we are taking steps to cultivate a safety culture in which every employee acts on the basic foundation of safety at all times. Safety cannot be increased immediately by simply doing something particular. The accumulation of multifaceted efforts is needed to proactively prevent accidents. The JAL Group uses the term “safety layers” to describe its broad range of safety initiatives and is making unwavering efforts to accumulate our safety layers.

A culture of reporting

Reporting hazards is essential to safety management. Therefore, we have introduced a voluntary reporting system to avert 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 Company 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 safety for employees to make decisions within their authority and responsibility, we are reviewing and improving the decision-making process to ensure smooth and prompt decision-making. These improvements will not only accelerate decision-making but will also increase employee motivation and serve as the basis for activities to accumulate safety layers.

A culture of communicating with one another

The JAL Group is promoting communication and creating opportunities for employees to verbally share and convey information face-to-face. One such activity is the Communication Leader Meeting (CLM), which 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 improving manuals

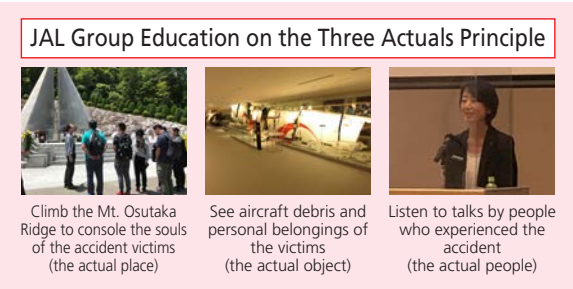
In the aviation industry, many protocols and regulations are linked to safety and an accurate understanding of their true meaning is vital. All JAL Group employees always ask themselves, “Why is this procedure necessary?” to grasp its true meaning. We have manuals to follow specific rules but also to make changes. Therefore, we have created a framework to regularly inventory manuals qualitatively and quantitatively to find room for improvement in actual practice and to make revisions in cooperation with manufacturers.

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 a specialized airline professional and the first and second person perspective of treating customers as if we or our family were the customer. All JAL Group employees study the “second to third person perspective” during JAL Group Safety Seminars for New Employees and other training courses, and always reflect on whether they are thinking and acting from this perspective in their daily work.

Developing Safety Professionals

The JAL Group conducts various education courses to study safety in real-life situations from the viewpoint of one’s job and to raise awareness that safety is the basic foundation of our business. In particular, we continuously educate our employees on lessons learned from the JAL Flight 123 accident based on the Three Actuals Principle (the actual place, the actual object, the actual people) in order to instill the importance of safety in the depths of our minds. Activities include climbing the Mt. Osutaka Ridge (the actual accident site), seeing aircraft debris (the actual object) in the Safety Promotion Center, and meeting people who experienced the accident (the actual people) through news footage and pre-recorded video interviews.



Third-party Assessment

The JAL Group regularly conducts internal and external audits in accordance with requirements of the Japanese Ministry of Land, Infrastructure, Transport and Tourism and IATA in order to assess safety management enhancement initiatives. All IATA airlines are required to pass IOSA (IATA International Safety Audit) every two years to ensure that safety management is functioning properly. In the JAL Group, Japan Airlines has been an IOSA registered airline since 2004, Japan Transocean Air since 2010 and J-AIR since 2016.



IOSA Certificate (Japan Airlines)

Safety Advisory Group

In August 2005, the JAL Group requested an external panel of five experts, called the Safety Advisory Group, 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, and provide a wide range of objective advice and recommendations on safety from an expert’s viewpoint, which we apply to Group management and safety operations.

Members

Chair: YANAGIDA Kunio
HATAMURA Yotaro
KAMATA Shinichi
HAGA Shigeru
KOMATSUBARA Akinori

JAL Group Safety Report The report describes JAL Group’s safety initiatives in an easy-to-understand manner.

Food Safety

Allergy free food

In addition to seasonal and route-specific meals, Japan Airlines offers a wide variety of special meals available by advance reservation. In particular, we pay close attention to offering allergy free food, which directly affects the customers’ lives, through measures to prevent mistakes in the meals served. In 2017, we introduced meal vouchers, which are exchanged between customers and cabin attendants after confirming details of their reservations. We also introduced colored paper napkins to visually distinguish meals in order to ensure safety and security of our in-flight meals.



Meal voucher



Colored paper napkins

Food Safety Management

Hygiene management of in-flight meals and lounge meals

To provide meals that customers can enjoy safely and with peace of mind, we conduct hygiene management of the entire process from the development of menus to loading of meals onto aircraft. Our hygiene audit staff, who are knowledgeable of the international food safety standard FSSC22000, visit catering companies and JAL airport lounges around the world to conduct hygiene audits. After confirming in detail whether management standards and procedures are followed and appropriate risk measures are taken, they provide guidance on areas for improvement and other advice. Although there is a time gap between the preparation of meals to the time they are consumed, food safety is maintained through temperature control, hygiene management of workers and tableware, and various inspections.

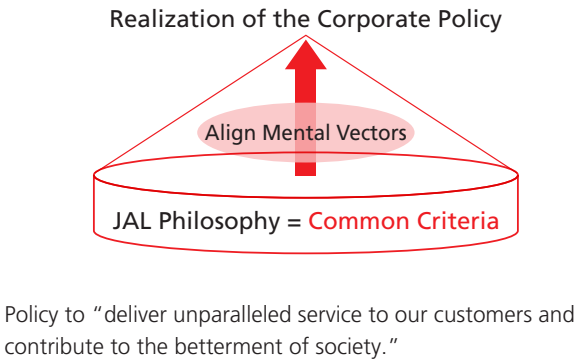


► Foundation for Value Creation/JAL Philosophy

Aligning Mental Vectors: A Human Resource Base for Growth and Development

Toward the Realization of the Corporate Policy

With an awareness of the need to change employee mindset based on lessons learned from our bankruptcy, we established the JAL Philosophy as a mindset, values, and attitude that all employees engaged in JAL Group services and products should possess. All employees carry the JAL Philosophy Pocketbook with them and deepen their studies so that whenever they are lost at work or in their private lives, they return to the JAL Philosophy and base their decisions on doing what is right as a human being. We will continue to practice the JAL Philosophy, align our mental vectors, and strive to realize the Corporate



Awareness Reform Initiatives

- JAL Philosophy Workshop
- The JAL Philosophy Workshop is held continuously to enable all employees to repeatedly study and practice the JAL Philosophy. In fiscal 2020, workshops were held online amidst COVID-19, connecting employees in Japan and overseas and contributing to creating opportunities for cross-functional communication and fostering a sense of unity among employees. We aim to become "the world's most preferred and valued airline group" by aligning the mental vectors of all employees.
- Leader's Workshop
- The Leader's Workshop is held once a month for Executive Officers and Vice Presidents, and twice a year for managers with the aim to align mental vectors of leaders. By studying the role of a leader and acquiring leadership skills to develop autonomous employees who think and act on their own and cultivate psychological safety where employees feel accepted and respected, we would like to foster an organizational culture where employees are motivated by their work.



► Foundation for Value Creation/ Divisional Profitability Management System

An evolving management system

The divisional profitability management system is an autonomous management system based on "amoeba management," in which each amoeba, or the smallest unit of an organization, keeps track of its earnings while reflecting the latest market trends.

Delving deeper into the divisional profitability management system

Now in its tenth year, the divisional profitability management system is making a major contribution to proactive Group management. In this system, each "amoeba" creates a Target and Result Table, which lists monthly results, schedules and forecasts in a common format. Based on this Table, Business Performance Reporting Meetings are held each month to discuss various issues. Previously the main focus of these meetings was analysis of the difference between the initial plan and actual results, but currently the focus is on creating earnings forecasts months ahead and conducting proactive management based on these forecasts.

Its Role in Realizing the Medium Term Management Plan

We will implement business structure reform, as stated in the Medium Term Management Plan, to improve profitability of existing businesses and expand into new business domains. In order to build resilience during times of change, we will continuously evolve the divisional profitability management system in order to grasp earnings of each business domain and use proactive management techniques to restructure our business.



► Foundation for Value Creation/JAL Group Code of Conduct

"Commitment to Society"

The JAL Group Code of Conduct "Commitment to Society" was established in July 2019 as a guideline for professional behavior to be observed by all JAL Group employees. Based on the attitude espoused in the JAL Philosophy, it is more firmly grounded in the company's business and activities. The 10 principles of the United Nations Global Compact and Charter of Corporate Behavior of Keidanren (Japan Business Federation) were used as reference. Behavior in accordance with "Commitment to Society" will enable all JAL Group employees to more securely implement the JAL Philosophy in actual practice, while further linking these practices to the realization of the Corporate Policy and to the achievement of SDGs and other goals of society.

JAL Group Code of Conduct

1. Safety

2. Pursuit of customer satisfaction

3. Trust with stakeholders

4. Respect for human rights and job satisfaction (human rights and labor)

5. Mission and responsibility as a member of society

6. Passing on the precious earth to the next generation (global environment)

7. Fair business practices

1. Information disclosure and dialogue

2. Prohibiting insider trading

1. Respecting human rights and diversity

2. Safe and comfortable work environments

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

1. Global environmental preservation initiatives

2. Disclosure of environmental information and dialogue

1. Reinforcing 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

Full text of the JAL Group Code of Conduct

WEB

<https://www.jal.com/en/sustainability/codeofconduct/>



In fiscal 2020, we compiled a collection of practical examples of practicing the JAL Group Code of Conduct "Commitment to Society" in our everyday work. Through group discussions and other means, every employee thinks of what they can do from today and puts them into action.



► Foundation for Value Creation/Corporate Governance

Basic Stance

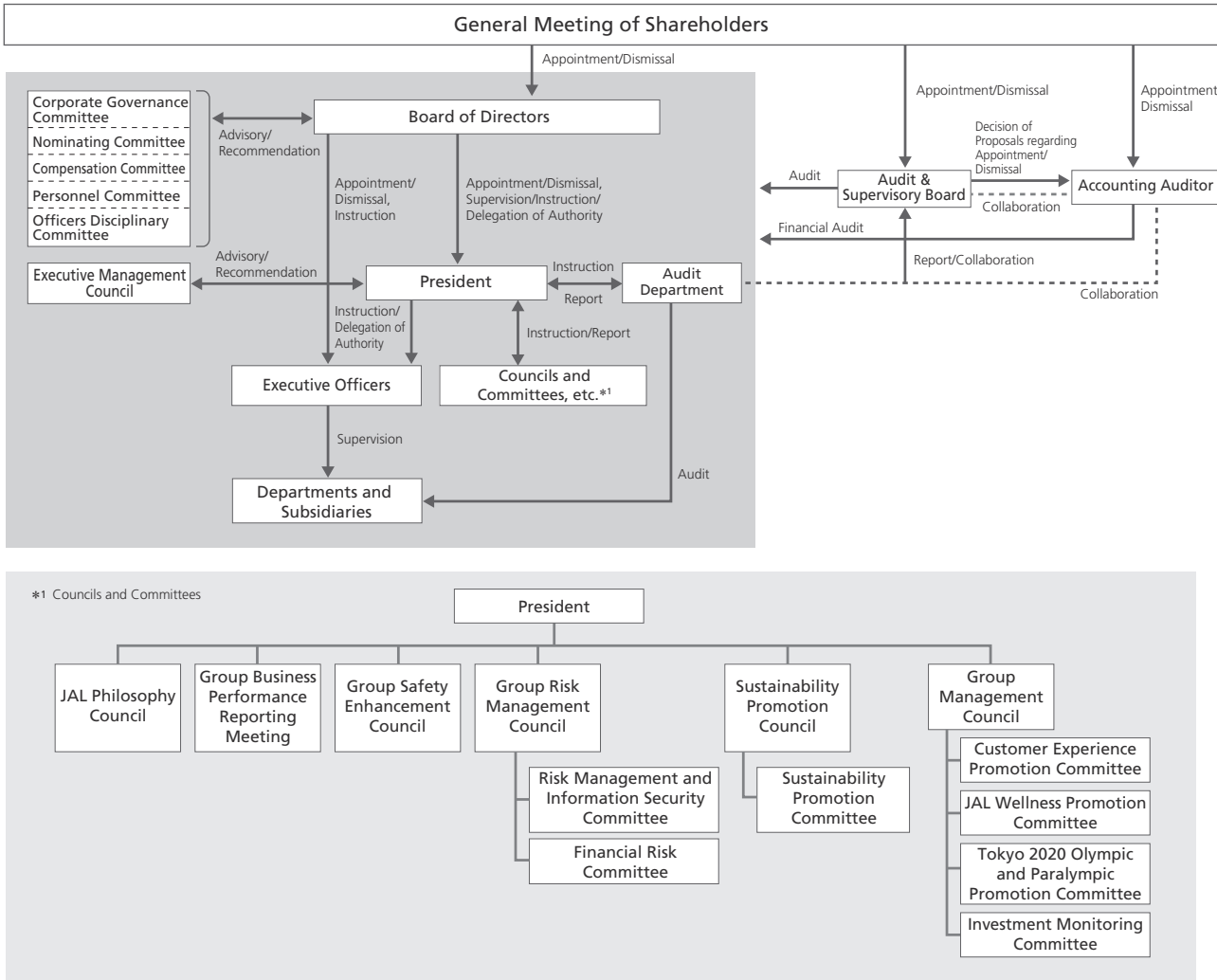
We maintain an awareness that the JAL Group is a corporate citizen with the duty of fulfilling our financial responsibility of earning adequate profits through provision of high quality products in a fair and competitive environment as well as fulfilling our corporate social responsibility. Thereby, we will deliver unparalleled service to our customers, while upholding safety as a leading company of safety in the transport sector.

Based on this stance, we have established the JAL Philosophy based on the Corporate Policy, and a corporate governance system that exerts strong management monitoring while maintaining high management transparency and makes speedy and appropriate management decisions in order to increase corporate value and fulfill accountability.

Please visit the JAL website for the Fundamental Policies of Corporate Governance and the Corporate Governance Report.

<https://www.jal.com/en/outline/governance/>

Corporate Governance System



Board of Directors and Directors

Board of Directors

The Board of Directors exercises strong management monitoring with a high degree of transparency through the nomination of Directors, Audit and Supervisory Board Members and Executive Officers, decision of director remuneration, and important decision-making.

- The Board separates the management monitoring and business execution functions. The Board Chair is nominated from among Directors who do not concurrently serve as Outside Officer.
- At least three highly independent candidates are nominated for Outside Director, and from the Ordinary General Meeting of Shareholders in June 2021, Outside Directors account for at least one-third of all Board members.
- From fiscal 2021, Directors and Audit and Supervisory Board Members are required to basically attend at least 80% of all Board meetings.
- The Board delegates appropriate authority to the President to ensure efficient decision-making.

Directors

< Board diversity >

- In fiscal 2021, we redefined diversity to make board composition diverse in terms of gender, nationality, work history, age, and other variables. Directors are nominated from among persons with extensive experience, deep insight, and specialized knowledge in various fields.
- In fiscal 2021, we decided to increase female Director appointments.
- In fiscal 2021, we formulated and published a skills matrix specifying the specialized knowledge and experience required of Director.

< Outside Directors >

- Outside Directors provide advice to management from a practical and multilateral perspective and monitor business execution appropriately. Any person who does not qualify as highly independent within the definition of Standards for Independence of Outside Directors established by the Company shall not be nominated. For Standards for Independence of Outside Directors, please refer to the JAL Group Fundamental Policies of Corporate Governance.
- One Outside Director shall be appointed as Lead Independent Outside Director to improve coordination with Audit and Supervisory Board Members and internal divisions.

Main Agenda Items Discussed by the Board of Directors

In fiscal 2020, a total of 20 regular monthly Board meetings and extraordinary Board meetings were held.

[Response to the Spread of COVID-19]

- Agile business - Earnings policy
- Financing
- Director remuneration

[Management strategy]

- Formulation of a new Medium Term Management Plan
 - Business strategy (LCC business, new businesses, etc.)
 - Finance strategy
 - ESG strategy
- The active role of women and Board member development

[Governance and risk management]

- Decision of executive appointments
- Board Effectiveness Assessment (P. 25)
- Strengthening internal controls in the JAL Group
- IT BCP (Business Continuity Plan)
- Serious incident reports

[Dialogue with Stakeholders]

- Feedback on IR (Investor Relations) briefings, etc.
- Customer Voices

[Decision-making and monitoring of the execution of important business matters]

Optional Committees

We have established various committees under the Board of Directors in order to build a corporate governance system that demonstrates high management transparency and strong management oversight. A majority of the committee members are Outside Directors, ensuring independence from management.

Committee			Corporate Governance Committee	Nominating Committee	Compensation Committee	Personnel Committee	Officers Disciplinary Committee
Chairman			Lead Independent Outside Director	Outside Director	Outside Director	President	Outside Director
Committee	Inside	UEKI Yoshiharu	○				
		AKASAKA Yuji		○	○	○	○
		SHIMIZU Shinichiro		○	○	○	○
	Outside	KOBAYASHI Eizo	○	○	○	○	○
		HATCHOJI Sonoko	○	○	○	○	○
		YANAGI Hiroyuki	○	○	○	○	○
Overview			Checks whether business activities comply with the JAL Group Fundamental Policies of Corporate Governance, conducts analysis and assessment to determine whether they will contribute to sustainable growth and enhancement of corporate value over the medium- to long-term, and provides necessary feedback and recommendations to the Board of Directors.	Submits a report on inquiries from the Board regarding the nomination of Directors and Audit and Supervisory Board Members. Defines the qualifications of President and other executives and manages Board member development. Reports to the Board in the event qualifications of senior management are questioned.	Submits a report on inquiries from the Board regarding remuneration of Directors, Executive Officers and Audit and Supervisory Board Members. Inspects the remuneration system to ensure it provides sound incentives toward sustainable growth.	Submits a report on inquiries from the Board regarding the nomination and dismissal of Executive Officers.	Decides disciplinary action of Directors and Executive Officers.
Frequency and main discussions at meetings in FY2020			Twice	6 times	7 times	4 times	0 times
			In view of the direction of revisions to the Corporate Governance Code in 2021, the committee discussed matters related to the Fundamental Policies of Corporate Governance, and formulated and reported the policy on the Board Effectiveness Assessment.	In addition to reports submitted to the Board, the committee discussed management of Board member development including the President and the requirements and nomination process of Directors when they are changed.	In addition to reports submitted to the Board, the committee discussed how the director remuneration system should meet current business conditions.	In addition to reports submitted to the Board, the committee discussed the new business execution system and development of Executive Officers.	

In addition to the above voluntary committees, the Lead Independent Outside Director organized a few Independent Outside Audit and Supervisory Board Member Opinion Exchange Meetings, comprising only Outside Directors and Outside Audit and Supervisory Board Members, to strengthen the network between Outside Directors.

Audit and Supervisory Board and Its Members

Audit and Supervisory Board

The Audit and Supervisory Board makes objective and appropriate decisions from an independent standpoint, based on their responsibility to our shareholders, in fulfilling their role and responsibility pertaining to their duties, namely, audit of business execution, nomination and dismissal of accounting auditors, and exercise of rights concerning auditor remuneration.

Audit and Supervisory Board Members

Audit and Supervisory Board Members attend Board meetings and other important meetings, and audit important management matters, business operations and business execution by exchanging opinions with Representative Directors and Outside Directors, and inspecting important agenda items and resolutions to be passed. They also audit business sites and subsidiaries each year together with the

Corporate Auditors Office, report back to Representative Directors and provide feedback to executing departments. Further, they work closely with the internal Audit Department and accounting auditors, meet regularly with full time auditors of major subsidiaries, and strive to improve and strengthen Group auditing.

Audit and Supervisory Board Members are nominated from among persons with extensive knowledge and experience in various fields to conduct audits from a neutral and objective perspective and ensure sound management. Any person who does not qualify as highly independent within the definition of Standards for Independence of Outside Directors established by the Company shall not be nominated for Outside Audit and Supervisory Board Member. For Standards for Independence of Outside Directors, please refer to the Fundamental Policies of Corporate Governance.

Succession plan for President and other leaders

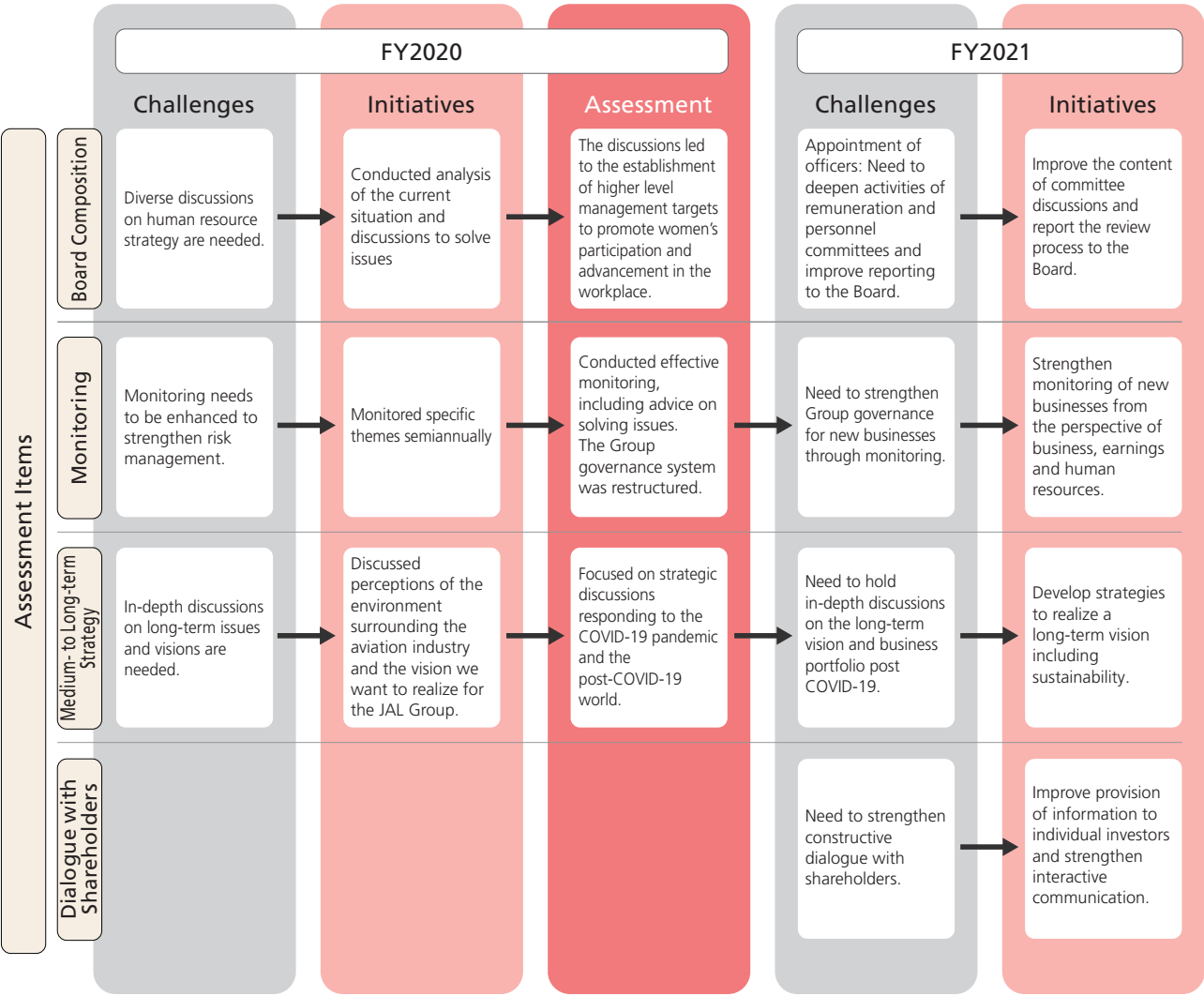
- ① The qualifications required of the President and other leaders are as follows: “Persons with qualities to steadily achieve positive results toward realizing the Corporate Policy by working together with all employees based on a firm commitment to flight safety, which is the basic foundation of business continuity for the JAL Group. They must also display initiative in practicing the JAL Philosophy. The Nominating Committee continuously discusses possible candidates for President and other executives. By providing candidates with practical and diverse experiences, such as management in a Group company and overseas assignments and activities in external organizations, they acquire the necessary grounding for management at an early stage.
- ② To develop the next generation of executives including Executive Officers, the Personnel Committee discusses career path mapping, cross-functional rotation, external networking and human resource pooling to promote diversity and expand their capacity and perspectives.

Support for Directors and Audit and Supervisory Board Members

- ① Legal considerations are explained to 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.
- ② In addition to the provision of corporate information, Audit and Supervisory Board Members are given opportunities to participate in external training and external organizations.
- ③ Outside Directors and Outside Audit and Supervisory Board Members receive advance explanations on Board agendas, corporate information and other requests, as appropriate. In order to deepen the understanding of the Company, Directors and Audit and Supervisory Board Members receive explanations on safety matters through visits to frontlines, a climb up Mt. Osutaka, the crash site of the JAL Flight 123 accident, and a tour of the Safety Promotion Center, and explanations on company history and the JAL Philosophy.

Board Effectiveness Assessment

The Company aims to increase corporate value over the medium- to long-term through a Board Effectiveness Assessment each year, with reference to the self-assessment of each Director and Audit and Supervisory Board Member, and a review of Board operations to increase corporate value over the mid- to long-term.



For details of 2020 assessment results and future initiatives, please refer to Corporate Governance on the JAL website.

<https://www.jal.com/en/outline/governance/>

Skills Matrix

We have created a skills matrix, which is a set of skills required by Directors and Audit and Supervisory Board Members regarding their specialized knowledge and experience. It includes basic corporate management skills of management experience, financial accounting, and legal affairs and risk management, and also safety management, which is particularly important in view of our business characteristics, global experience, sales and marketing, and IT and technology.

Position at the Company	Name	Management Experience	Finance & Accounting	Legal/Risk Management	Safety Management	Global Experience	Sales/Marketing	IT/Technology
Director, Chairperson	UEKI Yoshiharu	○			○			
Representative Director, President	AKASAKA Yuji	○			○			○
Representative Director, Executive Vice President	SHIMIZU Shinichiro			○		○	○	
Representative Director, Senior Managing Executive Officer	KIKUYAMA Hideki		○	○		○		○
Director, Senior Managing Executive Officer	TOYOSHIMA Ryuzo	○		○		○	○	
Director, Managing Executive Officer	TSUTSUMI Tadayuki				○			
Outside Director	KOBAYASHI Eizo	○				○	○	
Outside Director	HATCHOJI Sonoko		○			○		○
Outside Director	YANAGI Hiroyuki	○				○	○	○
Audit and Supervisory Board Member	SAITO Norikazu		○					
Audit and Supervisory Board Member	KITADA Yuichi	○			○	○		○
Outside Audit and Supervisory Board Member	KAMO Osamu			○	○			
Outside Audit and Supervisory Board Member	KUBO Shinsuke		○	○		○		
Outside Audit and Supervisory Board Member	OKADA Joji		○	○		○		

Management Team (Board of Directors)

① UEKI Yoshiharu (September 16, 1952)

Director, Chairperson

Since joining the Company, he has acquired an extremely high level of insight on flight safety and frontline experience as a pilot. As Representative Director and President from 2012, he demonstrated strong leadership and determination to direct, formulate and execute the Medium Term Management Plan. Since 2018, he has contributed to strengthening the monitoring and advisory function of Board of Directors as Board Chair and a member of Corporate Governance Committee.

③ SHIMIZU Shinichiro (December 13, 1962)

Representative Director, Executive Vice President

Since joining the Company, he has held various positions in personnel and industrial affairs related to pilots and cabin attendants, and has exercised strongly leadership and planning and coordination skills to achieve positive results. As Senior Vice President of Human Resource Management from 2013 and head of the Executive Secretariat Office from 2016, he made considerable contributions to improving and stabilizing JAL's presence by taking a bird's-eye view of the Company. Since April 2020, he has assisted the President as Representative Director, Executive Vice President and has contributed to strengthening and improving management.

② AKASAKA Yuji (January 3, 1962)

Representative Director, President

Since joining the Company, he has been mainly engaged in maintenance and engineering and acquired frontline experience and deep insights into flight safety, as well as in-depth knowledge and a broad network in the engineering and maintenance industry. From 2014, he brought his strong leadership and decision-making skills to JAL Engineering Co., Ltd. as President and solidified the foundation of flight safety. As Representative Director and President of the Company since 2018, he has been working intensively to maintain flight safety, the basic foundation of the JAL Group, and has been leading our employees toward realizing the Corporate Policy through proactive display of his initiative to practice the JAL Philosophy.

④ KIKUYAMA Hideki (March 19, 1960)

Representative Director,
Senior Managing Executive Officer

Since joining the Company, he has held successive positions in IT systems, passenger reservations, human resources, industrial affairs, corporate planning and other divisions at JAL Head Office and the Americas Regional Office, and has demonstrated exceptional leadership and strong planning and coordination skills. As Senior Vice President of Managing Division Route Marketing from 2013, he contributed greatly to maximizing route profitability. Since 2016, as Senior Vice President of Financing and Accounting, he has demonstrated precise management decision-making skills that contribute to comprehensible and highly transparent disclosures to our shareholders and investors, and for the interests of our shareholders.

⑤ TOYOSHIMA Ryuzo (August 17, 1959)

Director, Senior Managing Executive Officer

Since joining the Company, he has held successive positions in industrial affairs including Vice President and has achieved positive results with his exceptional leadership and strong planning and coordination skills. As Senior Vice President of Corporate Control from 2015, he contributed significantly to the expansion of the divisional profitability management system across the JAL Group. Since 2019, he has greatly contributed to maximizing route profitability as Senior Vice President of Managing Division Route Marketing.

⑧ HATCHOJI Sonoko (January 15, 1950)

Independent Outside Director

She has extensive experience in financial product development, financing and risk management at banks, and in-depth knowledge and experience in customer-centric marketing in hotel management. She also possesses comprehensive knowledge and experience in management strategy and diverse perspectives in educational reform at universities. She draws on her experience to provide advice on management and appropriate monitoring of business execution.
«Important positions concurrently held»
Outside Director, Daicel Corporation
Outside Director, Maruha Nichiro Corporation

* Newly nominated at the 72nd Ordinary General Meeting of Shareholders held on June 17, 2021.

⑥ TSUTSUMI Tadayuki* (December 19, 1960)

Director, Managing Executive Officer

Since joining the Company, he has acquired an extremely high level of insight on flight safety and frontline experience as a pilot. Serving as Executive Officer of Flight Operations from 2019 and Senior Vice President of Corporate Safety and Security since 2020 to present, he has greatly contributed to maintaining flight safety with his strong sense of responsibility and ethics.

⑨ YANAGI Hiroyuki* (November 20, 1954)

Independent Outside Director

He has a wealth of experience and knowledge as a senior management executive at companies that promote global expansion. He provides advice to our management executives and monitors business execution from a practical and multilateral perspective.
«Important positions concurrently held»
Chairman and Representative Director, Yamaha Motor Co., Ltd.
Outside Director, AGC Inc.
Independent Non-executive Director, Kirin Holdings Company Limited

⑦ KOBAYASHI Eizo (January 7, 1949)

Independent Outside Director

He has extensive experience and vast insight on global business management and leadership at diverse group companies as top management of a general trading company. He brings practical and diverse perspectives to management and appropriately monitors business execution from a practical and multilateral perspective.
«Important positions concurrently held»
Outside Director, OMRON Corporation
Outside Director, Japan Exchange Group, Inc.

Management Team (Audit and Supervisory Board Member)



① SAITO Norikazu
(November 23, 1956)

Audit and Supervisory Board Member

Since joining the Company, he has worked mainly in finance and accounting for many years and possesses extensive knowledge of finance, accounting, and investor relations. From 2014, serving as Director, Senior Managing Executive Officer and Senior Vice President of Finance and Accounting, worked intensively on providing comprehensible and highly transparent disclosures to our shareholders and investors, and contributed significantly to making accurate management decisions on shareholder returns.

◀ Important positions concurrently held ▶
None

② KITADA Yuichi*
(June 22, 1960)

Audit and Supervisory Board Member

Since joining the Company, he has worked mainly in maintenance including maintenance technology and quality assurance. Serving as Executive Officer of Engineering and Maintenance from 2018, he supervised the maintenance division of the JAL Group and contributed significantly to maintaining and improving engineering and quality. Since June 2020, as Managing Executive Officer of Engineering and Maintenance, he has provided precise comments at Board meetings and other meetings from the perspective of maintaining flight safety based on his extensive frontline experience in engineering and quality assurance.

◀ Important positions concurrently held ▶
None

③ KAMO Osamu
(March 25, 1947)

Outside Audit and Supervisory Board Member/
Independent Director

Since registering as an attorney-at-law in April 1973, he has accumulated extensive experience and insight on compliance and corporate governance, including guidance on compliance for government agencies and companies and working in an investigative committee on fraud. Since June 2016, he has provided legal and auditing advice to the Company as an Audit and Supervisory Board Member.

◀ Important positions concurrently held ▶
Attorney at Law, Managing Partner of Ginza Sogo Law Office.
Outside Audit and Supervisory Board Member of Azearth Corporation

④ KUBO Shinsuke
(March 4, 1956)

Outside Audit and Supervisory Board Member/
Independent Director

Since joining Sanwa & Co. Tokyo Marunouchi Office (currently Deloitte Touche Tohmatsu LLC), he has gained a wealth of experience, achievements and deep insight on accounting through experience in corporate audits, share listings, corporate revitalization, M&A and other cases.

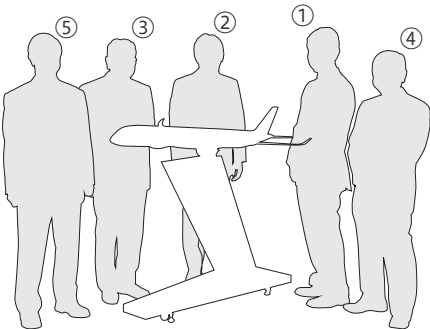
◀ Important positions concurrently held ▶
Representative Partner, Kyoei Accounting Office Certified Public Accountant
Outside Audit and Supervisory Board Member, Kawasaki Kisen Co., Ltd.

⑤ OKADA Joji
(October 10, 1951)

Outside Audit and Supervisory Board Member/
Independent Director

He possesses extensive experience and expertise as a senior management executive and director of finance and accounting at a general trading company. Through his experience as Audit and Supervisory Board Member of a general trading company and Chair of the Japan Audit and Supervisory Board Members Association, he has gained a good understanding of governance and auditing including risk management.

◀ Important positions concurrently held ▶
Member of the Business Accounting Council of Financial Services Agency
Outside Director, Nippon Exchange Self-Regulation Organization



■ Standards for Independence of Outside Directors

1. A person who is currently or has been in the past 10 years an executive* of consolidated subsidiaries in our company and our company.
2. A person who has fallen under any of the following (a) to (f) in the past three years.
 - a. A business partner or an executive thereof whose transaction amount with our company for one business year exceeds 1% of our company or any of the said business partner's consolidated subsidiaries in sales.
 - b. A major shareholder or an executive thereof whose ratio of funding to our company is 5% or more.
 - c. Major lenders to our company or an executive thereof.
 - d. A person who receives or belongs to an organization that receives donations exceeding 10 million yen per year from our company.
 - e. A person who has received more than 10 million yen per year other than remuneration as an officer, or a person who belongs to an organization that has received remuneration in excess of 1% of its remuneration consolidated sales.
 - f. An executive who is assigned as an external executive of another company and also the Director of the company.
3. A spouse or a relative within the second degree of kinship to the persons listed in 1 and 2 above.

*An executive means an Executive Director or an Executive Officer.

* Newly nominated at the 72nd Ordinary General Meeting of Shareholders held on June 17, 2021.

Message from Outside Directors



Towards a sustainable future

The JAL Group has three Independent Outside Directors, who actively share their opinions at Board meetings and committee meetings, and whose experience and knowledge is utilized in the formulation of JAL Group strategies and management decisions.



KOBAYASHI Eizo
Outside Director

Lead Independent Director
Attendance at Board meetings: 100% (20 out of 20 meetings)
[Important positions concurrently held]
Outside Director, OMRON Corporation
Outside Director, Japan Exchange Group, Inc.

Cultivating a corporate culture of embracing challenge without fear of failure at a time of great upheaval

The JAL Group’s strength lies in its world-class JAL brand and strong human resource base. The fact that each employee understands their mission and devotes themselves to their work is a great asset to the company. I am working to strengthen corporate governance from the standpoint of Lead Independent Outside Director and believe the Company has achieved high corporate governance through its honest approach. However, given uncertainty of the future in the COVID-19 pandemic, a higher level of risk management is needed, which requires capacity building to proactively respond to issues through information-gathering and multilateral analysis. Furthermore, we will closely monitor development of management competencies, which is an important responsibility of the Board, with consideration to business and management experience and career path mapping including experience in overseas postings.

Society is changing dramatically and we have entered a new normal that has arisen during the pandemic. The new Medium Term Management Plan provides the result of our comprehensive portfolio view, but we will need to be prepared to stand at the forefront of “creating a new normal” in the Company. To this end, it is important to actively engage in exchanges between different industries and to develop and promote young mid-level employees, who will play a leading role. Risk management needs to be strengthened, while cultivating a corporate culture of embracing challenges without fear of failure. I would like to make the most of my many years of experience and knowledge in a general trading company to fulfill my responsibilities to see the JAL Group achieve sustainable growth and increase corporate value.



HATCHOJI Sonoko
Outside Director

Attendance at Board meetings: 100% (20 out of 20 meetings)
[Important positions concurrently held]
Outside Director, Daicel Corporation
Outside Director, Maruha Nichiro Corporation

Further promotion of diversity from the viewpoint of sustainability

The JAL Group is committed to achieving the SDGs. The new Medium Term Management Plan has defined specific issues in four areas; Environment, People, Communities, and Governance, and aims to create a sustainable society. Regarding the Environment, I applaud the Company for drawing up a concrete roadmap to achieve net zero carbon emissions by 2050, which was announced in early 2020. As for Communities, personal knowledge gained through interactions with regional communities will transform into organizational knowledge and will be used to strengthen relationships with communities and customers in the future.

We will also focus on governance and human resource development to support this. Amid the rapidly changing business environment, we will strengthen initiatives to develop diverse human resources who can participate in management in the future. Fortunately, the JAL Group has many outstanding women with specialized knowledge, abilities and great potential. In order to further promote diversity, I feel that in addition to providing training, we need to more boldly allocate experts in their specialized fields across divisions at a certain stage and develop them through practical experience as candidates for Manager and Director. I will contribute to the promotion of sustainability of the Company based on my own experiences.



YANAGI Hiroyuki
Outside Director

[Important positions concurrently held]
Chairman and Representative Director, Yamaha Motor Co., Ltd.
Outside Director, AGC Inc.
Independent Non-executive Director, Kirin Holdings Company Limited

Ensuring Safety, Quality and Strengthening Global Management

I am YANAGI Hiroyuki and was recently appointed Outside Director. I have been engaged for many years in global management in the manufacturing industry, which is grounded in robust safety and high quality. Although there are differences between the manufacturing industry and service industry, I will use my experience and knowledge to contribute to the development of the company.

When evaluating the quality assurance system that supports aviation safety, three perspectives are important. Can “management” grasp the current situation and speak frankly about the company? How accurate are “frontline operations?” Are business processes documented in manuals? What exactly is “management that links management with the frontline?” In other words, are systems for education, open organizations and accident prevention in place? I would like to visit the frontline to provide guidance and advice in these areas.

I also hope to be helpful in promoting global expansion in the post COVID-19 world. The essence of globalization is value creation and commercialization. We must create value utilizing the JAL Identity and JAL Brand under the Corporate Policy while identifying diverse market characteristics and targets. To commercialize products and services, we need to develop new business models and systems in close cooperation with customers and markets, and to secure and develop suitable human resources.

From this perspective, my role will be supporting management in implementing appropriate, swift and decisive management practices in order to achieve medium- to long-term growth and increase corporate value.

Message from the Chair of the Board of Directors

Fostering a relationship of trust with each employee is the foundation of corporate governance

The Board of Directors is expected to promote the sustainable growth of the company and the enhancement of corporate value over the medium- to long-term based on its responsibilities to our shareholders and stakeholders. In order to fulfill this role, we must provide highly effective supervision from an independent standpoint, while taking appropriate risks and presenting the general direction we are heading. The Board comprises members of diverse backgrounds and extensive knowledge, and diversity is our strength. In particular, Outside Directors, who possess extensive management experience and advanced expertise, express opinions that are rarely raised by our executives. In many instances, proposals are not approved as originally drafted due to severe objections. In that sense, there is no doubt that highly effective supervision is in place. On the other hand, in order to increase corporate value over the medium- to long-term, we should not be complacent with the status quo but instead draw up, through constructive discussion, the overall direction of the company, such as our vision and management plan. Having worked as a pilot for more than 30 years since joining the company, I am highly aware that the mission of a pilot is to gather information

and opinions and deliver safety and security based on a relationship of trust with many colleagues, including airport staff and cabin attendants. The role of Board Chair is to create the best symphony (decision) by harmonizing various tones (opinions) just like the conductor of an orchestra, through free and vigorous discussion. Opinions are sometimes divided even in our company, but in the end, we move on to a resolution based on mutual trust, and every employee on the frontline heads toward the direction pointed out by the Board. I fulfill my role as Board Chair to unite management and the frontline. Although the COVID-19 pandemic has devastated the aviation industry, my experience as pilot has shown me that we can overcome any crisis with sufficient preparation. We are determined to become “the world’s most preferred and valued airline group” and meet the expectations of our stakeholders.



UEKI Yoshiharu
Chair of the Board of Directors

Director remuneration

Policy on decision of director remuneration

- Basic Policy
 1. 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 goals.
 2. We will establish appropriate ratios for performance-linked bonus linked to fiscal year performance, and for the purpose of further promoting the alignment of interests with shareholders, establish appropriate ratios for performance-linked share-based remuneration linked to corporate value in accordance with medium- to long-term performance, in order to contribute to the demonstration of a sound entrepreneurial spirit.
 3. We will provide remuneration that is appropriate to management in accordance with our business performance.
- Remuneration levels and remuneration composition ratios
 1. We will set appropriate remuneration levels with reference to the business environment and objective remuneration data in the marketplace.
 2. Taking into account the business characteristics of the Company and the effectiveness of performance-linked remuneration, fixed remuneration and performance-linked remuneration shall be established as follows:

Framework for performance-linked remuneration

1. Performance-linked bonus
The amount of performance-linked bonus to be paid will vary from approx. 0 ~ 200 depending on the degree of achievement, with 100 as the amount to be paid in the case of achievement in line with performance targets.
2. Performance-linked share-based remuneration
The number of shares to be granted as performance-linked share-based remuneration will vary from approx. 0 ~ 220 depending on the degree of achievement, with 100 as the number of shares to be granted in the case of achievement in line with performance targets. The performance evaluation period shall be three years, with performance for three consecutive fiscal years evaluated each year.

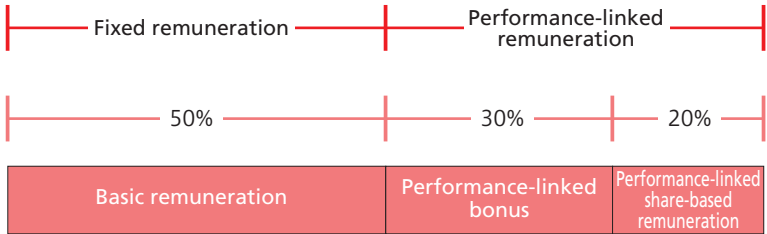
■ Performance indicators (adoption of IFRS under consideration)

- Net profit attributable to shareholders of the parent company
- Indicators related to safe operation
- Individual evaluation indices for each director, etc.

■ Performance indicators (adoption of IFRS under consideration)

- Consolidated operating profit margin
- Consolidated ROIC
- Customer satisfaction, etc.

(Standard in case of achievement in line with performance targets is 100%)



* The above is a rough estimate and will fluctuate depending on the price of our company shares.

Payment of remuneration to Directors and Audit and Supervisory Board Members (FY2020)

Position	Number of people	Total remuneration, etc. (1 million yen)	Total remuneration by category, etc. (1 million yen)		
			Basic remuneration	Performance-linked bonus	Performance-linked share-based remuneration
Director	11	294	294	—	—
(including Outside Director)	(3)	(36)	(36)	(—)	(—)
Audit and Supervisory Board Member	6	77	77	—	—
(including Outside Audit and Supervisory Board Member)	(4)	(28)	(28)	(—)	(—)
Total	17	371	371	—	—

chapter

02

Medium Term Management Plan



Management Strategy

► Environmental Awareness

Changes in behaviors and values and unprecedented environmental changes are expected to last even after COVID-19 subsides. Some of these trends are already becoming apparent.

Macro Environmental Trends

Politics	Economy	Society and the Environment	Technology
<ul style="list-style-type: none"> Digitalization and regional revitalization Economic recovery by promoting Japan as a tourism-orient country Strengthening of environmental regulations to curb greenhouse emissions 	<ul style="list-style-type: none"> Largest economic contraction since the end of WW2 Risk of long-term economic stagnation A move from centralization to decentralization and multipolarization 	<ul style="list-style-type: none"> Increasing importance of sustainability Transition to a resilient society A move from “mass” to “personal” 	<ul style="list-style-type: none"> Acceleration of digitalization and integration in real life Business model reform with DX The New Normal such as remote communication and touchless solutions

Changes in the Business Environment

JAL / Airline Industry	Market	Society
Severe damage to business Air travel demand in 2020: reduced by approx. 70% (YoY)*	Structural changes in air travel demand and changes in consumer behavior	Growing social awareness to achieve SDGs

* vs 2019: Statistics of IATA (International Air Transport Association)

JAL / Airline Industry

The COVID-19 pandemic has severely impacted the airline business and airline financial performance. In 2020, global air transport demand dropped 70% resulting in significant industry losses. Demand for JAL Group international and domestic flights also fell sharply. Fiscal 2020 was JAL’s first financial loss since our relisting in 2012.

Market

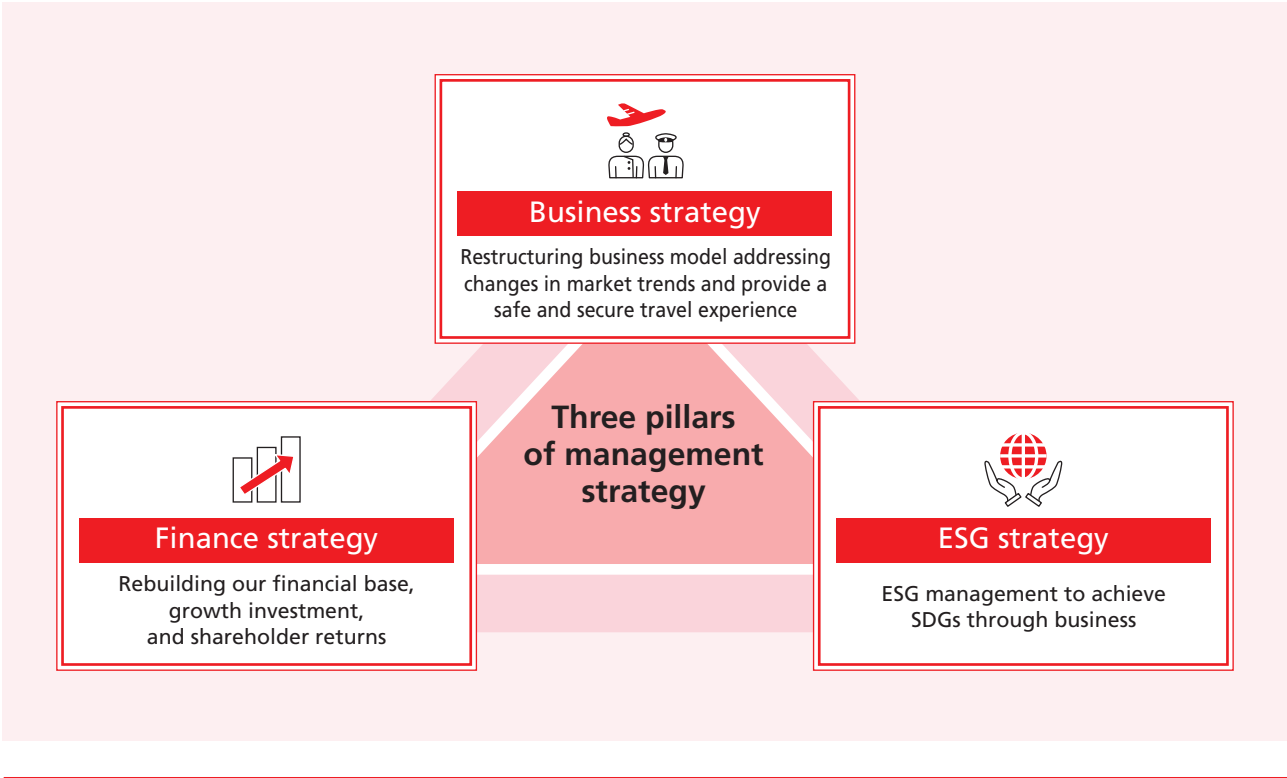
Digital transformation will make significant structural changes in air travel demand and changes in consumer behavior. While business trips have been partly replaced by virtual travel, travel to meet in person or to experience something new (experiential travel) is expected to grow. E-commerce growth is likely drive personal consumption and logistics.

Society

There is growing awareness of the need to tackle social issues such achieving the SDGs and this trend is likely to increase in the future. In particular, the global momentum towards addressing climate change as a national goal is increasing and companies are required to set long-term targets and take climate action.

Although environmental uncertainty remains, the aviation industry is expected to show some recovery over the medium-to long-term led by global economic recovery and growth.

► Strategic Overview



Strategic Pillars

In order to address environmental changes post COVID-19 and promote sustainable growth and development utilizing JAL Group’s strengths; our human resource base, customer base and financial base, we will pursue initiatives based on “business strategy, finance strategy and ESG strategy” as the pillars of management strategy as mentioned in the Medium Term Management Plan.

Business strategy

In addition to restructuring the business model to address market changes, we will implement initiatives to make our customers feel safer and more secure in the recovery and growth phase of demand.

Finance strategy

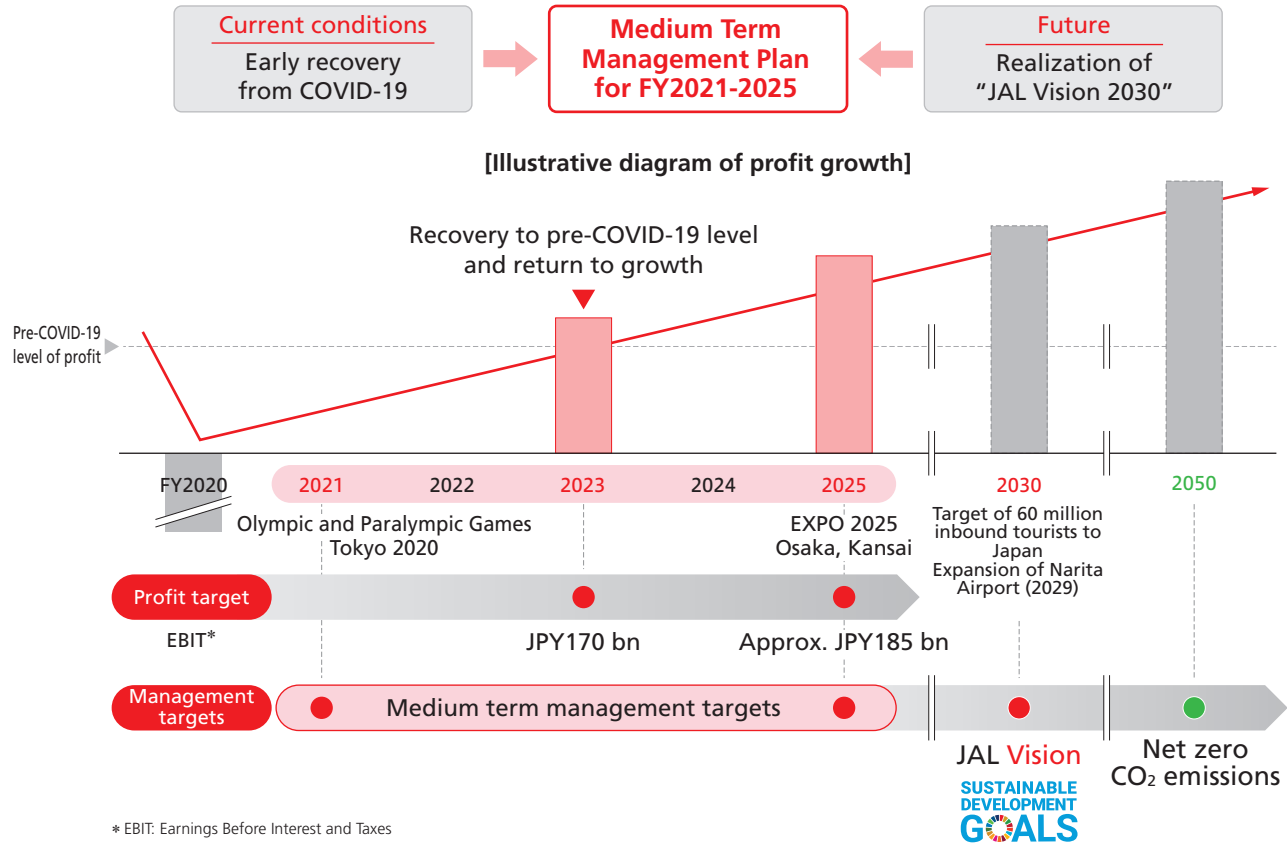
On swiftly rebuilding our financial base, which was damaged by the serious demand slump, we will steadily implement investment strategies and profit returns to our shareholder to achieve future growth.

ESG strategy

Positioning ESG strategy as our top growth strategy, we will promote ESG management to achieve the SDGs through business and accelerate CO₂ reduction initiatives.

These three strategies are not independent but interconnected. We believe that simultaneous strategy implementation will increase corporate value.

► Timeline



Review of fiscal 2020

Global aviation demand, hit by COVID-19 since January 2020, dropped sharply and threw the airline industry and our company into turmoil. In fiscal 2020, we focused on the three points below while maintaining flight safety, the basic foundation of our business, and fulfilled our mission and responsibility as an air transport operator.

- Measures against infectious diseases and maintenance of air transport networks
- Thorough cost reduction and liquidity
- Initiatives to create a sustainable society

Positioning of the Medium Term Management Plan

Although market conditions remain uncertain, efforts to bring COVID-19 under control such as vaccinations are making steady progress across society. Against this backdrop, from fiscal 2021 onwards, all JAL Group employees will make combined efforts to adapt to environmental changes and achieve sustainable growth and development under the JAL Group Medium Term Management Plan for FY2021-FY2025, a 5-year plan to achieve speedy recovery from the crisis and the long-term targets in “JAL Vision 2030.” We target profit of pre-COVID-19 levels and EBIT of 170 billion yen by fiscal 2023 and EBIT of approximately 185 billion yen by fiscal 2025 as well as achievement of the JAL Vision and the SDGs by 2030 and net zero emissions by 2050.

► Management Targets

FY2025 Targets			
<div>Safety and Comfort</div> <div>✈️</div>	Safety	Aircraft Accidents and Serious Incidents: 0 (during the entire period of the Medium-term management plan)	
	Comfort	Top Level Customer Experience both in air travel services and daily life NPS*1 +4.0pt (International/domestic flights) (FSC)	
<div>Finance</div> <div>¥</div>	EBIT Margin	10% or Higher in FY2023 (to improve onwards)	
	ROIC	9% in FY2023 (to maintain or improve onwards)	
	EPS	<div> <div>FY2023</div> <div>¥260</div> <div>Pre-COVID level</div> </div> <div>➡</div> <div> <div>FY2025</div> <div>c. ¥290</div> </div>	
<div>Sustainability</div> <div>🌐</div>	Environment	<div>CO₂ Emission Reduction</div> <div>Total emission: below 9.09 million tons</div> <div>(FY2019 Result)</div>	<div>Reduction of Single-use Plastic</div> <div>No use of virgin petroleum-based plastic at cabin/lounge (100% switch to eco-friendly materials at Cargo/Airport service)</div>
	People	<div>Promotion of D&I</div> <div>Group Female Managers Ratio: 30%</div> <div>(19.5% as of FY2020 end)</div> <div>Consistent efforts to encourage various human resources to demonstrate their potential</div>	
	Communities	<div>Regional Revitalization</div> <div>Domestic passenger*2 and cargo transport volume: +10% vs FY2019</div>	

*1: Net Promoter Score...objective indicator of customer satisfaction (vs the beginning of FY2021)
 *2: Increases in passenger numbers by stimulating tourism demand and creating new flows

■ FY2025 Management targets

The JAL Group has set management targets for safety and comfort, finance, and sustainability to to be achieved by fiscal 2025, based on global trends, shareholder expectations, impact on business, and their importance to management. We will treat them as high priority management issues.

■ Safety and Comfort

As a leading company in safety, we aim to maintain a clean record, free of aircraft accidents and serious incidents. We will also do our best to ensure comfort both in everyday life and air travel, and provide a world-class customer experience.

■ Finance

In fiscal 2023, which will be a turning point for rebuilding our financial base, we will strive to achieve pre-COVID-19 levels in each indicator and maintain and improve them from fiscal 2023 onwards. In particular, we will offset the impact of stock dilution from our public offering in November 2020.

■ Sustainability

Our Environment strategy is to reduce both single-use plastics and CO₂ emissions, People strategy is to promote Diversity and Inclusion (D&I) such as increasing the ratio of female managers, and Community strategy is to promote domestic transportation that contributes to regional revitalization.

Business Strategy



SAITO Yuji

Managing Executive Officer
 Senior Vice President of Corporate Strategy & Planning
 Senior Vice President of Business Administration

Pave the way to a post COVID-19 era

Although it is difficult to predict the future due to major unprecedented shifts in the operating environment, I feel that it is in these times that we must decide the general direction of the company and steadily move forward without stopping.

All JAL Group employees will take action to pave the way to a post-COVID-19 era to achieve sustainable growth and development with society under the Medium Term Management Plan.

Promote Business Structure Reform Addressing Changes in the Business Environment

Market changes

COVID-19 has changed the business landscape and has resulted in two marked changes in market trends. Firstly, structural change in air travel demand. Our strategy as a full service carrier (FSC) is to attract business travelers; however, demand-side recovery is likely to take some time. Conversely, leisure and visiting friends and relatives (VFR) travel markets are likely to fuel demand, and some signs of this have already been observed. Secondly, changes in consumer behavior. It is suggested that e-commerce, which grew by leaps and bounds during the pandemic, will continue strong growth and that digital transformation will increase rapidly changing customer demands for personalized service.

Basic stance on business structure reform

In the Medium Term Management Plan for FY2017-FY2020, we pursued strategies to capture growing business demand, with international flights in the FSC business as the growth driver. In the Medium Term Management Plan for FY2021-FY2025, we will implement business structural reform to meet customer and societal needs in the post-pandemic world, and swiftly rebuild our financial structure to adapt to environmental changes. We aim to improve FSC business profitability, expand domains by drawing on JAL Group’s strengths and management resources, and diversify revenue streams in non-FSC business domains. By doing so, we will increase our risk tolerance while

improving profitability, and build a sustainable business structure. In concrete terms, we will reduce dependence on the FSC business model and target leisure and VRF travel markets through the LCC business model and provide new air travel services and services in daily life.

FSC Domain (P. 45)

We will strive to minimize costs through aircraft downsizing and network optimization and improve profitability by maximizing revenues through enhanced product competitiveness and marketing.

LCC Domain (P. 49)

We will deploy three business models; ZIPAIR, SPRING JAPAN, and Jetstar Japan, in growing low-priced markets and explore new markets.

Cargo and Mail Domain (P. 51)

We will continue to promote agile capacity strategies to meet robust demand for air freight and capture demand for high value-added commodities that require high quality transport so as to secure stable revenues.

Mileage, Lifestyle and Infrastructure Domain (P. 53)

We will apply our strengths such as our customer base and brand, and human skills such as operational know-how and technical capabilities to develop businesses in growing non-airline domains.

Outline of Business Structure Reform



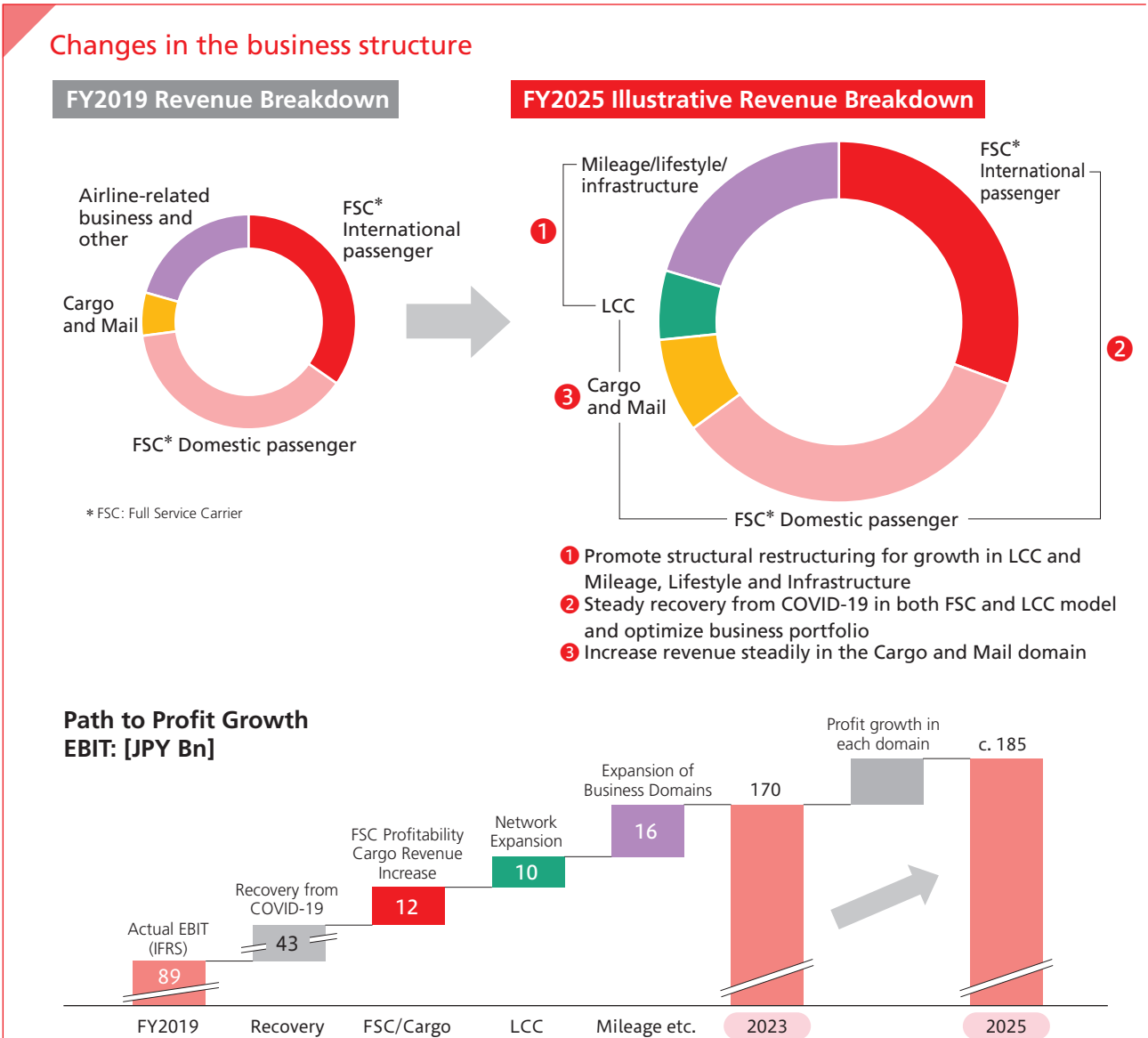
Business Structure Reform and Profit Growth

Through business structure reform addressing market changes, we will reduce dependence on the FSC business, and expand our LCC and non-airline businesses such as mileage.

As a result, we aim to achieve steady profit growth by fiscal 2023, when a return to 2019 demand levels is expected, and by fiscal 2025, the final year of Medium Term Management Plan, and to retrieve 43 billion yen of losses in the recovery phase, starting from 89 billion yen in EBIT in fiscal 2019.

Going forward, we seek to improve profit by increasing FSC business and cargo revenues and expanding in LCC and non-airline domains such as mileage to achieve the EBIT target of 170 billion yen by fiscal 2023. If we can achieve this profit target, earnings per share will be at the same level as pre-COVID-19 levels.

We will strive to expand our business domains and achieve EBIT of approximately 185 billion yen by fiscal 2025.



► Air Passenger Business

Both FSC and LCC Businesses Are Essential to Growth

In addition to diversification of pricing and services to meet customer needs, a trend observed in pre-COVID-19 times, and growing demand driven by Asia’s economic growth, business demand is expected to decline post COVID-19 leading to major structural changes in demand. The JAL Group will provide both affordable LCC services and high end FSC services, and build networks covering all markets through integrated international and domestic services.

Through our joint businesses with leading airlines in key areas and partnerships including those with **oneworld** partners, we will boost demand reciprocally and expand our networks while reducing risks.

Outline of Air Passenger Business Strategy

Environmental Awareness

Mid- to Long-term Demand Trend

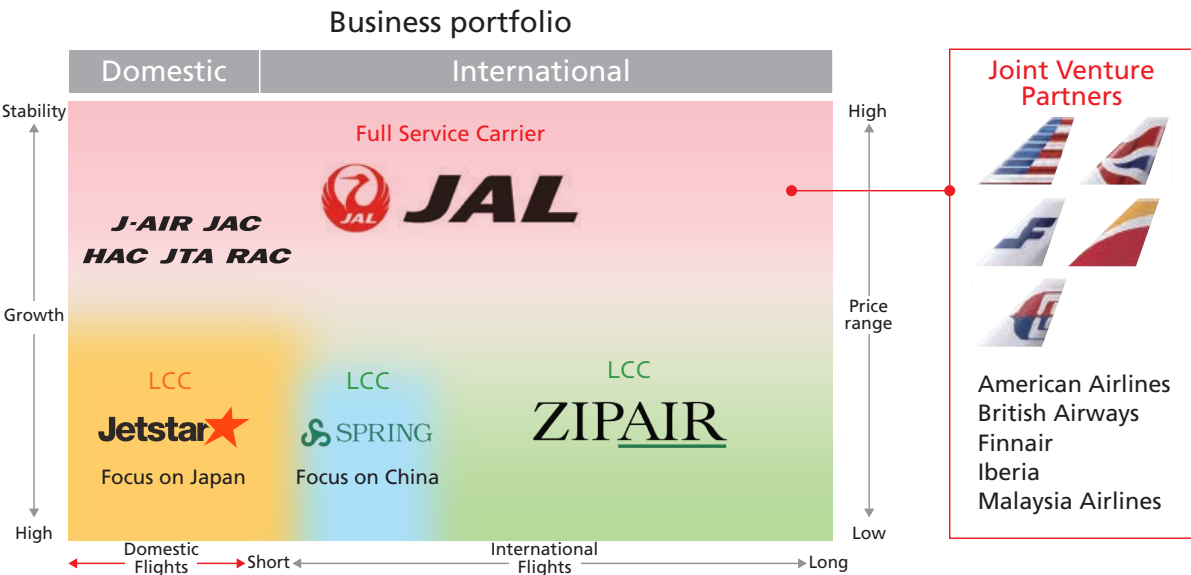
- Diversification of needs regarding pricing and services
- Growing demands driven by economic growth in Asia

Structural Changes due to COVID-19 Pandemic

- Decline in business travel following proliferation of web conferences
- Strong leisure/VFR demand in post-COVID-19 era

Strategy of Air Passenger Domain

- Revenue growth in the low-yield market for both LCC and FSC models
- Establish comprehensive network for domestic and international routes
- Enhance demand and expand the network through JVs with leading airlines in key areas and align with **oneworld** partners



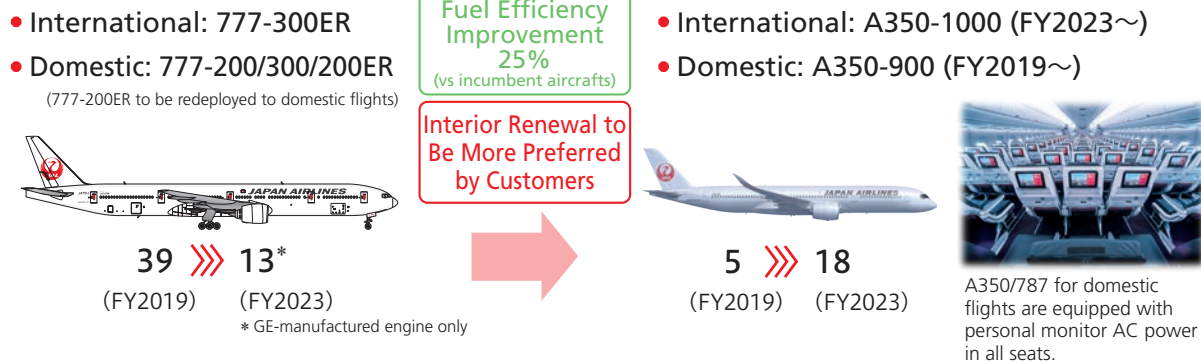
Air Passenger Business/Aircraft

Aircraft strategy to support sustainable growth and development

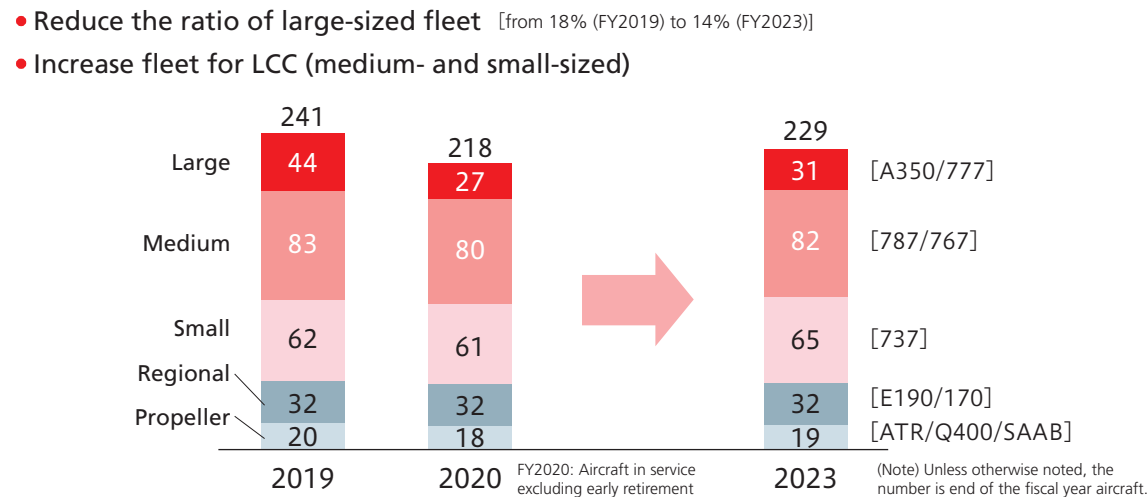
We will flexibly introduce and retire aircraft according to air passenger business strategies, upgrade our international and domestic flagship fleets to fuel-efficient cutting-edge aircraft and introduce the Airbus A350. The Airbus A350-1000 will start international services from fiscal 2023.

With regard to fleet composition, in order to accelerate the retirement of old Boeing 777 aircraft, large aircraft will be reduced and medium and small aircraft will be increased for the LCC business. As a result, we plan to have 229 aircraft as of the end of fiscal 2023, an increase of 11 from the end of fiscal 2020.

Renewal of Flagship Fleet



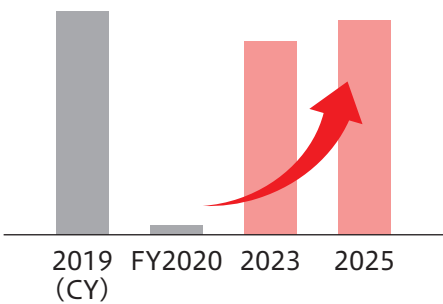
Fleet Composition (ZIPAIR: from FY2019, SPRING JAPAN: FY2023 only due to consolidation in FY2021)



Air Passenger Business/FSC (international passenger business)



Illustrative Revenue Trend



Implement business structure reform to improve profitability leading to growth

The impact of COVID-19 on international passenger demand is expected to linger from 2023 into 2024. For the time being, we will improve profitability through business optimization and enhanced initiatives to respond to changes in demand and needs in the post COVID-19 world.

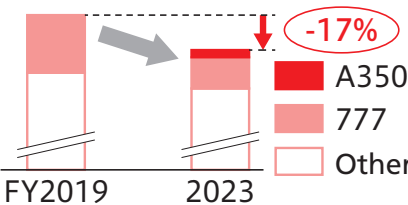
While suspending operations on unprofitable routes, we will maintain our network through code-sharing. We will also introduce cutting-edge aircraft and innovate new services using the latest technologies to meet diverse customer needs and increase competitiveness.

Business optimization

While promoting business optimization until the recovery of demand, we will introduce aircraft with superior product competitiveness and environmental performance to increase profitability, leading to the next growth phase.

- Suspend unprofitable routes
- Reduce maintenance costs through early retirement of old, large aircraft
- Enhance product competitiveness and reduce CO₂ emissions and operating costs by introducing the fuel-efficient Airbus A350-1000

Changes in the number of aircraft



Deepen cooperation with partners

By deepening cooperation with partners, we will complement our route network and improve convenience. At the same time, we will utilize the sales capabilities in the partner's home market and capture inbound demand.

- Maintain and expand networks utilizing code-sharing and joint businesses
- Strengthen sales by expanding and promoting joint businesses



Strengthen measures to capture business demand

In order to capture greater business demand, a revenue base, we will develop networks, products and services to increase customer preference.



- Expand the network out of Haneda, which has high demand among business travelers
- Provide products and services that are safe, secure, and clean
- Enhance product competitiveness by deploying the cutting-edge Airbus A350-1000
- Expand smart airports (JAL SMART AIRPORT) and touchless and smooth services via mobile devices



Airbus A350-900, which was first introduced on domestic routes.



Boarding procedures utilizing facial recognition technology

Capture high yield transit passengers between North America and Asia

We will increase high yield demand between North America and Asia post COVID-19, utilizing Narita's improved hub function.

- Create timetables with improved connections
- Open the San Francisco route and Bengaluru route from Narita
- Strengthen web sales in regions outside Japan

Improve ancillary services (paid ancillary services)

In order to meet diverse customer needs, we will create new paid services and achieve both convenience and profitability.

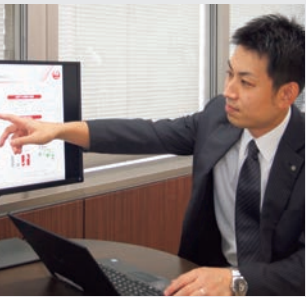
- Current ancillary services
 - JAL Bid Upgrade (U/G)
 - Paid advance seat selection (seat with extra legroom)
 - Paid lounge service



VOICE Employee's Commitment

Turn a pinch into an opportunity and take on bold challenges in growth markets

2020 was supposed to be a year of rapid growth generated by significant increases in international departures and arrivals from the Tokyo metropolitan area. However, the COVID-19 pandemic turned the situation upside down and I felt frustrated. I will instead look ahead to the future when the pandemic subsides and make preparations to capture emerging demand. For example, our main target on international routes is the growing number of transit passengers from Asia and North America, triggered by Asia's economic growth. Previously, we developed products and services tailored to the tastes of international travelers and strengthened cooperation with our joint business partners. But now we are building networks with convenient connections based out of Narita and improving on our marketing strategies to increase our share in competitive markets. Given the environmental challenges we face, I will continue to do my best to capture growing demand and put the FSC business back on the growth track.

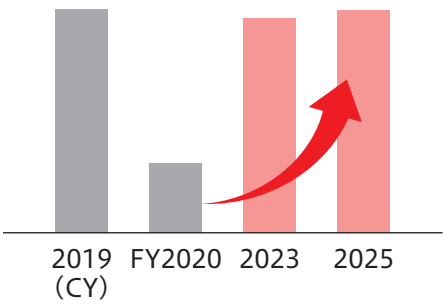


YOSHINO Kazuki
Planning Group
Route Strategy

Air Passenger Business/FSC (domestic passengers)



Illustrative Revenue Trend



Enhance product competitiveness and capture growing demand to improve profitability

On domestic routes, we expect the impact of COVID-19 on passenger demand to subside from the end of 2021 to the first half of 2022. However, major changes in workstyles and lifestyles are expected, such as the proliferation of remote work and web conferencing.

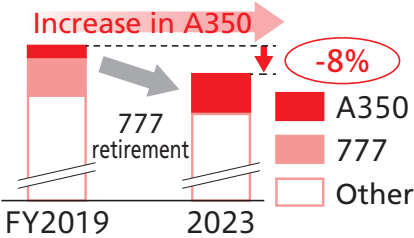
Given these changes, we aim to improve profitability by stimulating new demand and improving our product and service line-up based on new values and lifestyles post COVID-19.

Renew aircraft and optimize routes to improve profitability

We will maintain business size but optimize routes and enhance product competitiveness to improve profitability.

- Reduce maintenance costs through early retirement of old aircraft
- Enhance product competitiveness and reduce CO₂ emissions and operating costs by upgrading to the fuel-efficient Airbus A350-900
- Expand Okinawa routes, with growing demand (open new routes and allocate large aircraft)

Changes in the number of aircraft



Capture growing demand

We will strengthen measures to meet air transport demand between the Tokyo metropolitan area and regional areas in Japan, stimulated by new lifestyles and values, and measures to capture growing inbound demand.

- Establish fares and tours leading to urban-to-rural migration and promotion of workation
- Strengthen overseas sales to attract inbound demand to regional areas across Japan



Expand “JAL Vacations (regional passenger transport platform*)” for visitors to Japan, who are expected to increase
 * An initiative to co-develop, with partners in other industries, attractive products for visitors to Japan. Currently available in the U.S., Canada, Australia, Southeast Asia (Thailand, Singapore, Malaysia, Indonesia, Vietnam), and East Asia

Strengthening initiatives to capture business demand

We will improve customer preference through enhanced services that deliver safety and comfort and cutting-edge aircraft in order to capture business demand, which will become a revenue base.

- Pursue cleanliness and comfort with antiviral coatings in aircraft and airports
- Provide touchless, smooth travel with smart airports (expand JAL SMART AIRPORT services to other airports)
- Enhance product competitiveness with the cutting-edge aircraft Airbus A350-900
- Review timetables to cater to business demand



Develop regional networks with Group airlines and vitalize regional areas

JAL Group airlines (JAL, J-AIR, JAC, HAC, JTA, RAC), which have close ties with the local community, will leverage their community-based strengths to communicate the charms of the region and fulfill their mission in society as lifeline routes. Furthermore, we will build JAL Group networks that connect regional areas in Japan with the world to achieve growth and development with the regions.

- Develop tour packages to World Heritage sites
- Explore and develop tourism materials in regional areas in cooperation with local governments and partners



Launch of specially designed aircraft to commemorate the listing of Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island as a World Natural Heritage site (Top: JTA, Bottom: RAC)

VOICE Employee’s Commitment

Protect sustainable livelihoods on outlying islands and contribute to regional revitalization

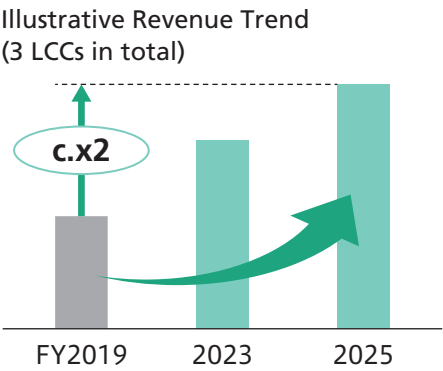
Over 80% of the networks operated by JAPAN AIR COMMUTER (JAC) are lifeline routes to outlying islands. Our mission is to protect their lifelines, such as hospital visits, nursing care, and the transport of healthcare and infrastructure workers and medical and daily essentials. We have maintained flights even in the COVID-19 pandemic, while keeping flight reductions to the minimum so that the network will not be disrupted.

As you may know, several islands in Kagoshima and Okinawa prefectures; Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island, were listed as World Natural Heritage sites, the second such listing after Yakushima which gained World Heritage status. We aim to increase travelers to this region, utilizing hopping routes and charter flights. I would like to create new value while fulfilling our role as “the Wings of Regional Japan,” and contribute to the development of the region.



HASEGAWA Shoichi
 Corporate Planning Group, Corporate Planning Department
 JAPAN AIR COMMUTER (JAC)

Air Passenger Business Domain/LCC

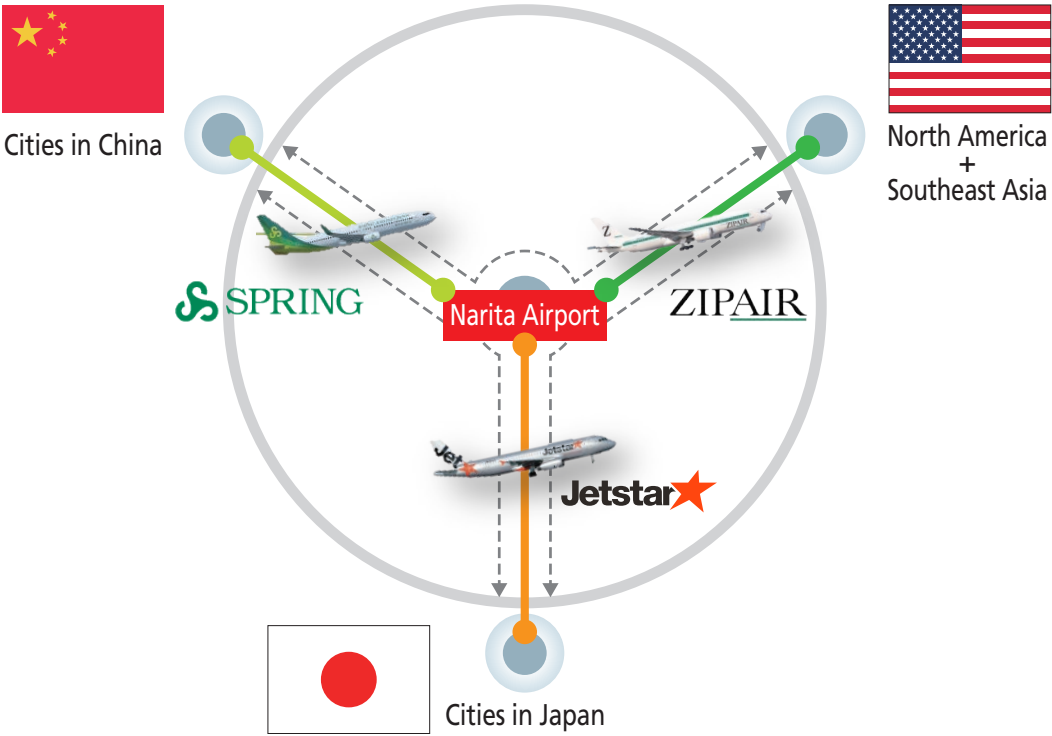


Build global networks of three LCCs based out of Narita ~ “Connecting Regions in Japan with the World” ~

One of the pillars of the Medium Term Management Plan is to strengthen and expand the LCC business and increase revenues in growing VFR* travel markets. As part of these efforts, we will inject additional capital into Spring Japan and Jetstar Japan, develop businesses with the three LCCs including ZIPAIR, and build LCC networks based out of Narita, while adapting to market changes post COVID-19.

The JAL Group will build global networks leveraging the strengths of the three LCCs based in Narita, with safety and security as our top priority, to connect regional areas in Japan with the world. We will also contribute to regional revitalization and meet diverse customer needs.

* Visit Friends and Relatives



Building a global network that leverages the strengths of LCCs

ZIPAIR

First Mid-to-long Haul LCC in Japan

Capture demand in global major cities utilizing high-performing 787 aircraft

- Create low-yield travel demand in Asia, US West Coast, Hawaii, etc.
- Utilize belly space as a revenue source

Expansion to 10 aircraft by FY2024

- Introduce two aircraft per year

Note: Illustrative map

Full-flat seat installed in upper class

Self-order / free Wi-Fi

SPRING

China-focused LCC

China-focused operation utilizing small aircraft partnering with Spring Airlines, the largest LCC in China

- Attract inbound tourists from China leveraging Spring Airlines’ strong brand recognition in China

Consolidate SPRING JAPAN in June 2021

- Achieving high-quality, low-cost operation fully leveraging resources of JAL Group

Capture latent demand in regional cities in China

- Targeting Chinese cities with a population of more than 10 million, we will develop new “white spots” where direct flights are not yet available.

Note: Illustrative map

Jetstar

Strong LCC Network in the Tokyo Metropolitan Area

Lead the growth of the domestic LCC market by leveraging the business model we have developed

- Capture tourism demand, mainly through domestic flights to/from the Tokyo metropolitan area (Narita)
- Increase revenues under the dual-brand strategy with JAL in domestic flight operation

Improve profitability through business restructuring

- Enhance profitability by reviewing the fleet and network, and enhance cargo revenue
- Partnering with the Qantas/Jetstar Group to strengthen marketing and revenue management
- Utilization of aircraft parked at night for short-haul international flights will improve operations.

Note: Illustrative map

VOICE

Employee’s Commitment

Become a “NEW BASIC” Airline

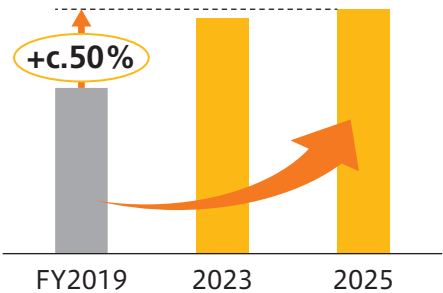
ZIPAIR is the newest airline in Japan that started last year. Even amidst the COVID-19 pandemic, we have offered services that are “just right” for customers traveling overseas. We cater to the diverse needs of our customers by differentiating ourselves from other LCCs, such as offering full-flat seats, which are unusual for an LCC, free in-flight Wi-Fi, and flat fares for children under six. As a result, we are receiving more and more positive comments such as, “I’m glad I chose ZIPAIR. I will fly with you again when returning home.” We are constantly striving to find out what kind of service satisfies our customers. After COVID-19 is contained, we look forward to the day when we can welcome many more customers. I will perform my duties responsibly to support flight safety and high quality operations of ZIPAIR.

HATANAKA Aoi
Chief Cabin Attendant
ZIPAIR Tokyo

► Cargo and Mail Business



Illustrative Revenue Trend



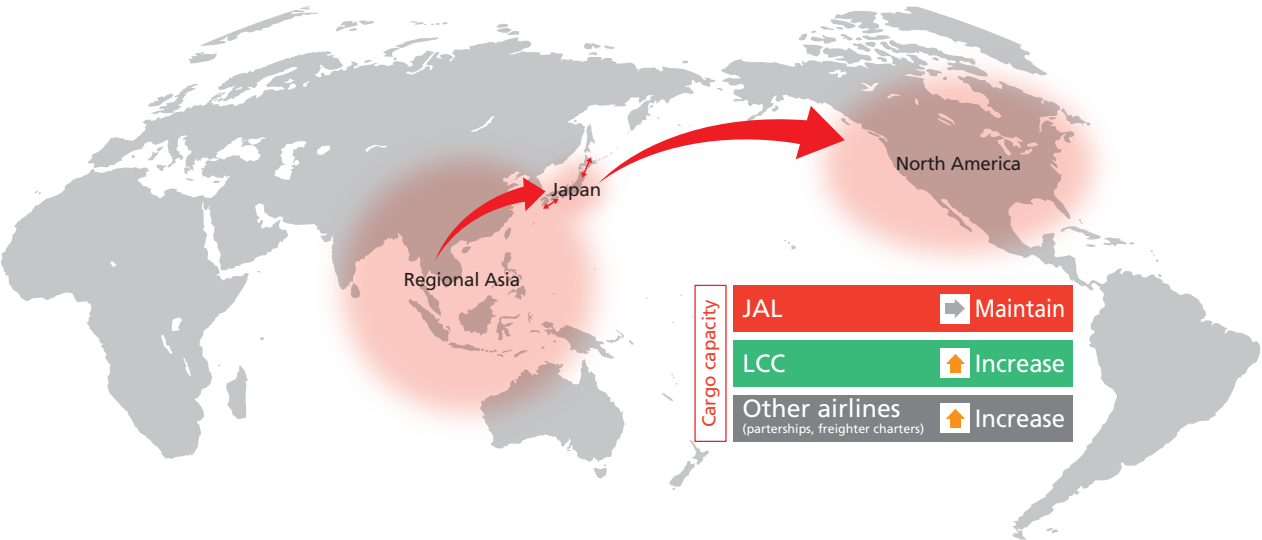
Meet market and customer needs and achieve stable business development

In fiscal 2020, when COVID-19 began to run rampant around the world, we experienced a shortage of capacity to transport air freight due to the significant global reduction of passenger flights. Under these circumstances, we actively operated cargo flights using passenger aircraft on international and domestic routes to create capacity and transport medical products and daily essentials to meet customer needs. Especially on international routes, we used freighters of partner carriers overseas and secured maximum capacity in the tight air cargo market.

In order to respond to the strong cargo growth trend, we will implement agile capacity strategies through our partnerships and expand our network, using cargo space on passenger aircraft to the maximum capacity. Furthermore, we will position e-commerce, home delivery, healthcare products (pharmaceuticals and medical products), food and local specialties as strategic products, provide high quality services, and ensure profitable growth.

Agile capacity strategy

- Speedily increase capacity and networks by utilizing LCCs and enhanced partnerships to capture growing demand
- Improve convenience of domestic and international flight connections and optimize networks connecting regional Japan and the world



Focus on spot demand

- Demand for advanced transportation services is increasing due to changes in commodities that are transported prompted by changes in lifestyles.



e-commerce and home delivery



Healthcare products
(pharmaceuticals and medical products)



Food and local specialties

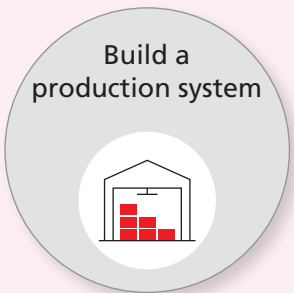
Focus on spot demand and establishing a system to respond to demand



Shorter lead time



Thorough quality control management



Build a production system

VOICE Employee's Commitment

Carry the sentiments behind vaccines

Since we became the first in Japan to transport pharmaceuticals on international flights, we have pursued air logistics services to support safety and security in society, such as developing cold storage facilities and transport equipment and establishing procedures to meet the needs of each customer. I am in charge of transporting special cargo such as pharmaceuticals and I am also project leader of COVID-19 vaccine shipments. I am especially determined to put my knowledge and experience to work to make sure that not a single bottle is wasted. We are applying our knowledge on temperature control, monitoring transport time and cargo conditions to ensure the quality of vaccines and fulfil our responsibility to society. The shipments consigned to us are filled with the customers' sentiments. I will do my best to carry the sentiments behind the vaccines by working professionally and providing the highest level of value through the transport of air freight transportation.



TAKANO Yosuke
Marketing Group, Business Promotion
Department
Cargo and Mail

► Mileage, Lifestyle and Infrastructure Business

Expand domains leveraging JAL Group’s strengths

The dramatic decline in air transport caused by the pandemic has raised awareness of the importance of establishing non-airline revenue streams and pursuing compatibility and synergies with the airline business to achieve future growth. We will draw on JAL Group’s strengths; our customer base, brand, and human skills, to achieve growth in profitable domains.

Strategic outline of Mileage, Lifestyle and Infrastructure Domain



Mileage and Lifestyle Domain



Deepen customer relationships and create new revenue streams in non-airline domains

We will actively utilize the JAL Group membership base and mileage domain, which we have cultivated in the airline business, to provide new value in customers’ daily lives and life stages and create new revenue streams in non-airline domains.

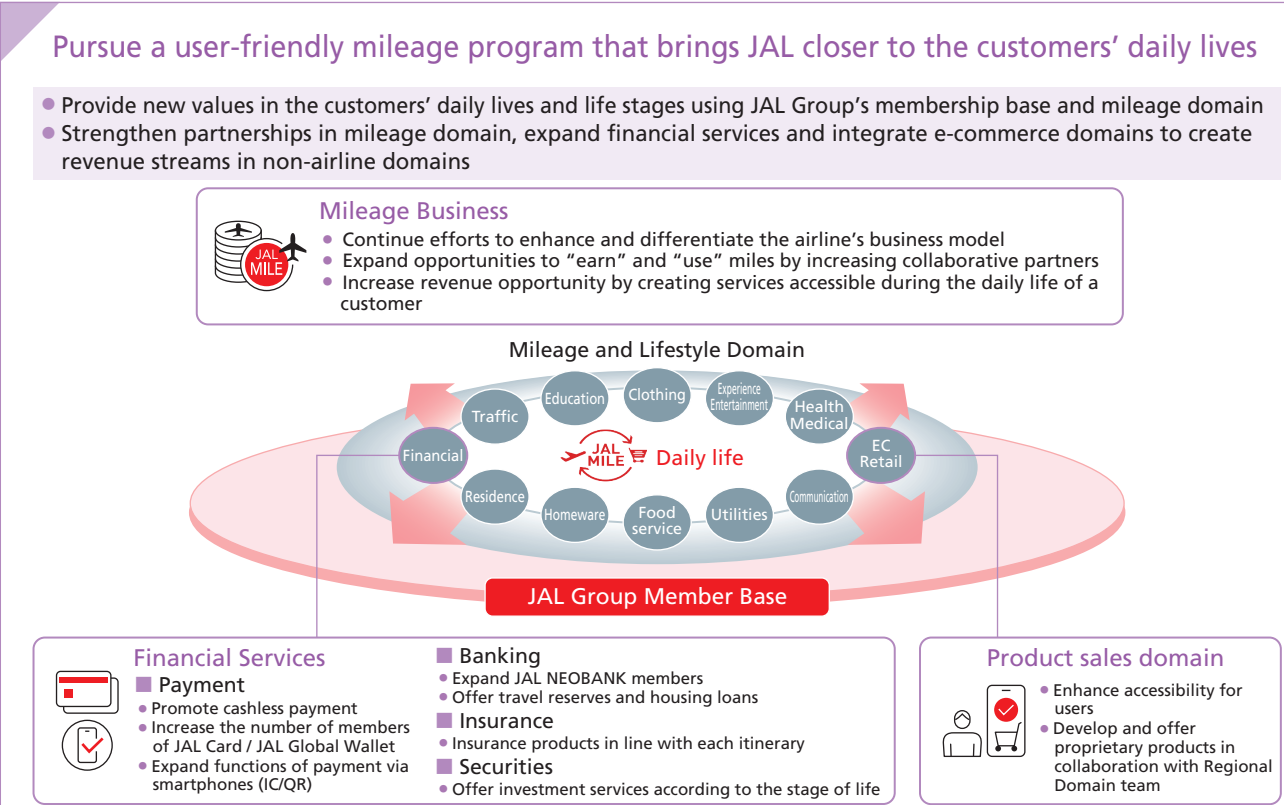
In the mileage domain, we will expand opportunities for customers to earn and use mileage in their daily lives and lifestyles, continuously improve the appeal of the JAL Mileage Bank (JMB) program and increase sales.

In financial services, we will increase the number of JAL NEOBANK* members and establish a customer base in financial services, using JMB’s customer base.

In the-commerce (product sales) domain, we will expand our product sales business leveraging JAL’s brand values and unify sales points of e-commerce sites to develop a comprehensible, user-friendly e-commerce platform.

The JAL Group will continue to pursue an operator-friendly, user-friendly frequent flyer program to bring JAL closer to the customers’ daily lives.

* A service utilizing cutting-edge IT technology of SBI Sumishin Net Bank enabling customers to complete bank functions such as deposits and payments with a mobile app, using an exclusive online bank account for JMB members

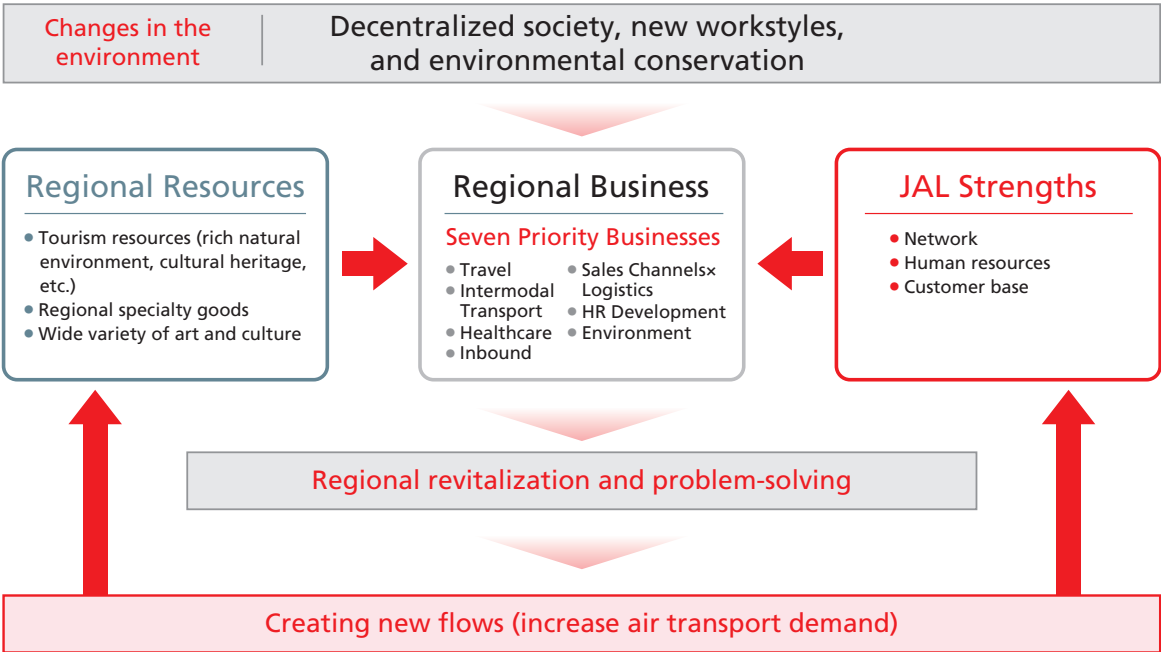


Regional Business Domain

Create new flows utilizing JAL Group’s strengths and regional resources

The objective of regional business, in addition to air transport, is to utilize our strengths including employees’ knowledge, experience and skills, and regional resources to create new and sustainable flows of people in order to solve regional problems and contribute to revitalizing regional economies. Launched in November 2020, the Regional Vitalization Division acts as a bridge and driving force for JAL Group’s regional activities. It makes continuous efforts to solve regional problems together with JAL district branches, district airport and cargo

branches, JAL Furusato (hometown) Ambassadors and JAL Furusato Cheering Teams, and communities in each prefecture. We will connect regions in Japan with the world and people with people and create new flows, applying JAL Group’s strengths and regional resources to seven priority businesses: travel (new tourism), inbound tourism, sales channels x logistics, human resources development, intermodal transport, healthcare, and the environment.



VOICE Employee’s Commitment

Bring smiles to everyone’s FURUSATO (hometown)

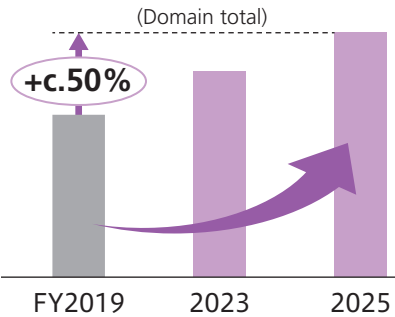
There are many beautiful places in Japan, which are less traveled and unknown to many people. My mission is to discover their “treasures,” work with the local community to find solutions to draw visitors and put our ideas into shape in ways that only the JAL Group can make possible. In JAL FURUSATO NOZEI (hometown tax payment charitable contributions), I started a column on the JAL website outlining what each region has to offer, such as places for nature lovers, delicious local cuisine, handcraft by artisans, and the people in order to connect our customers with local communities. I am meeting with local government officials to increase the number of participating municipalities in JAL FURUSATO NOZEI. I will continue to do my best to bring smiles to everyone’s hometowns.



SAITO Takatoshi
Business Strategy Department
Regional Vitalization

Contracted Services Domain (Airport/Maintenance/Cargo)

Contracted Services Domain (Ground Handling/MRO/Cargo)



Expand businesses in the contracted services domain using our strengths to support the development of society and the aviation industry

The JAL Group has supported commercial aviation growth and increases in airlines’ revenues by actively providing contracted services to other airlines such as airport handling, aircraft maintenance and cargo handling using our know-how in flight operations cultivated to date. We will steadily respond to recovery of aviation demand post COVID-19, precisely meet changing market needs, and expand ongoing services. By developing new services based on new technologies, we will support cross-board and cross-continental movements of people and domestic and global logistics to drive growth in aviation.



Strategy of contracted services business

- Provide airlines and public agencies with various services leveraging our facilities/equipment and human skills cultivated in air transportation
- Build a solid supply structure in alliance with partners to flexibly respond to changes in demand trends and expand our market share

Ground Handling

Lead the way to a tourism-oriented country by supporting air travel demand

Expand Market Share

- High quality and stable services to meet various demand (certified by ISAGO)
- Packaged services including administrative operations
- Airline marketing to global airlines in collaboration with local municipalities



MRO

Offer various maintenance and technological services from operation support to equipment services

Upgrade Service

- Operations support including responses to irregular events and provision of parts, equipment and tools
- Maintenance services for engines and landing gears
- New businesses leveraging expertise in air transportation (technologies, training programs, logistics, etc.)



Cargo

Provide comprehensive logistics services to meet strong cargo demand

Enhance Logistics Service

- Extensive contracted services of cargo handling mainly at hub airports in Japan
- Strengthened comprehensive logistics services using cargo shed facilities
- Safety and quality of transportation leveraging technological support



Next-gen Air Mobility Domain



Create a prosperous and sustainable society by shortening the distance between people, products, and things

In order to develop next generation air mobility and create a prosperous and sustainable society, we are working to commence the drone logistics business in fiscal 2023 and the air taxi business in 2025, including studies and trials on the practical and expanded use of eVTOLs, in partnership with developers, Volocopter GmbH of Germany and Bell Textron Inc. of the U.S.

In particular, eVTOL aircraft carrying passengers are expected to be used in a wide range of areas such as rescue operations and disaster relief, in addition to air taxi services from rural to urban areas, utilizing their maneuverability like that of a helicopter. The JAL Group will contribute to solving regional issues and creating new flows in regions in Japan by providing new mobility services.

Toward an Air Mobility Revolution

Solving regional logistics issues with drones
We are conducting studies on the commercial viability of logistics drones to solve regional issues in rural cities. In October 2020, four companies including Japan Airlines signed a partnership agreement with Setouchi Town (Amami-Oshima) with the aim of solving regional issues in outlying islands using drones. We plan to conduct demonstration tests using large drones.



© Volocopter

Air taxi service using eVTOLs
As it is important to expand the use of eVTOLs and increase their acceptance by society, we are working closely with local governments towards this end. In April 2021, Japan Airlines and Mie Prefecture signed a next generation mobility partnership agreement to commercialize air taxis. We will work to revitalize regions by revolutionizing mobility.



From the website of Mie Prefecture

EXPO 2025 OSAKA, KANSAI
An age of new air mobility is about to start from your town. At EXPO 2025 OSAKA, KANSAI, visitors will be able to enjoy a new experience using air taxis, including a sightseeing flight around the venue, Yumeshima, and airport shuttles between the venue and airports.



© Volocopter

VOICE Employee's Commitment

Maintain safety and security in new air mobility

Driven by major changes in values brought about by COVID-19, the JAL Group is preparing to commercialize new air mobility such as drones and eVTOLs. The most important thing about aerial vehicles is ensuring safety. In 2020, we opened JAMOA (JAL Air Mobility Operation Academy), a drone operator training program utilizing our know-how in airline pilot training. We hope to create safe and new air mobility by combining the know-how in operations that we have cultivated in the airline business, such as safety management, aircraft maintenance and operations control, and new eVTOL technology, and create a prosperous society where everyone can live comfortably anywhere as they please. Based on the shared commitment of all JAL Group employees to deliver safety and comfort in air travel, we will promote the practical use and expansion of air mobility.



TANAKA Shuji
Air Mobility Business Creation
Department
Digital Innovation

TOPIC # What We Can Do Now

Online trips

The domestic version of JAL Online Trip is an online travel service that combines a “digital flight” guided by JAL Group crew and “live broadcasting” from the destination. One of the features is that customers can enjoy the charms of various regions with their five senses, that is, see and hear images of the actual place and eat, smell, and touch local specialties delivered to their homes. Another feature is that JAL Group employees who are associated with the destination appear on the program. In the Online Trip to Kushiro in Hokkaido under the theme “Ainu culture and salmon,” the customers enjoyed playing the “mukkuri,” a traditional Ainu musical instrument, which was delivered to their homes in advance, and tasting local specialties such as salmon ruibe (half-frozen sashimi) and salmon roe marinated in soy sauce with explanations from experts in the region. Going forward, we will continue to provide regional charms and values in a variety of ways using the latest technologies, revitalize regions, and create new touchpoints and communications with our customers.



Cabin attendant explaining via the screen



Local specialties delivered to the customer's home

Making memories with “Air Travel”

As various school events were conducted in different forms in the pandemic, we assisted in providing memorable school trips to various destinations with innovative ideas of safe and secure air travel. In Hiroshima Prefecture, a local mascot character cheerfully sent off the students at the boarding gate and handwritten messages written by JAL employees were placed inside the seat pockets. On the plane, the students clapped with glee to the many surprises prepared by JAL Group employees, and we received many messages of thanks from the teachers and students. For schools in Niigata and Chiba prefectures, where school excursions were cancelled, we operated a sightseeing flight and let them experience the excitement of air travel by making flight announcements, taking photos from the plane, and using in-flight entertainment equipment. With the cooperation of customs and the airport building, they had a simulated experience of going through immigrations with passports handmade by airport staff. In Ishikawa Prefecture, we operated a sightseeing flight above the students' school as well as above Mt. Fuji. In addition, the students observed the airline industry behind-the-scenes by watching ground handling vehicles at work, experiencing check-in duties, and listening to lectures by cabin attendants and maintenance engineers. The JAL Group will continue to promote initiatives using the creative ideas of our employees to bring more smiles to people's faces.



Seeing off a charter flight for an elementary school



Touring a maintenance center online in the Museum of Aeronautical Sciences

► Safety and Comfort

Measures to ensure safety

All JAL Group employees always act with awareness that safety is the basic foundation of business. As a leading company in safety, we will continue to bolster our efforts to increase our safety layers to prevent unsafe events. In addition to safety initiatives directly related to aircraft operations, we will contribute to creating a safe and secure society by addressing social issues and environmental changes. For this purpose, we will collect a wide range of internal and external information, improve analytical skills using digital technology, strengthen partnerships with manufacturers to increase flight safety, heighten aviation security against increasingly diverse terrorist threats, develop next generation air mobility, and adapt to changes in the environment such as infectious diseases. Furthermore, we will foster safety awareness by continuously passing on lessons from past accidents and thoughts on safety to the next generation, and to develop safety professionals who always act on the basic foundation of safety.

Create a Safe and Secure Society

Accumulate safety layers and create a safe and secure society as a leading company in safety

Advanced Safety Measures Utilizing Digital Technologies

Safety Measures in Flight Operation

■ Safety of Flights and Aircraft

- Systems to prevent injuries in turbulence
- Failure prediction combining maintenance expertise and new technologies (AI/data analytics, etc.)



■ Strengthen aviation security and adapt to environmental changes

- Advances in aviation security equipment
- Establish safety management in the air mobility field



Prevention of Infectious Disease

■ Touchless solutions and social distancing

- Expand JAL SMART AIRPORT
- Use digital certificates to support safe and secure transportation



* JAL FlySafe Measures for infectious diseases
[WEB] <https://www.jal.co.jp/jp/ja/info/2020/other/flysafe/>



Human Resources for Safety Management

■ Human resources who think and act on the basic foundation of safety

- Expand safety education to learn from past accidents based on the Three Actuals Principle (actual place, actual object and actual people)
- Improve on the employee assistance program, a counseling service for employees with personal difficulties including mental and physical health problems, and create an environment where employees can focus on safety



* Details of JAL Group safety initiatives can be found in the JAL Group Safety Report.

Measures to Offer Comfort

The JAL Group aims to offer comfort to our customers and create a prosperous future that brings smiles to everyone. In post-COVID-19 air travel, in addition to providing high quality essential services with top priority on safety and comfort, we will offer personalized products and services by launching “Personalized Concierge” service which combines digital technology and human resources.

We will also provide new financial and e-commerce services in the customers’ everyday lives and life stages through building strong relationships with regions and other companies. We will create a new customer experience that delivers personalized value in both air travel and daily life, and provide “Tailored Comfort” to suit each customer in every situation.

Create a new customer experience in air travel and on the ground



► Human Resources Strategy



SAEDA Naohito

Executive Officer
Senior Vice President, Human Resources Management

Leverage the activities and challenges of diverse human resources to realize “JAL Vision 2030”

Human resources are a source of value creation for the JAL Group and a driving force for achieving sustainable growth and development. We will respect the diverse individuality and autonomy of our employees and actively implement initiatives to promote personal growth.

Although the current situation remains uncertain, we will treat environmental changes as opportunities to create a safe and secure society and a sustainable future as articulated in “JAL Vision 2030” through the joint efforts of all employees.

Achieve sustainable growth and development through the united efforts of the JAL Group

The global spread of COVID-19 has rapidly changed people’s values and behavior. Against this backdrop, the JAL Group will clarify and deepen fundamental initiatives and accelerate human resource and organizational initiatives in order to achieve sustainable growth and development with society.

◆ **Human resource base for growth and development**
On firmly instilling JAL Group’s universal foundations, namely the JAL Philosophy and the divisional profitability management system, we will continuously promote employee wellness and develop autonomous employees who think and act for themselves, thereby solidifying the human resource base and organizational base that will support our growth.

◆ **Seize opportunities brought about by environmental changes to improve profitability**

Meanwhile, the rapid decline in air transport demand has created staff redundancies. In this severe business environment, we will seize opportunities brought about by environmental changes to invest in human resources* in order to accumulate knowledge and experience of our diverse workforce and accelerate value creation and productivity initiatives.

Specifically, we are improving education and training, making maximum use of staff whose roles have been made redundant, expanding areas in which our employees can play an active role through internal and external secondments, and

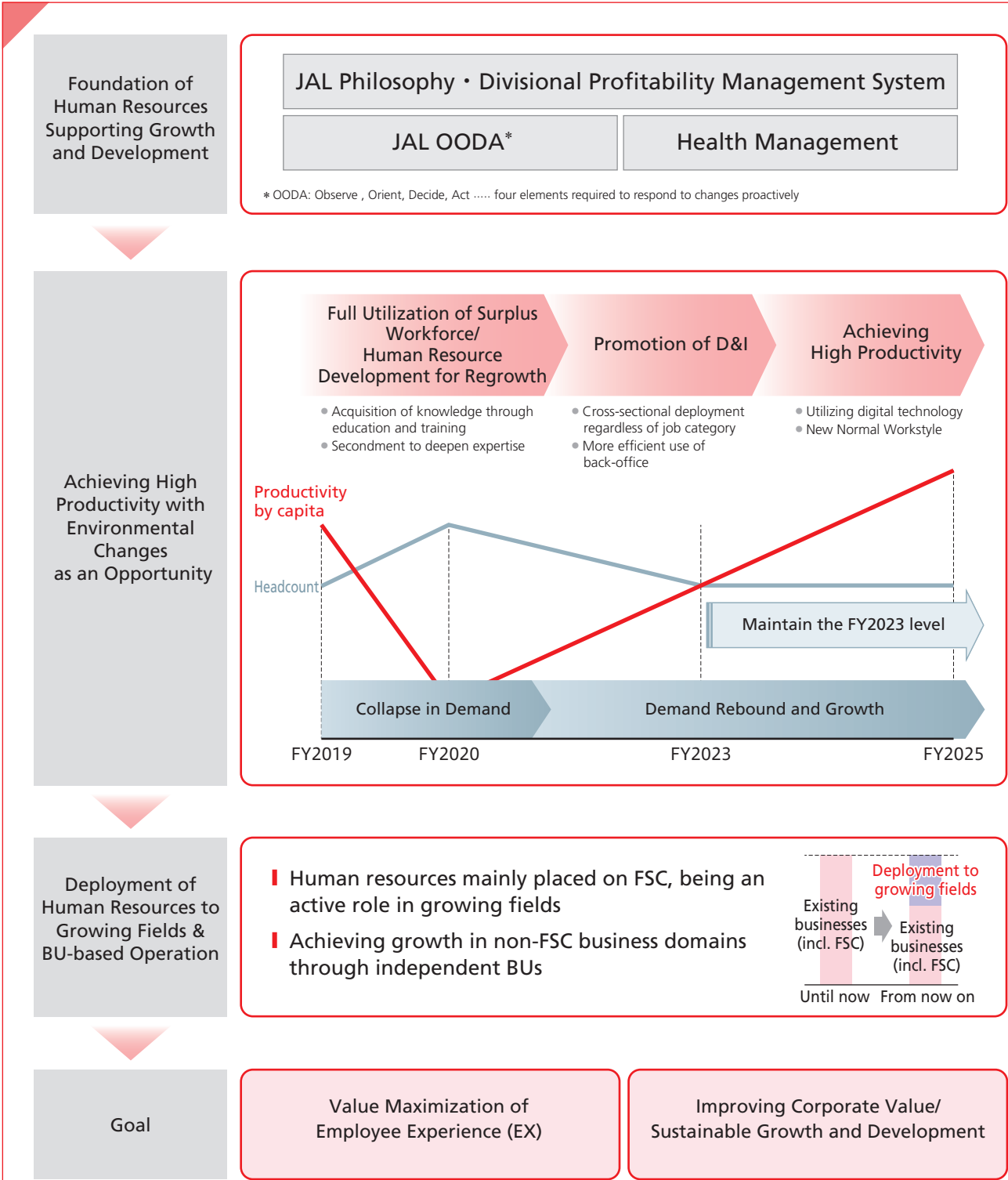
actively transfer staff to new domains. By promoting personal growth through these measures, providing know-how for working in multiple domains, and offering diverse work opportunities and environments, we aim to improve individual productivity in the recovery phase led by strong demand. Furthermore, to ensure that diversity is reflected in important corporate decision-making, human resources in and outside Japan with diverse knowledge and experience will be appointed to management posts, regardless of where or how they were employed to accelerate diversity at the leadership level. Furthermore, we will promote cross-functional transfers with no limit to job category in order to encourage diverse human resources to play active roles, and in support departments, use IT and new location-independent workstyles to enable efficient human resource management.

◆ **Shift human resources to growth domains and establish an operating system for each business**

In order to adapt to market changes caused by the pandemic, we need to urgently promote growth of non-FSC domains. We therefore reviewed our organizational structure and clarified responsibilities for business and performance in each domain. Looking ahead to growth after the recovery phase, we will shift human resources, for example, in the FSC domain to new growth domains.

Through these efforts, the JAL Group will work as a team to achieve sustainable growth and development.

*Human resource investment policy
The JAL Group has established a system linking important human resource development processes such as recruitment, allocation, performance review, and training in order to maximize human resource value. We have pursued workstyle innovation to enable diverse human resources to work with motivation regardless of gender, nationality, age, or other variables, and have actively invested in office environments and digital devices. We will continue to actively invest in creating environments to nurture human resources and utilize individuality to create new value and improve productivity.



Measures and initiatives related to ESG strategies such as D & I are described on pages 87-96.

▶ Digital and IT Strategy

NISHIHATA Tomohiro
Managing Executive Officer
Senior Vice President, Digital Innovation

Collaborating with people outside the company to promote digital transformation (DX)

Japan Airlines opened the JAL website, jal.co.jp, in 1995, and became the first airline in Japan to offer online ticket reservations the following year. In 2017, we renewed and laid the groundwork for a passenger service system for the first time in 50 years and promoted DX. Going forward, we will continue to provide new services such as mobile apps and innovate business models with speed using our innovation platform built by diverse human resources while expanding partnerships with external partners.

Human Resources X Technology to Promote DX

◆ Digital and IT Strategy

The goal of DX is to maximize the customer experience (CX) by delivering new value and unparalleled services, as well as maximizing the employee experience (EX) through workstyle innovation to improve business quality and productivity. To achieve this, the Digital Innovation Division was established in April 2021 to integrate DX functions in the JAL Group and implement DX across all functions. At the same time, the Steering Committee for the Promotion of Digital Transformation, comprising directors from 14 divisions, was established to check progress of DX projects, discuss issues and priorities, and establish a decision-making system. Achieving these goals requires speedy execution of investments in three layers: building next generation IT infrastructure, digitalizing business processes, and promoting DX. By steadily implementing these investments, we will evolve intellectual capital; diverse know-how in services, technology, IT systems, to a higher level in all domains.

◆ Building next generation IT infrastructure

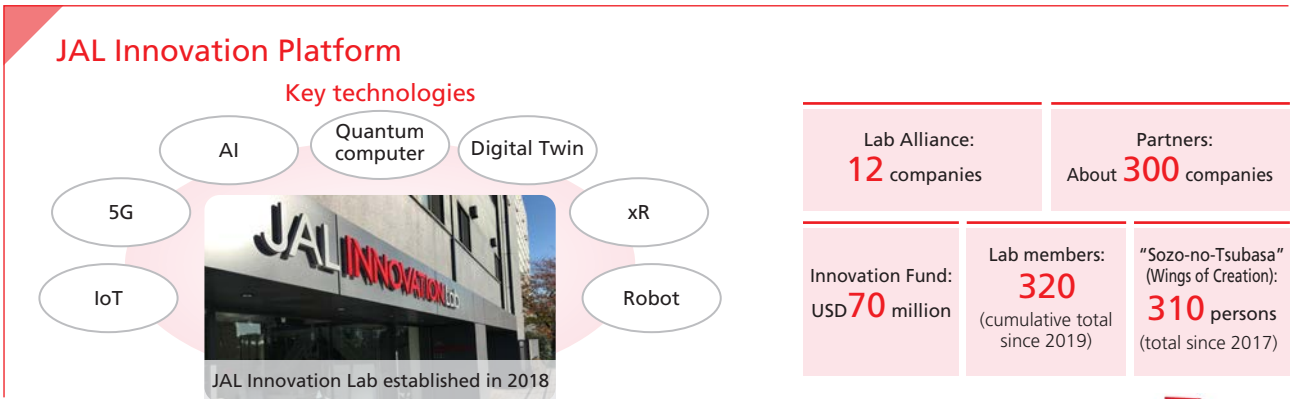
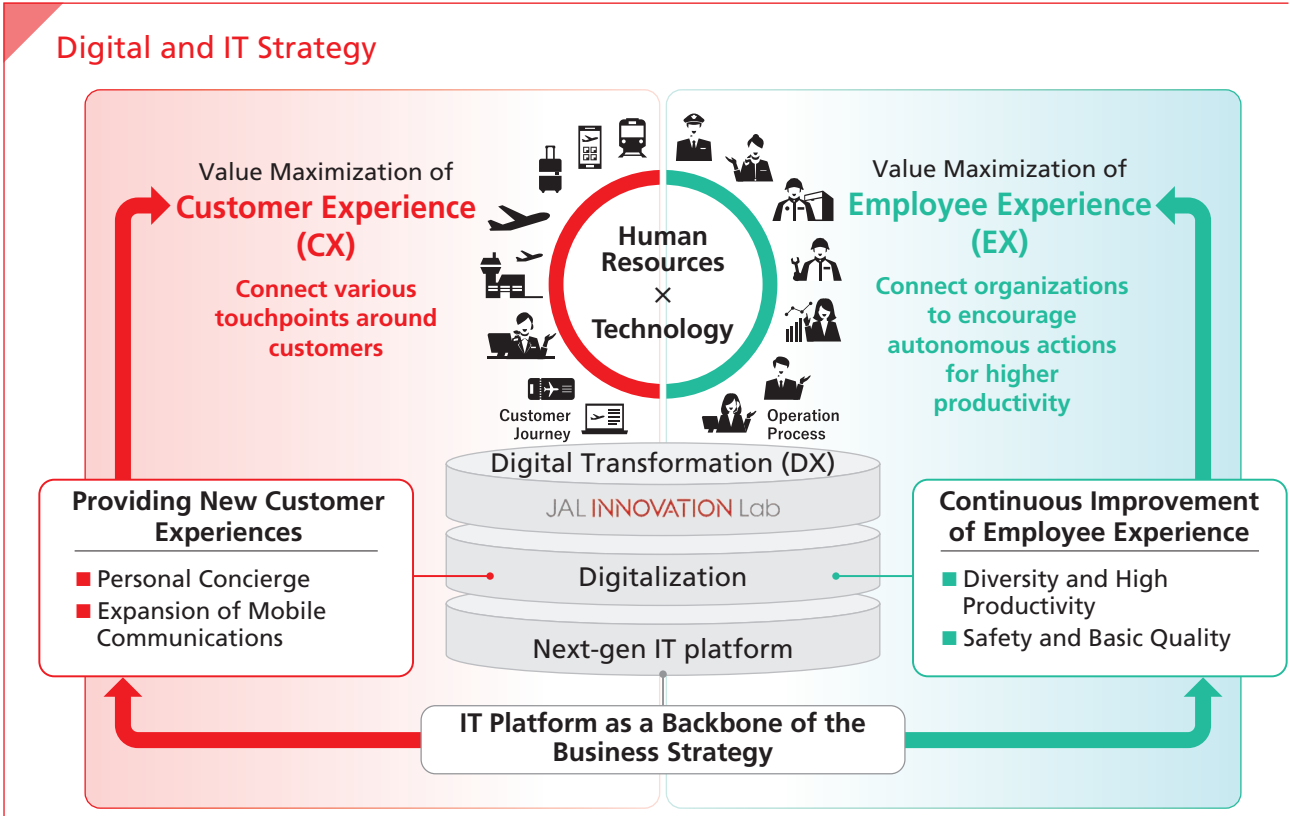
In building IT infrastructure, which will become increasingly important in the future, we will heighten security to ensure stable system operation, use cloud technology to grow new businesses, and improve data infrastructure which supports DX.

◆ Digitalizing business processes

To maximize CX, we will develop smart mobility solutions using mobile services. We will also develop MaaS (Mobility as a Service) for supporting a seamless journey, which we first provided in Hawaii, and offer personalized service and multilingual support based on customer data. At airports, we are working to offer remote customer service using our avatar robot JET, lounge access with facial recognition, self-order menus with mobile devices, and barrier-free mobility on an autonomous wheelchair. To maximize EX, we are using AI and RPA (Robotic Process Automation) to improve productivity and efficiency, training crew and maintenance engineers using Digital Twin (a digital replica of an object such as a jet engine), upgrading operations based on integrated flight data, and developing failure prediction using big data and AI.

◆ Promoting DX

We have created “Sozo-no-Tsubasa” (Wings of Creation), an intra-entrepreneur contest for employees to challenge themselves in new domains, opened the JAL Innovation Lab as a base for creating new value and new businesses, and built JAL Innovation Platform using the JAL Innovation Fund for investing in startups inside and outside Japan to assemble internal and external knowledge. In these ways and more, we would like to put more effort into expanding open innovation in collaboration with people and organizations outside the company and create new value, using our human resource capabilities and combining human resources and technology to promote DX.



Japan Airlines was selected as a DX Brand 2021, a joint initiative of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of our DX promotion system and efforts to deepen current airline services and develop new businesses.



Finance Strategy



KIKUYAMA Hideki

Representative Director,
Senior Managing Executive Officer
Senior Vice President, Finance and Accounting

We will accomplish rebuilding financial foundation as we committed toward post-COVID growth

The spread of COVID-19 infection drastically changed our business environments, but we have a solid corporate culture that has been developed through revenue and cost management based on divisional profitability management system. We will improve our performance all together by improvement of productivity and efficiency and further cost reduction through group-wide business restructuring with the COVID experiences. Conducting those measures, we will retrieve robust financial foundation by fiscal year 2023 for realizing further post-COVID growth.

Toward enhancing risk tolerance and improving capital efficiency at the same time

◆Measures during the COVID infection

Fiscal year 2020 was a very tough year for the airline industry due to the expansion of COVID-19 and consequently, air travel demand still remains at low level. In the difficult business environment, we will improve profitability by variable cost reduction through swift capacity adjustment and investment reduction, together with other cost reduction such in-sourcing operations instead of outsourcing, reducing IT expenditure and reducing personnel cost including executives’ salaries and employees’ bonus cut, and reduction of investment. The Japanese government is providing its supports including deferral or exemption of landing fees and jet fuel tax to assist the airline industry or special measures for employment subsidies. We will use those supports as much as possible. We would like to show our sincere gratitude for the supports.

◆Steady cost control and sufficient liquidity securement

This is the second COVID-year this year but even if the COVID infection continues, we have secured sufficient financial foundation for the prolonged COVID effects. Going forward, we will conduct thorough cost reduction and investment management to minimize monthly cash outflow and finance sufficient liquidity trough our financing capability based on our solid financial foundations.

◆Toward rebuilding financial foundation and sustainable development

The JAL Group has been focusing on efficiency, instead of size, to establish management structure with risk tolerance. In this prolonged difficulty, it is time for us to show our tolerance. Yet, we believe that air demand to/from Japan will grow in a mid- and long-run in spite of the temporary decrease caused by COVID-19. The JAL Group will continue to cope with this unprecedented difficulty by taking appropriate measures to increase revenue and decrease costs as much as possible. Those measures include appropriate capacity adjustment, revenue maximization amid the boosted cargo demand, and demand-stimulating measures. We will improve our profitability as air passenger demands recover, and then we will accomplish rebuilding financial foundation as soon as possible and conduct growth investment with financial disciplines toward sustainable growth to increase our corporate value.

► Rebuilding financial foundation

Management resources are allocated strategically toward enhancing risk tolerance and improving capital efficiency at the same time

During the first three years in the Mid-term Management Plan, we will focus on rebuilding our financial foundation that has been damaged by the spread of COVID-19 infections to recover solid financial foundation by fiscal year 2023. Then, we will conduct growth investment actively toward sustainable growth from fiscal year 2024 toward revenue growth and corporate value increase. We will pursue risk tolerance enhancement and capital efficiency at the same time.

For liquidity, we set an appropriate level of liquidity as 5.0~5.6 months of passenger revenues, considering sufficient tolerance for refund risk that is associated with passenger revenue size which varies largely when any event risk occurs. We will maintain that amount of liquidity using credit line to accomplish risk tolerance enhancement and capital efficiency at the same time.

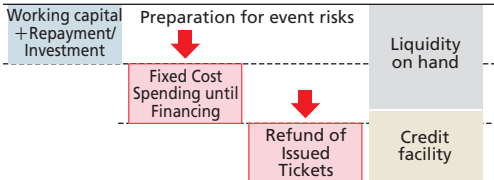
		FY2021~2023	FY2024~2025
Enhancement of Risk Tolerance and Capital Efficiency <ul style="list-style-type: none"> Enhance risk tolerance Maintain and improve financing capabilities Improve capital and asset efficiency 	Liquidity	Secure the amount of 5.0~5.6 months worth of passenger revenue (incl. credit facility)	Maintain the same level
	Leverage	Recover the equity ratio to c. 50%	Maintain the same level
	Credit rating		Obtain “A” rating
	Capital efficiency	ROIC*1 > 9% ROE > 10%	Maintain or improve
Allocation of Resources <ul style="list-style-type: none"> Observe financial discipline Allocate resources optimally Promote investment for sustainable growth 	Capital allocation	Prioritize rebuilding the financial structure	Promote investment for sustainable growth
	Discipline	Secure sufficient free cash flow for each fiscal period	
Shareholder Return <ul style="list-style-type: none"> Dividends with focus on stability and consistency Payout ratio: 35% or higher Flexible buyback to enhance total return ratio 	Dividend	Aim to resume dividends as early as possible	Stable dividend with payout ratio over 35%
	Total return		Flexibly consider buyback

*1: Return on Invested Capital = EBIT (after tax) / Average fixed assets at the beginning and end of a fiscal year(*2)

*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset

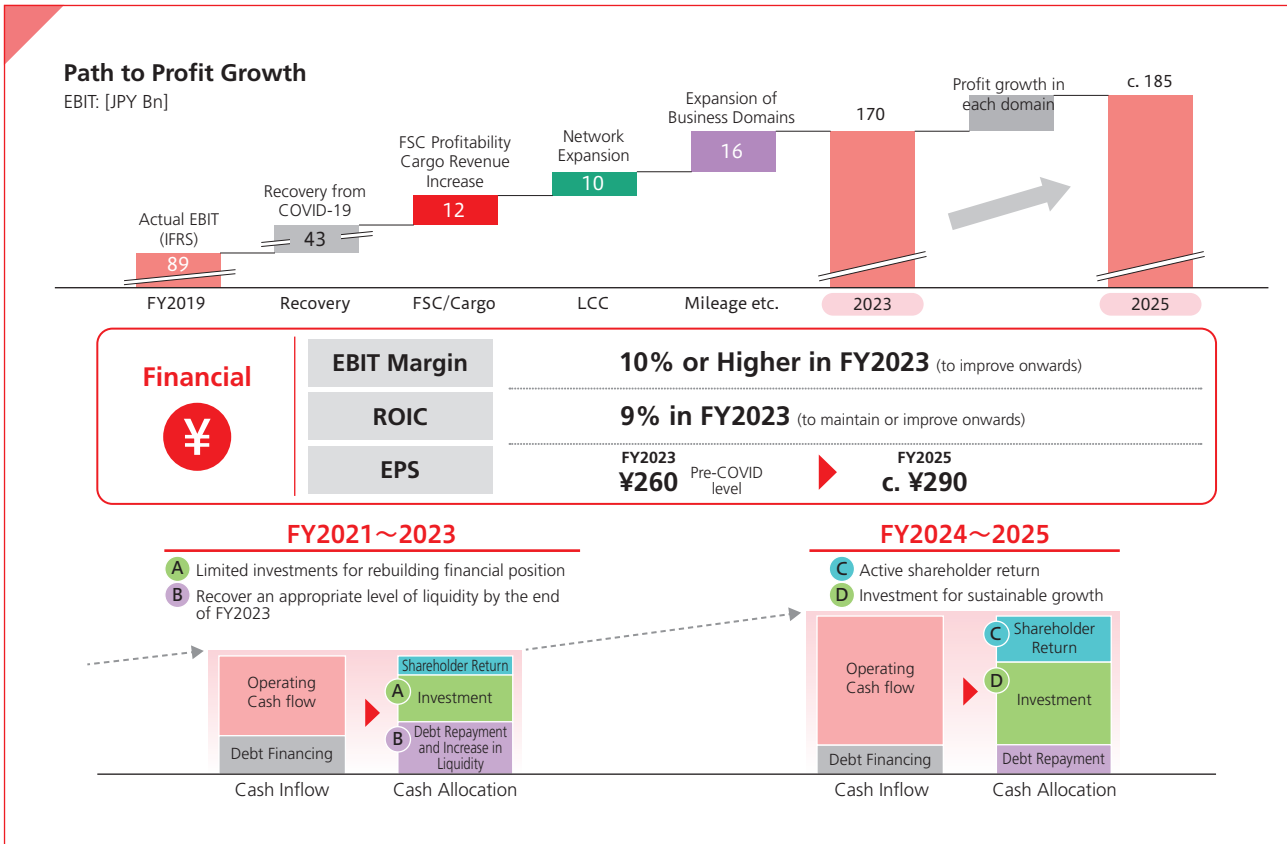
Set an appropriate level of liquidity as 5.0~5.6 months of passenger revenues after the COVID-19 pandemic

- Secure liquidity that will enables us to tolerate risks according to the size of passenger revenues subject to potential significant impacts if any event risk occurs
- Secure an appropriate level of cash and deposits considering asset efficiency



Toward shareholders return and growth investment

We will scrutinize investment during the financial foundation rebuilding period, and then will actively conduct shareholders return and growth investment



JAL regards shareholder return as one of our most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible share repurchases, while securing internal reserves for investments for corporate growth in a future and business environment changes and for building a strong financial structure.

The prolonged COVID-19 spread is affecting the JAL Group's short-term performance severely, nonetheless we believe it is yet temporary and it does not cause fundamental changes to our profit structure, therefore we will not change the above basic policy.

Unfortunately, the prolonged COVID-19 spread made passenger demand recovery unforeseeable throughout the fiscal year 2020. Considering the above situations, we regrettably determined not to pay the interim dividend and

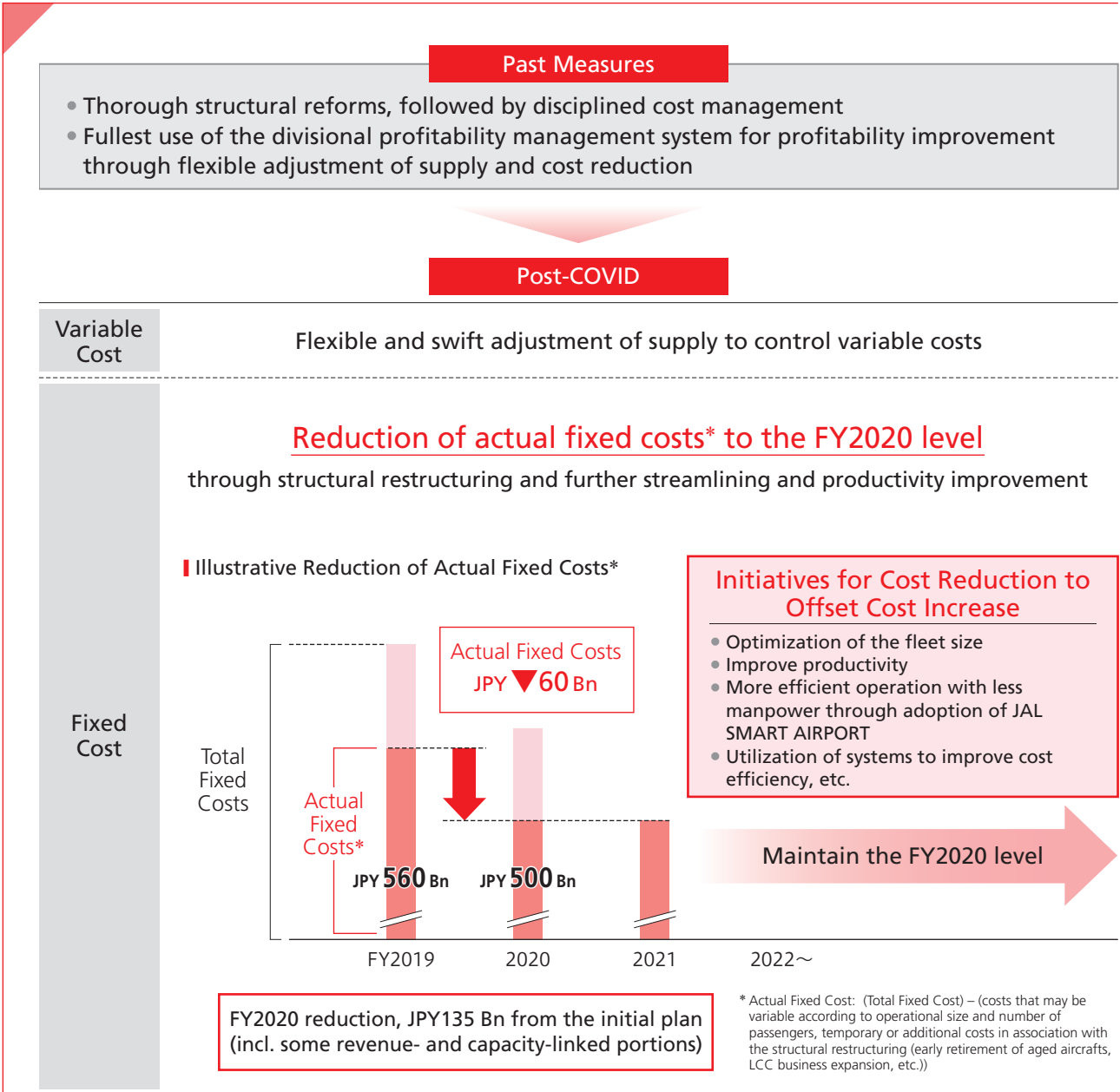
the year-end dividend for fiscal year 2020 in order to secure liquidity at hand and maintain financial stability. We would like to ask for shareholders' understanding in this situation. During the term of the Mid-term Management Plan, we will aim for dividends as early as we can, and while watching development of financial foundation rebuilding, we will aim for restart of stable and continuous dividends and flexible share repurchase. Also, we set our profit target at 170 billion JPY in fiscal year 2023 that makes our EPS equivalent to a pre-COVID level of 260 yen. We will achieve 10% EBIT margin and 9% ROIC in fiscal year 2023 to make them equivalent to a pre-COVID level and further maintain or improve those targets. We will strive altogether to make sufficient profits that will recover dilution caused by the public offering conducted in November 2020 and realize stable and continuous shareholder return.

Cost management

Flexible variable cost management and fixed cost reduction through structural reforms and further streamlining and productivity improvement

The JAL Group has been conducting disciplined cost management through divisional profitability management system for thorough cost reduction. We are coping with decrease of passenger demand caused by the spread of COVID-19 by swiftly adjusting our capacity to minimize variable costs for appropriate cost control. Also, out of the total fixed costs, costs that may vary according to operational size or the number of passengers and temporary or additional

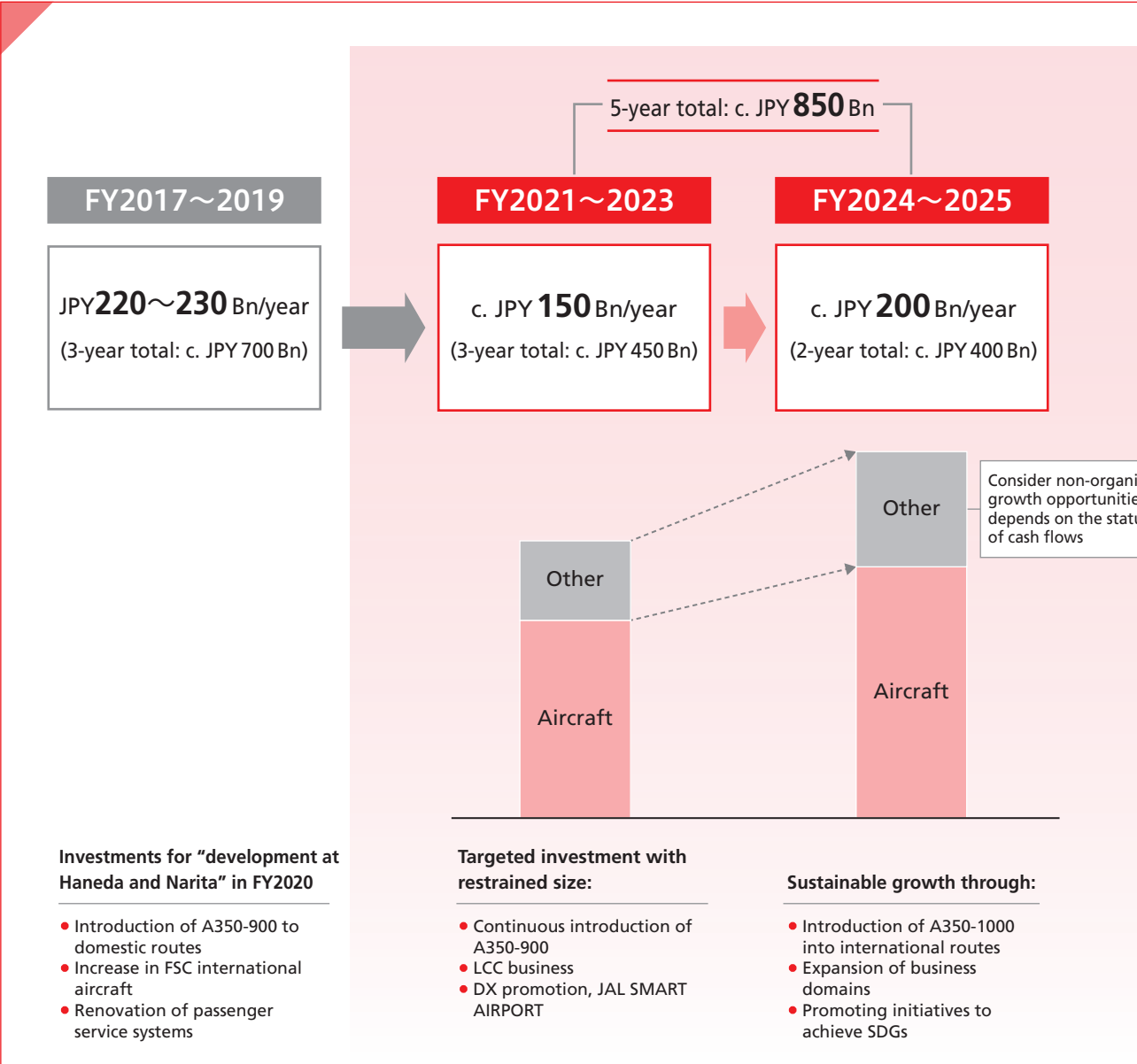
costs that are associated with structural restructuring are excluded to calculate actual fixed cost. The actual fixed cost in fiscal year 2020 was 500 billion yen, 60 billion yen down from the previous year. We will maintain this 500 billion yen level of actual fixed cost for later years by steady cost control through business restructuring and improvement of efficiency and productivity.



► Investment strategy

■ We will advance effective investments with disciplined investment control

Prior to COVID-19, we had invested more than 200 billion yen annually toward the expansion of Tokyo metropolitan area airport capacity. However, during the term of the Mid-term Management Plan, we will focus on rebuilding financial foundation and sustainable growth investments at the same time. For the first three years till fiscal year 2023, we will scrutinize investments such as introduction of fuel efficient A350 to reduce CO₂, LCC business enhancement or IT investments for “contactless” or efficiency improvement. The average investment per annum is expected to be about 150 billion yen. From fiscal year 2024, we will enhance sustainable growth investment. The average investment per annum for the latter two years is expected to be about 200 billion yen, which makes the total investment for the five years about 850 billion yen.



TOPIC Dialogue with Stakeholders

Events for Investors

Each year, we hold various events for investors such as individual meetings, briefings on the Medium Term Management Plan and financial results, IR DAY, small meetings with the CEO and CFO, overseas IR sessions for institutional investors, and presentations for individual investors. In fiscal 2020, these events were held online to maintain close dialogue with market participants. Valuable opinions are fed back to management, the Board of Directors and relevant departments to be reflected to Group management. Going forward, we will further improve the quality of disclosure and dialogue and continue these IR events to increase corporate value.

IR DAY

IR DAY has been held annually since 2017, and it was held in May 2021 for investors and analysts. In addition to dialogue with top management on the Medium Term Management Plan announced in May, we created opportunities for dialogue, centered on questions and answers, with directors who are in charge of the full service carrier (FSC) business, low cost carrier (LCC) businesses, and our new domains; Mileage and Lifestyle Business and Regional Business. External Director Sonoko Hatchoji participated in the meeting, where she deepened investors’ understanding on JAL Group from various perspectives through dialogue on corporate governance with investors.



Presentations and briefings for individual investors

In August 2021, we held a briefing for individual investors, which was attended by more than 100 people. Representative Director, Executive Vice President Shimizu provided basic background information about the company and explained the Medium Term Management Plan and COVID-19 initiatives including episodes on the frontline. We received positive feedbacks from many participants that our corporate culture of proactive work behavior even during the pandemic has filtered through the company. Also, they replied that their impression of JAL Group was improved. We will continue to provide opportunities for further dialogue with individual investors.



Evaluation by external organizations

The JAL Group is working to build trusting relationships through two-way communication. Our proactive disclosure of information was highly recognized by external organizations.

Received the IR Good Visual Award from the Japan Investor Relations Association
Ranked No. 1 in the Transportation category for “Award for Excellence in Corporate Disclosure” sponsored by the Securities Analysts Association of Japan



[Click here for more information.](#)

ESG Strategy

Hidetsugu Ueda
Managing Executive Officer
Senior Vice President of General Affairs
Chair of Sustainability Promotion Committee

Towards a future where each one of us can sense and hope for a brighter future

There is growing momentum to achieve a sustainable society including the SDGs and true prosperity and happiness. In order to further promote ESG management through our business, we announced “JAL VISION 2030” to declare our commitment to “realize an affluent society where each one of us can sense and hope for a brighter future.” We have identified priority issues in four areas; Environment, People, Communities, and Governance, and will take action to solve social issues and create a sustainable society with a view to achieve the SDGs by 2030 and net zero CO₂ emissions by 2050.

Creating a sustainable society through our business

JAL Group's business environment

The COVID-19 pandemic has not only changed lifestyles but also posed unprecedented challenges to society. It was a year where we more strongly felt the importance of securing transportation for the circulation of people and goods necessary for daily life. Furthermore, we felt the importance to accelerate our efforts to address social issues, such as infectious diseases and climate change. At the same time, we will seize this opportunity to actively contribute to creating a sustainable society through our business, such as improving public hygiene through the transport of medical supplies and revitalizing regional areas by expanding sales channels for local specialties.

Foundation for ESG management

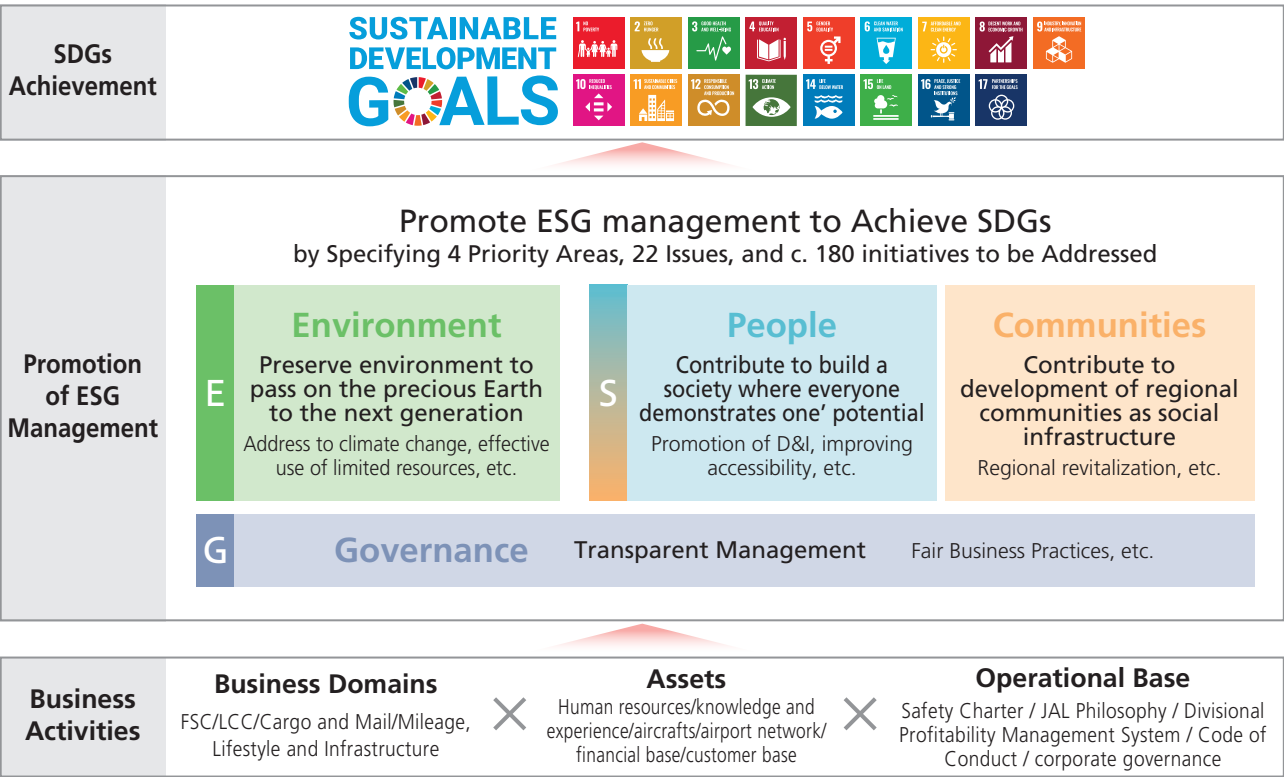
The JAL Group Medium Term Management Plan positions ESG strategy as one of the pillars of strategic management for promoting ESG management and achieving the SDGs. “JAL Vision 2030” espouses the central, transformative promise of the SDGs, “Leave no one behind,” and our commitment to “realize an affluent society where each one of us can sense and hope for a brighter future.” Our employees base their actions on the JAL Group Corporate Policy, the JAL Philosophy and the JAL Group Code of Conduct “Commitment to Society”, and fully understand that “Each of us makes JAL what it is” and “Today will be better than yesterday and Tomorrow better than today.” This is JAL Group’s strength and the driving force for addressing social issues and contributing to the betterment of society.

ESG promotion system

In order to further promote ESG management, we have established the Sustainability Promotion Council chaired by the President to raise the bar on our sustainability initiatives including addressing climate change and respect for human rights. The Council sets numerical targets and KPIs in each priority area and issue and conducts progress management and reviews. The Board of Directors has also strengthened its function to achieve sustainable increases in corporate value, such as holding in-depth discussions on sustainability, long-term issues and visions. Going forward, we will provide external stakeholders with more opportunities for dialogue in order to incorporate social trends in our initiatives in a timely manner and improve proactive communication of our sustainability approaches and initiatives.

Supported by the unwavering efforts our employees

The unwavering efforts of every employee as well as leadership by management are essential to driving sustainability initiatives in diverse areas. We feel that an engaged and conscious workforce, where diverse individuals work energetically and achieve personal growth will lead to corporate growth and continuous value creation, which is indispensable to society. It is important that our employees have a “feel” of the relationship between their work and the SDGs; therefore, we are providing training and information to raise awareness and taking the bottom-up approach to turn their ideas into SDGs initiatives. The JAL Group will take action to achieve sustainable development together with society and become “the world’s most preferred and valued airline group” of our stakeholders.



Specific Initiatives

All JAL Group employees promote workplace initiatives to achieve the Medium Term Management Plan.

Address to Climate Change

Engine washing

Lightweight container

Using SAF

Flight path optimization

First flight in Japan with domestic SAF* in February 2021
* Sustainable Aviation Fuel

Regional Revitalization

Collaboration

Workation

Publicize regional specialty products

Support for attracting foreign visitors

Continuing activities from 2011 / 10 Years and evolving into a business

Promotion of D&I

Diversity

Consideration for Gender Neutrality

Activities of Employees with Disabilities

Success of Global human resources

Change Announcement

Sneakers to the ZIPAIR uniform

Improving Accessibility

Formulation of guidelines based on COVID-19 measures

Dedicated counter

Technology Leveraged Support

Exclusive tour

Special assistance counter

Remote sign language interpreter

Autonomous wheelchair

Accessible tourism

Prevention of the Spread of Infectious Diseases

Put all the customers' safety and peace of mind first and offer a new journey

Transportation of medical items

Non-face-to-face/touchless

Heightened hygiene standards

Speed & Quality

JAL SMART AIRPORT

Antiviral and Antibacterial Coating

Main Initiatives and Medium-Term Targets for Sustainability

The JAL Group has set medium-term targets for each of the “4 priority areas and 22 priority issues” and will promote ESG management to achieve the SDGs through our business and create a sustainable society. Through extensive discussion by management, taking into account global trends, stakeholder expectations, impact on business, the importance of Group goals on management, and the opinions of external experts, 4 priority areas were identified (CO₂ emission reduction,

reduction of single-use plastic, increase ratio of female managers, regional revitalization) and established as priority issues in the Medium Term Management Plan. Going forward, we will disclose our achievements each year, expand the scope of our initiatives, and accelerate ESG initiatives.

For more information, please visit the JAL website.
<https://www.jal.com/ja/sustainability/>

Management targets

Management targets in the Medium Term Management Plan

Priority issues

Priority issues in the Medium Term Management Plan

Environment

22 Issues	Main initiatives	Target for FY25
Addressing Climate Change	Reduction of CO ₂ emissions <div>Management targets</div> <div>Priority issues</div>	Aircraft Operation:Below 9.09 million tons Ground Facility: [FY2030 Target] Emissions vs FY2013 50%
Effective Use of Limited Resources	Reducing single-use plastic <div>Management targets</div> <div>Priority issues</div>	No use of virgin petroleum plastic in cabin/lounge 100% switch to eco friendly materials at Cargo/Airport service
	Reducing food loss and waste <div>Priority issues</div>	Recycle rate 100%
	Paper reduction	Paperless in cargo warehouses: Complete paperless in JAL flights
Prevention of Environmental Pollution	Industrial waste reduction	Final disposal rate: Keep below 1%
Noise Reduction	Operation with low-noise aircraft	Ratio of ICAO Chapter 4 standard compliant aircraft:100%
Biodiversity Conservation	Prevention of illegal wildlife trade	Number of illegal wildlife transported:0 times
	Use of certified products	Ratio of paper items with FSC® certified paper used in flight:100%

Communities

22 Issues	Main initiatives	Target for FY25
Route Network Expansion	Preserving and development of regional routes including island routes	More than 62 sites
Increase Inbound Tourism	Promotion of passengers from outside of Japan boarding on domestic flights:	1,505,000 people
Improving Convenience in Travel	Commercialization of drone logistics/ eVTOL air taxi service	FY23: commercialization of drone logistics FY25: commercialization of eVTOLs
Regional Revitalization	Increase of tourists to regional areas <div>Management targets</div> <div>Priority issues</div>	+10% v.s. FY19 result
Community Relations	Promotion of volunteerism	Track participation
	Nurturing the next generation	Track participation in programs
Disaster Restoration Assistance	Disaster relief	Track the value of charity miles donated

Promotion System

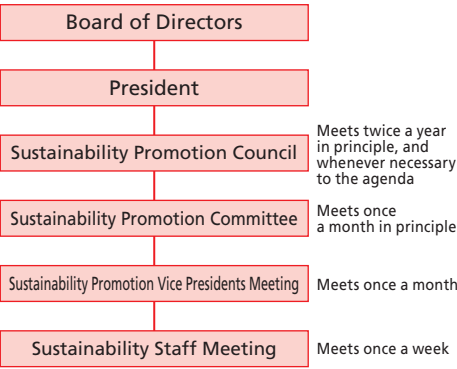
This fiscal year, we developed a system to accelerate ESG management toward achieving the SDGs by establishing the Sustainability Promotion Council*¹ chaired by the President and monitoring progress by the Board of Directors.

The main agenda items of the Sustainability Promotion Council are as follows.

- Progress management of priority issues and annual targets of sustainability initiatives
- Review of risks and opportunities of climate change
- Review of the Environmental Management System
- Review of human rights due diligence

Furthermore, the Sustainability Promotion Committee*² under Sustainability Promotion Council holds monthly meetings, where the directors check and discuss the progress of initiatives.

*1: The council aims to create “an affluent society where each one of us can sense and hope for a brighter future” as set out in “JAL Vision 2030” and achieve sustainable development together with society, through ESG management in all priority areas and priority issues of the JAL Group, the aviation industry and society aimed at achieving the SDGs.
*2: A steering committee to implement the PDCA and promote SDGs initiatives, comprising officers in charge of General Affairs, Corporate Planning, Procurement, Customer Experience, Regional Vitalization, and Human Resources. Other officers may be invited to attended meetings depending on the agenda items/issues to be discussed in the meetings.



People

22 Issues	Main initiatives	Target for FY25
Promotion of Diversity and Inclusion (D&I)	Promotion of diverse talent participating actively in work <div>Management targets</div> <div>Priority issues</div>	Group Female Managers Ratio: 30%
Workstyle Innovation	Improvement of working productivity	Total work hours:1,850 hours
	Promotion of diverse workstyles	Cumulative total number of people who used systems to work remotely: Track usage statistics
Health and Productivity Management	Improvement of health check-up participation rate	Ratio of check-ups taken by employee: Keep 100%
	Ratio improvement of gynecological checkups	Ratio of breast cancer check-up taken: 70% Ratio of uterine cancer check-up taken: 70%
Respect for Human Rights	Conducting of Human Rights Due Diligence	Specification of issues and conducting of improvement plans
Human Resources Development	Enhancement of employee training	Tracking training hours per person
Improving Accessibility	Promotion of boarding passengers who feel barriers to travelling <div>Priority issues</div>	Ratio of such passengers onboard: 2.5 times v.s. FY19 result
Prevent the Spread of Infectious Diseases	Activation of medical items transportation <div>Priority issues</div>	+50% v.s. FY19 result

Governance

22 Issues	Main initiatives	Target for FY25
Fair Business Practices	Compliance to the Corporate Governance Code <div>Priority issues</div>	Keep 100% compliance rate
	Function improvement of Board of Directors	Ratio of Outside Directors: Over one third
	Prevention of information leakage	0 cases
	Prevention of corruption and bribery	0 cases
Disclosure	Reinforcement of information disclosure in Sustainability pages of the Corporate website	Number of views: Over 1,000,000
Responsible Procurement	Supply chain management <div>Priority issues</div>	Soundness confirmation ratio of primary suppliers: 100%
Promotion of BCM	Improvement of BCP effectiveness	Number of exercises conducted per BCM: 2 times

► Environment



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
Passing on the precious Earth to the next generation (global environment) We sincerely accept the fact that our air transport business impacts the environment significantly. To fulfill our responsibility of passing on the precious earth to the next generation, we raise awareness of every employee and preserve the environment in every aspect. (1) Global environmental preservation initiatives The JAL Group complies with laws and regulations and strives to respond to climate change, effectively use limited resources, prevent environmental pollution, reduce noise, and preserve biodiversity in order to reduce impacts of operations 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 dialogue The JAL Group actively discloses environmental information, maintains dialogue with stakeholders and expands environmental preservation initiatives to society.	Addressing Climate Change	• P.77-82 • https://www.jal.com/en/sustainability/environment/climate-action/
	Effective Use of Limited Resources	• P.83-84 • https://www.jal.com/en/sustainability/environment/limited-resources/
	Prevention of Environmental Pollution	• P.85 • https://www.jal.com/en/sustainability/environment/pollution-prevention/
	Noise Reduction	• P.85 • https://www.jal.com/en/sustainability/environment/noise-reduction/
	Biodiversity Conservation	• P.85-86 • https://www.jal.com/en/sustainability/environment/biodiversity/

WEB <https://www.jal.com/en/sustainability/codeofconduct/>

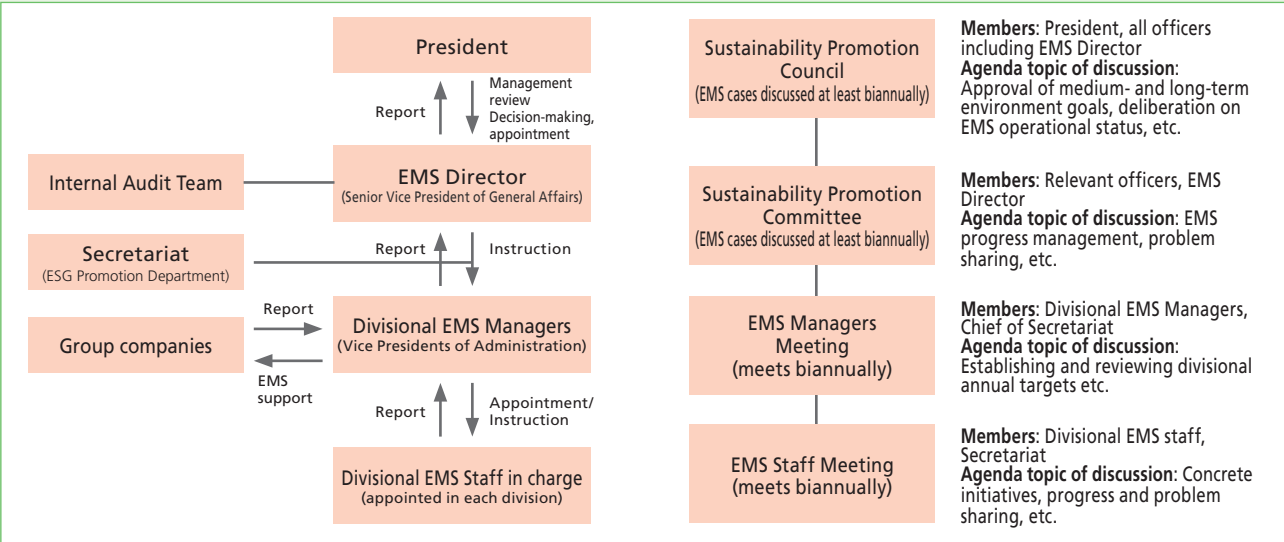
Environmental Management

■ In order to fulfill our responsibility to pass on the precious Earth to the next generation, the JAL Group has established the Environmental Policy and a promotion system and is working to protect the environment as a corporate citizen and prevent events that may hinder this.

WEB <https://www.jal.com/en/sustainability/environment-management/policy/>

■ We have established, implement and maintain the Environmental Management System (EMS) to promote environmental preservation activities appropriately and efficiently while making continuous improvements.

WEB <https://www.jal.com/en/sustainability/environment/environment-management/>



TOPIC Effective Use of Limited Resources

1 Plastic Waste Recycling polythene sheets

The Cargo and Mail Division uses polythene sheets for protection from water damage when transporting pharmaceuticals, food and other daily essentials. Instead of disposing these plastic materials after transport, we have provided them, for 40 years, to Repro Co., Ltd., which manufactures and sells recycled products such as boundary pegs. Repro Co., Ltd. recycles plastic materials to turn them into plastic products such as pegs with built-in IC tags, which are installed in forests for landside detection and disaster prevention. The Cargo and Mail Division is working to create a recycling-based society, where recyclable resources are reused, by continuously providing materials to Repro Co., Ltd. We are also working to reduce CO₂ emissions during air



Plastic materials used in cargo transport



Information peg after recycling

transport including material procurement by using recycled materials in polyethylene sheets for cargo transport, which emit less CO₂ in the manufacturing process.

VOICE

From the frontline at Narita Airport

The global spread of COVID-19 has halted the movement of people, but the movement of goods that support daily life has increased. As we can transport the customers’ “sentiments” behind their consignments, we have worked over the past 40 years to provide environmentally sustainable air cargo transport services, and through trial and error, use environmentally friendly alternatives for plastic on the airport frontline in order to make effective use of limited resources.

As we work on airport frontlines that have direct interaction with customers, we will look for ways of contributing to society and our customers and cooperate with our partners to reduce the environmental impact of our business.



IKARI Sumire
Export and Mail Business Division
JAL Cargo Service

TOPIC Biodiversity Conservation

2 Promoting registration as a World Natural Heritage Site

In July 2021, four Japanese islands, “Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island and Iriomote Island”, were registered as a UNESCO World Natural Heritage. These regions, isolated from the mainland several million years ago, have a diverse ecosystem providing habitats for unique species such as the Amami rabbit, Okinawa rail, a species of bird and Iriomote wildcat only found here and nowhere else.

The JAL Group has been taking steps to support registration of the islands since 2016. Japan Transocean Air (JTA) formed the World Natural Heritage Promotion Joint Association in 2019 to support this movement through a public-private partnership including local companies and organizations. JTA coordinated with the local government of the northern part of Okinawa Island and Taketomi Town on Iriomote Island to preserve the natural environment, promote regional development, and prevent overtourism after registration.

VOICE

Protect the rich natural environment and promote the regional economy

In 2019, I was transferred to Taketomi Town on Iriomote Island on a double assignment at JTA Yaeyama Sales Office to mainly support the listing of the islands as a World Natural Heritage Site. I have dealt with urgent issues of the local community such as drifting garbage and killing of the Iriomote wildcat and planned beach clean-up and weeding activities to protect the environment. I was deeply moved when the decision was made to register the islands as a World Heritage Site. It was the result of steady and united efforts of the local communities.

I will continue to use the perspectives and knowledge of both the public and private sectors to meet the challenge to protect the rich natural environment and promote regional economies.



TAKAYASU Sota (middle right)
Ishigaki Airport, Japan Transocean Air

Note: The members posed as a wildcat after cleanup activities aimed at the conservation of the Iriomote wildcat.

Environment

Addressing Climate Change

Basic Concept

- We are aware that taking urgent action to combat climate change is essential for the creation of a sustainable society.
- In order to steadily promote climate change initiatives, we announced our target to achieve net zero CO₂ emissions (hereinafter “net zero emissions”) by 2050 at the General Meeting of Shareholders held in June 2020.

- In February 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), and in August 2021, made climate-related disclosures in line with TCFD recommendations. The JAL Group will continue to provide periodic disclosures.



Governance

Governance structure

In order to treat climate change-related “risks” and “opportunities” as important management issues, JAL has established the Sustainability Promotion Council headed by the president as the Chair, and Sustainability Promotion Committee under the council for deliberation and decision. The contents are reported to the Board of Directors for discussion and evaluation. In accordance with evaluation of the effectiveness by the Board of Directors (the Board

Effectiveness Assessment), it has been resolved that the Board of Directors will deepen discussions on sustainability, including climate change. The JAL Group will strive to make continuous improvements by periodically evaluating the impact of our business to the environment and results of disclosed initiatives towards climate change and by implementing the PDCA cycle to reflect to the initiatives.

Strategy

Scenario Analysis

In 2018, the JAL Group participated in the “Support Project for Scenario Analysis of Climate Risks and Opportunities in Accordance with TCFD” supervised by the Japanese Ministry of the Environment (MOE), and with reference to the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we set 2 scenarios for the average rise in temperature to the end of this century of “below 4°C” and “below 2°C”, and looked at society in 2030. Since COVID-19’s global outbreak, the international community has begun to move toward a world with the 1.5°C scenario. This includes deepening of the Green Recovery Program in Europe, return to the Paris Agreement by the U.S., China’s net zero CO₂ emissions declaration by 2060, and the Japanese government’s 2050 net zero carbon emissions declaration and major revisions to the NDC (Nationally Determined Contribution). In the aviation industry, ICAO (International Civil Aviation Organization) is currently studying a long-term CO₂ reduction target for 2050 based on the social demand for decarbonization. In view of the fact that CO₂ emission regulations in each country will be tightened and emissions trading will become more prevalent in the future, the JAL Group decided to aim to realize a world with a 1.5°C scenario, set a net zero CO₂ emissions target to be reached by 2050. We have incorporated it into the “JAL Group Medium Term Management Plan 2021-2025”, which was announced on May 7, 2021, to accelerate responses to climate change.

<https://press.jal.co.jp/en/items/uploads/bc57cfb6ca40a6955d89dbbb5253224e7dbf6beb.pdf>

Risks and Opportunities

Climate change has the potential to adversely affect the air transport business, which is based on the premise of operating in a “safe and secure society,” and as a result, poses a significant risk to the sustainability of the business. Furthermore, addressing climate change through CO₂ emission reduction by airlines may have a variety of financial impacts, including upgrading to fuel-efficient aircraft and compliance with carbon pricing. These factors affecting the JAL Group’s business are summarized and discussed in accordance with the TCFD portfolio of climate change-related risks and opportunities and are listed in the table below. “Short-term,” “Medium-term,” and “Long-term” are defined as follows.

Classification	Details
Short-term	Fiscal years 2021-2025 (applicable period of current Medium-Term Management Plan)
Medium-term	Fiscal years 2026-2030 (Period until achievement of the SDGs)
Long-term	Fiscal years 2031-2050 (Period until the JAL Group’s achievement of net zero CO ₂ emissions)

Climate change-related “risks” and “opportunities”

Items of risks and opportunities	Outline of impacts
Transition risks <ul style="list-style-type: none">○ Policy/Legal○ Technology○ Market○ Reputation	Fuel-efficient aircrafts: In the short to medium-term, the steady implementation of the equipment renewal plan is expected to contribute to the achievement of CO ₂ reduction targets. In the long-term, it is expected that small aircrafts with short flight ranges will be replaced by aircrafts using new technologies such as hydrogen and electric power. However, delays in development of aircraft or airport infrastructure may affect the realization of net zero CO ₂ emissions in 2050. SAF *1: In the short to medium-term, there are concerns about supply shortages and high procurement costs due to delays in development and dissemination. In the medium to long-term, there are concerns that the high prices of SAF and hydrogen fuel, which require large quantities of fuel to be purchased, will have an impact on income and expenditure. Emissions trading: In the short term, the impact of emissions trading based on the CORSIA system*2 is assumed to be limited due to a decrease in aviation demand caused by COVID-19. In the medium to long-term, along with the strengthening of CO ₂ emissions regulations in each country, it is possible that the cost of purchasing CO ₂ credits will increase due to the rise in carbon prices. Demand: Although there will be limited impact of the modal shift on the international aviation sector, it may slow the growth of air passenger demand in Japan in the medium to long term.
Physical risks <ul style="list-style-type: none">○ Acute○ Chronic	Operations: The effects against flight operations of changes in precipitation, weather patterns, and extreme weather events have already become apparent in some areas, and may continue over the medium to long-term. Demand: The outbreak of pandemic in infectious diseases caused by changes in ecosystems due to increase in average temperature, has the potential to affect air transport operations in the medium to long-term.
Opportunities <ul style="list-style-type: none">○ Resource Efficiency○ Energy Source○ Resilience○ Markets○ Products and Services	Operation/aircrafts: Reduction of CO ₂ emissions and increase in profit due to improvement of fuel efficiency are expected through ingenuity in daily operations and technical innovation of aircrafts, and improvement of infrastructure including technological innovation of air traffic control in short to long term. SAF: In the medium to long term, the diversification of fuel supply sources by SAF dissemination may lead to improved reliability of aircraft fuel supply chains. Demand: A certain degree of improvement in customer preferences is expected by responding to the diversification of customer needs for low-carbon, environmental conscious products and services over the short to long term. It could also create new revenue streams by creating new businesses such as next generation Air Mobility.

*1: **SAF** Sustainable Aviation Fuel
*2: **CORSIA** Carbon Offsetting and Reduction Scheme for International Aviation: a system which mandate airlines operating international flights to purchase CO₂ emission credits for any excess CO₂ emissions in 2019, from 2021 onwards

Risk Management

Risk Management System

Recognizing the risk of climate change as one of our priority risks, risk management is conducted in accordance with global laws, regulations and policy trends related to climate change, while identifying risks in the PDCA cycle of the Environmental Management System (EMS). They are reported to the Board of

Directors for discussion and evaluation. The risk of climate change, both transition risk and physical risk, are managed within the risk management framework of the JAL Group as a whole.

<https://www.jal.com/en/sustainability/governance/riskmanagement/#risk>

Environment

Addressing Climate Change

Metrics and Targets

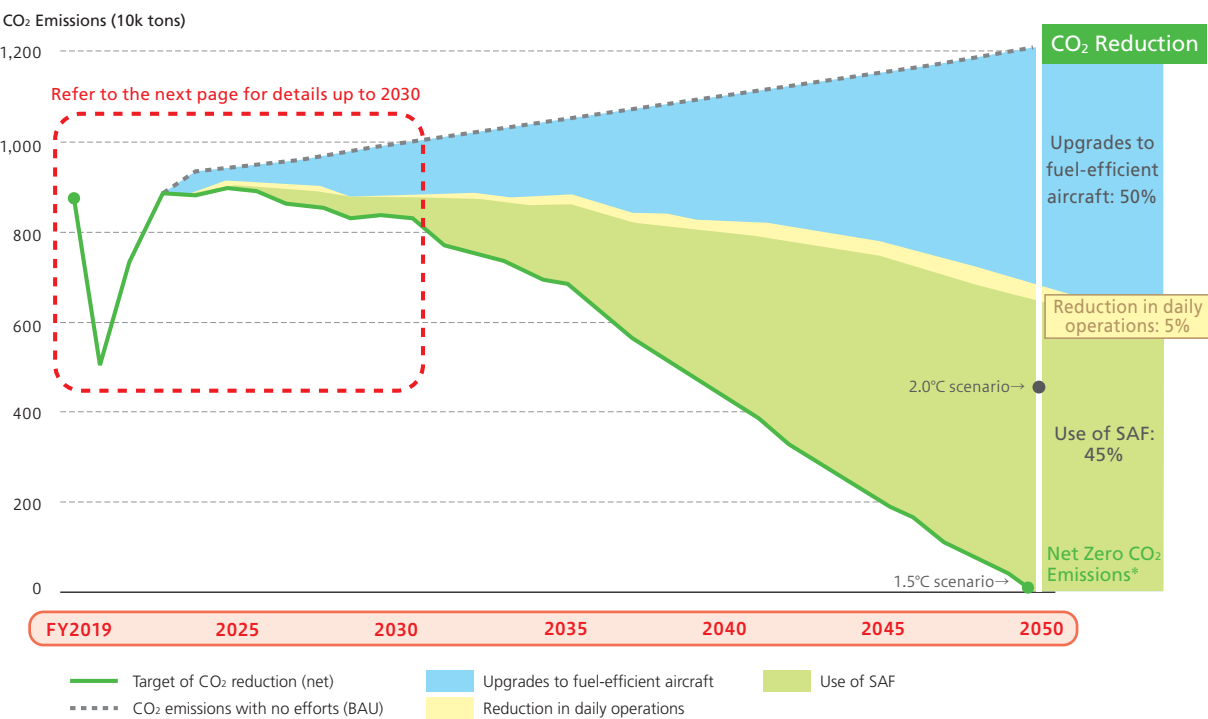
Reflection in the Medium Term Management Plan

Acceleration of addressing climate change was included in the JAL Group Medium Term Management Plan for FY2021 - FY2025. Due to the nature of the air transportation business, direct emissions from aircraft account for approximately 99% of the JAL Group's total CO₂ emissions. Therefore, the Group will first focus on reducing CO₂ emissions from aircraft, it will also set aggressive targets in reducing CO₂ emissions from ground facilities and take sincere measures.

Scenarios towards net zero CO₂ emissions by 2050

Regarding the reduction of CO₂ emissions from aircraft, its scenarios by 2050 are considered, referring to the latest study materials by ICAO and IATA, and proceeding to a discussion of future issues and measures to be taken.

JAL Group's Road Map towards Net Zero CO₂ Emissions*



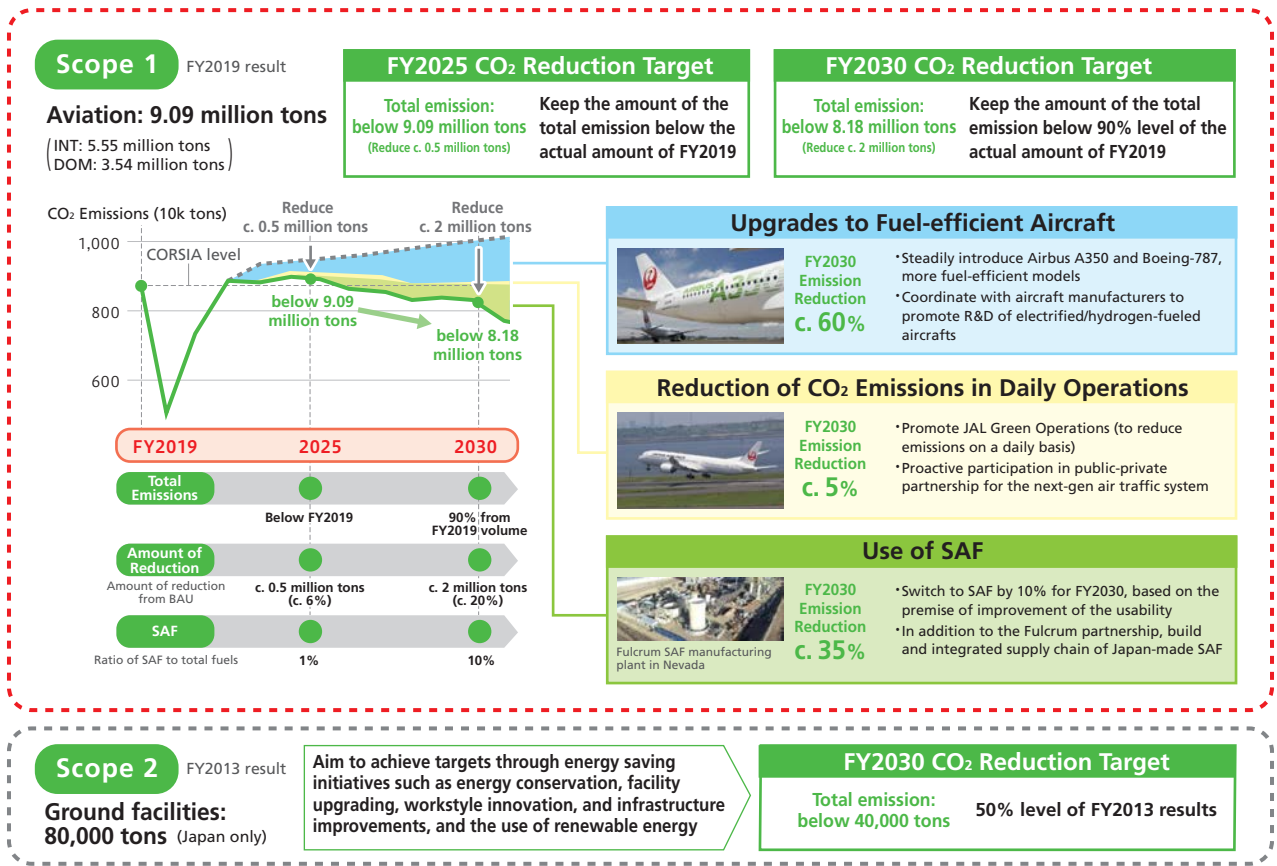
- Upgrades to fuel-efficient aircraft**
Utilizing the latest fuel-efficient aircraft today and aim to introduce aircraft using new technologies in the near future, such as hydrogen and electric powered aircraft
- Reduction in daily operations**
In addition to "JAL Green Operations" to reduce CO₂ emissions in daily operations, promoting collaboration across the entire industry, including air traffic control agency, airlines, and airport operators
- Use of SAF**
Collaboration with stakeholders to aim for a decarbonized society to secure SAF supply and reduce costs

* Achieving a balance between the amount of carbon emissions actually generated by business activities and the amount of reduction achieved through measures = Net Zero Emission (including emissions trading and CCS (CO₂ absorption technology))

Targets and Initiatives towards CO₂ emission reduction by 2030

The JAL Group's target for 2030 to keep total emissions below 90% level of that of fiscal 2019 is one of the most ambitious targets for airlines around the world. We will strive to achieve our goals by steadily upgrading to the latest aircraft based on stable financial base, reducing CO₂ emissions in daily operations through the promotion of JAL Green Operations,

and expanding sustainable aviation fuel (SAF) load. As for SAF, manufacturing and distribution overseas is accelerating, and in Japan, the government's Green Growth Strategy laid out a concrete path to SAF manufacturing and distribution by 2030. The JAL Group has set an ambitious goal of replacing 10% of fuel loads by SAF in 2030 and will work on SAF commercialization in cooperation with stakeholders in Japan and overseas through public-private partnerships.



Cooperation with external parties to reduce CO₂ emissions

While strengthening coordination and collaboration with various stakeholders in and outside Japan, we will lead the industry in pursuing cutting-edge initiatives based on the international framework for CO₂ reduction and in line with the Green Growth Strategy of the Japanese government. Specifically, in addition to actively participating in study meetings organized by Ministry of Land, Infrastructure, Transport and Tourism on CO₂ reduction in flight operations, airports and other domains, we will consider appropriate CO₂ reduction targets of the aviation industry to be achieved by 2030 as the Secretariat of the Scheduled Airlines Association of Japan, promote the use of SAF, and engage in high quality, inexpensive carbon credits in Japan.

Environmental data disclosures

In order to pass on the precious Earth to the next generation, the JAL Group has set targets for CO₂ emissions, waste and water consumption, and other environmental data, and discloses the results.

<https://www.jal.com/en/sustainability/esg/pdf/esg.pdf>

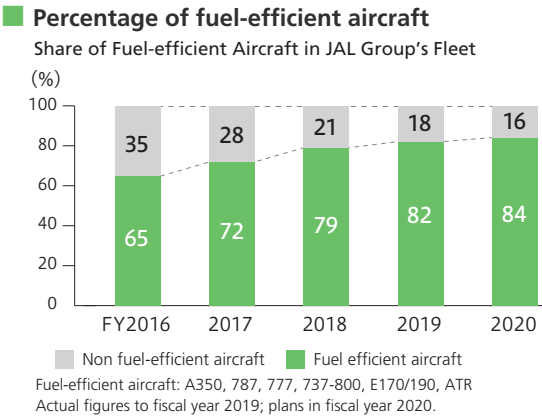
<https://www.jal.com/en/sustainability/environment/partnership/>

Environment

Addressing Climate Change

Specific Initiatives

■ Upgrading to fuel-efficient aircraft
In September 2019, the Airbus A350 entered service on domestic routes, and in October 2019, the Boeing 787, which had been in service on international routes since 2012, entered service on domestic routes. These aircraft are fuel-efficient and produce less noise and can reduce the amount of CO₂ emissions by 15% to 25% compared with conventional aircraft.
Utilizing funds raised in public equity offering in 2020, the JAL Group will steadily continue to upgrade to fuel-efficient aircraft in fiscal 2021 and beyond.



With the acceleration of next generation aircraft development such as the announcement of plans by Airbus to introduce hydrogen powered aircraft to the market from 2035, the JAL Group will cooperate with aircraft manufacturers to promote technological innovation toward for the development of electric and hydrogen powered aircraft.
We will decide the specific schedule of upgrading our fleet while monitoring aircraft development and will steadily upgrade to state-of-the art aircraft that emit less CO₂. As infrastructure including airports need to be developed as well, we will work with various stakeholders including the government and airport companies to improve the environment.

■ Reducing CO₂ emissions in daily operations
Based on the fundamental premise of aviation safety's adherence to the principles, a variety of measures to reduce CO₂ emissions are devised, including eco-flight initiatives by devising the timing and choice of handling during flight operations, reducing weight of aircraft, and improving fuel efficiency through regular engine internal cleaning.
Furthermore, by promoting JAL Green Operations, a cross-organizational activity, which monitor the status of each initiative and share the progress within the company, thereby promoting the PDCA cycle to reduce CO₂ emissions.

VOICE

Frontline's ingenuity in reducing CO₂ emissions
We, as pilots, are working to reduce the volume carbon emissions and devising various operations that take the global environment into consideration. As a company, we have set a target for net zero CO₂ emissions by 2050, and in order to achieve further reductions in CO₂ emissions, it is necessary to deregulate by revising laws and take new measures in cooperation with airports and air traffic control. While the Japanese government is committed to achieving net zero carbon emissions, the Study Group on CO₂ Reduction in Aircraft Operations was established to further accelerate and promote initiatives to reduce carbon emissions in all aspects of aircraft operations. We will also participate in the study group and work together with stakeholders to realize new measures.



■ Supporting the development and use of SAF
Aiming to be a leading airline in the use of SAF, JAL Group is working on a variety of projects, including investment in Fulcrum, a US-based SAF manufacturer, use of SAF produced in Japan for the first time in scheduled flights, and collaboration with partner companies to build supply chains for Japan domestic SAF.



[Overseas SAF Procurement]
In the U.S., we invested in Fulcrum in 2018, and the first plant was completed and started operation in July 2021. JAL Group plans to begin utilizing the SAF procured from Fulcrum in scheduled flights, departing from the West Coast of the United States, around 2024.
In addition to procurement from Fulcrum, we also plan to contribute to reducing the volume of carbon emissions by starting to utilize SAF in flights from Europe and the United States, where mass production is progressing.

[Efforts towards the adoption of domestically produced SAF]
Since February 2020, we have collaborated with Marubeni Corporation and ENEOS Corporation in a business assessment on the feasibility of a domestic supply chain for the manufacture, distribution and sales of SAF derived from plastic waste and other industrial wastes.
In view of growing global demand for SAF, we will actively work with the public and private sectors and the aviation industry to establish a mass production system for domestic SAF and a supply chain for continuous SAF loads at hub airports in Japan.

Project to turn used clothing into SAF
As part of these efforts to commercialize domestic SAF, we produced Japan's first domestic SAF made from cotton clothing supplied by customers using only domestic technology with the cooperation of many Japanese companies, and after passing compliance testing for international fuel standard ASTM D7566 and quality inspections, the SAF was loaded on a scheduled domestic flight for the first time.

[Details]
Date: February 4, 2021
Flight Number: JL319
Route: Tokyo Haneda to Fukuoka (Departure 13:00)
Aircraft Type: Boeing 787-8 (JA849J)

Successful domestic SAF project
As the first step to commercialize domestic SAF, the SAF, that was manufactured in the project involving many years of work by public organizations, SAF manufacturers and airlines, passed quality inspections and was approved for use in actual flight operations. The JAL Group loaded two types of SAF, produced from different raw materials in a demonstration plant, for the first time on a scheduled flight.

[Details]
Date: Thursday, June 17, 2021
Flight number: JL 515 (Departing from Tokyo (Haneda) bound for Sapporo (New Chitose airport))
Aircraft Type: Airbus A 350

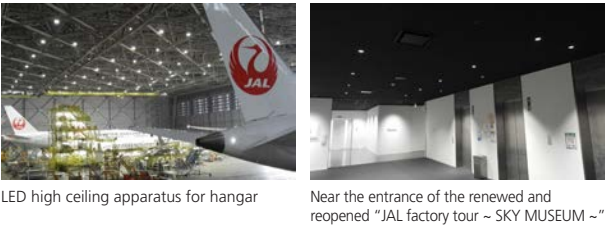
■ Engaging in emissions trading
In addition to responding to Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the JAL Group also offers JAL Carbon Offset, in cooperation with Blue Dot Green Co., Ltd., as a unique initiative that allows passengers to offset their own CO₂ emissions on their flights.

[JAL Carbon Offsetting]
In response from feedback from customers who have a keen interest in protecting the environment and preventing global warming, the JAL Group, in collaboration with blue dot green Inc., offers passengers the option to offset the CO₂ emitted by the aircraft they fly on through our JAL Carbon Offsets program.

~ 4 Initiatives ~

- Forest management project in Oguni, Kumamoto prefecture
- Deforestation prevention project in Rimba Raya Biodiversity Reserve, Indonesia
- Forest management project of 4 towns in Hokkaido
- Investment in water infrastructure project in Africa aimed at improving sanitation.

■ Measures to reduce CO₂ emissions from ground facilities
In the area of ground facilities, initiatives with the goal of reducing unit energy consumption by 1% or more on average have been promoted. Under the “operator classification evaluation system” of Act on the Rational Use of Energy (Energy Conservation Act) implemented by Ministry of Economy, Trade and Industry, the Group has been certified as “S Class”, an excellent business operator, for 6 consecutive years since 2015.



CONTRAIL Project
The JAL Group has been working on in flight atmospheric observation since 1993. In 2005, the National Institute for Environmental Studies (NIES) and aircraft parts manufacturer JAMCO Corporation joined the efforts to expand and enhance the scope of these atmospheric observations, and with each party putting their expertise to use, the CONTRAIL Project was born. The CONTRAIL Project is the world's first planned ongoing, global-scale continuous measurement of greenhouse gases using equipment installed on scheduled passenger flights, and this joint public-private project continues its activities today.

Environment

Effective Use of Limited Resources

Basic Concept

- In accordance with the JAL Group Environmental Policy, the JAL Group promotes the 4Rs (Refuse/Reduce/Reuse/Recycle) in each business process in order to create a recycling-based society.
- As a key initiative, we are working to reduce the use of petroleum-derived single-use plastics and reduce food loss and waste.

Specific initiatives to reduce single-use plastics

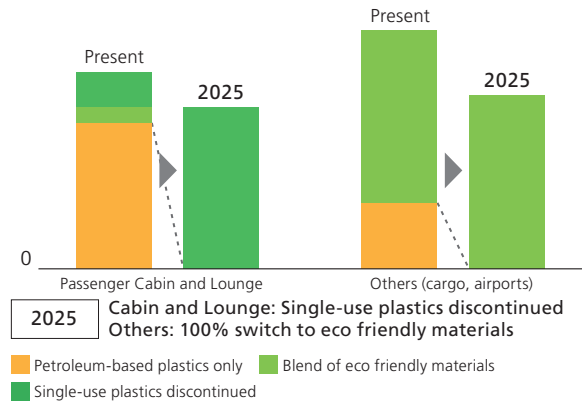
The JAL Group is taking steps to deal with plastic problems that cause global warming and marine pollution. We have set single-use plastic reduction targets as management targets and aim to achieve them through the 3Rs (Reduce, Reuse, Recycle) + 1 (Redesign)*1.

*1 Redesign means redesigning products such as reviewing their use, procurement and disposal methods, and developing a collection and recycling system in cooperation with external companies.

Discontinuation of use of single-use plastics in-cabin and in lounges

In order to address the plastics problem, we are discussing reduction methods and targets, driven by the company-wide Plastic Working Group. In September 2019, we removed plastic straws and plastic muddlers from our cabin service and lounge service goods. Further, in May 2021, we announced single-use plastic reduction targets in the Medium Term Management Plan. By promoting the 3Rs (Reduce, Reuse, Recycle) + 1 (Redesign), we will reduce the use of single-use plastics provided to customers by 2030 through the following process.

Single-use plastics used (Japan Airlines Co., Ltd.)



Priority	High	<div>Reduce</div> <ul style="list-style-type: none"> Fundamental review of the need for/by changing the way of thinking Reducing the number of purchases, weight, and size 	<ul style="list-style-type: none"> Reviewed the bottled dipping sauce for soba noodles (fiscal 2019 results: 4.9 tons) Reviewed the service style; switched to a gelled dipping sauce for soba noodles 	 
		<div>Reuse</div> <ul style="list-style-type: none"> Long life design through reuse and parts replacement Breaking away from disposable (converting to silicon materials reinforced plastics, etc.) 	<ul style="list-style-type: none"> Introduced polyurethane coated gloves as a COVID-19 infection prevention measure Reduced the consumption of plastic gloves 	
		<div>Redesign</div> <ul style="list-style-type: none"> Elimination of plastic (convert to other sustainable materials) Recyclable materials (recycled plastic/Bagasse-based plastic, etc.) Conversion to environmentally friendly materials (biomass/compostable) 	<ul style="list-style-type: none"> Discontinued the use of all plastic straws and muddlers in 2019. Switched to paper straw using FSC® certified paper and wooden muddlers Switched Economy Class plastic drink cups to FSC® certified paper cups. 	
	Low	<div>Recycle</div> <ul style="list-style-type: none"> Establishment of collection and recycling schemes in cooperation with customers and suppliers Thorough separation of waste and promotion of recycling 	<ul style="list-style-type: none"> As a unique JAL initiative, to reduce incineration of plastic bottles, cabin attendants segregate waste from flights after arrival for recycling (converted to plastic bottles by beverage manufacturers) 	

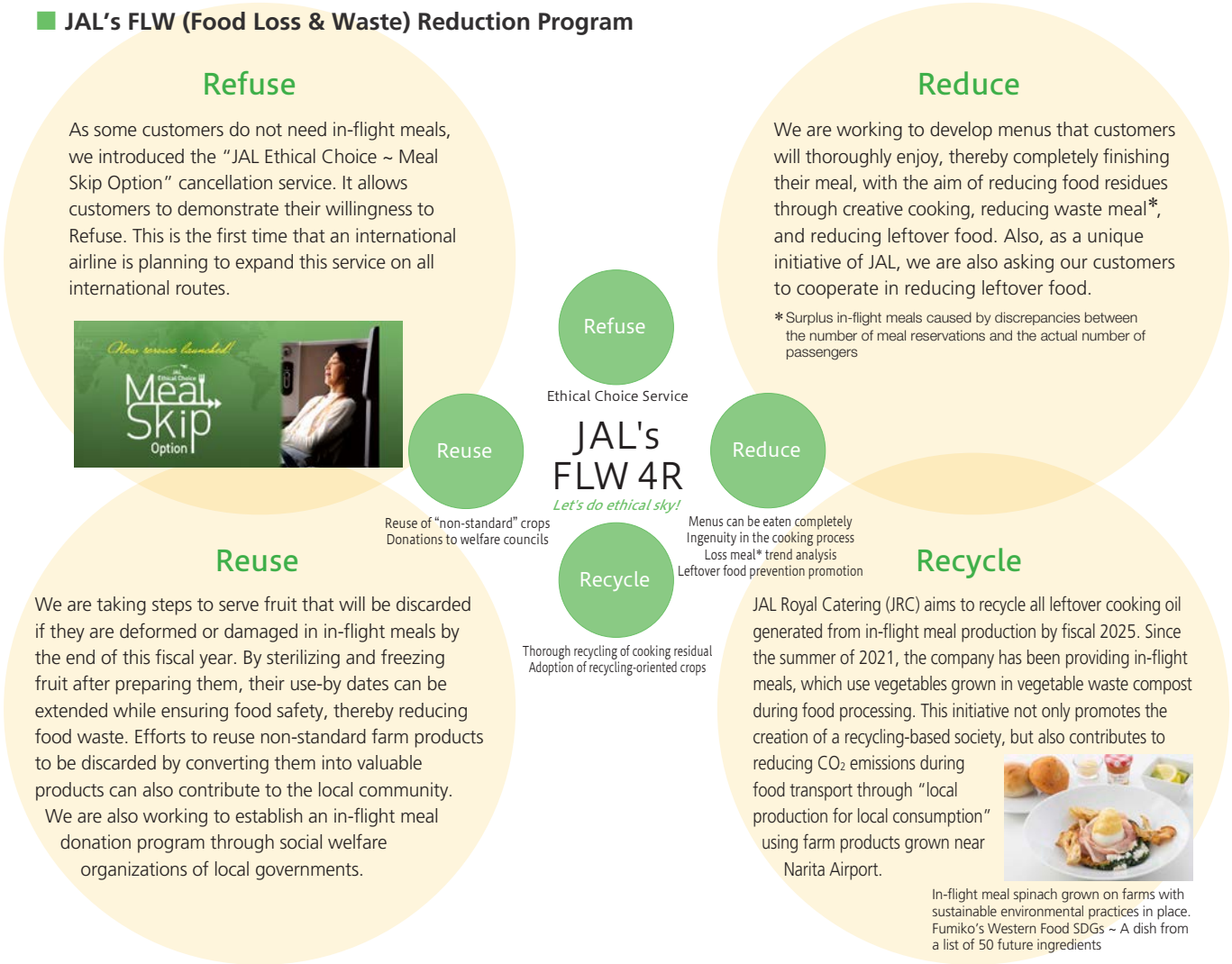
Aggressively purchase commercial products manufactured with the same priority

Specific initiatives to reduce food loss and waste

Greenhouse gas emissions from food including waste are estimated to be 21 ~ 37% of global emissions. The JAL Group is aware of the problem of food loss and waste and is implementing initiatives to prevent this. The JAL Group is reducing food waste through the 3Rs (Reduce, Reuse, Recycle) + 1R (Refuse).

WEB <https://www.jal.com/en/sustainability/environment/limited-resources/#anc09>

JAL's FLW (Food Loss & Waste) Reduction Program



VOICE

As a member of the Food Loss and Waste Reduction Project

After working at Gimpo Airport in South Korea, I was in charge of in-flight meal menu development at JAL Head Office and engaged in CO₂ emission reduction as a member of the food loss and waste reduction project. We are working day and night to create tasty menus that our customers would thoroughly enjoy. We started a new service that allows customers to refuse their in-flight meal to stop preparing more in-flight meals than necessary. We are taking steps to leave a greener environment for the next generation.



SIN Jae-yoon
Catering Operations, Quality Management Group, Product and Services Department

Environment

Prevention of Environmental Pollution

Basic Concept

- In accordance with PRTR (Pollutant release and transfer register) regulations, the JAL Group manages hazardous chemical substances and strives to reduce the amounts handled and released.

Specific Initiatives

We aim to achieve a final disposal rate of 1% or less by promoting the segregation and collection of industrial waste at maintenance facilities and thorough waste management including the selection of disposal sites. Furthermore, we are working to reduce emissions of carbon dioxide (CO₂), nitrogen oxides (NO_x), carbon monoxide (CO), hydrocarbons (HC), and other substances emitted by aircraft in order to prevent air pollution. All JAL Group aircraft engines conform to all regulatory values and the appropriate standards set by ICAO (International Civil Aviation Organization) (ICAO CAEP6/CAEP8 standards for NO_x regulations; standards differ at the time of type certification).

Environment

Biodiversity Conservation

Basic Concept

- The JAL Group is aware of the direct and indirect impacts of its air transportation business on biodiversity conservation. In accordance with the JAL Group Environmental Policy, the JAL Group will address biodiversity conservation in a proactive manner by “fulfilling our responsibilities for biodiversity conservation as an air transport operator” and “reducing the environmental impact of our business and minimizing impacts on the ecosystem.”

Specific Initiatives

Challenge toward registration as a World Natural Heritage Site

In July 2021, the Japanese islands of Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island, and Iriomote Island, which were separated from the mainland several million years ago and are home to rare species such as the Amami rabbit and Iriomote wildcat, were registered as a World Natural Heritage Site in recognition of their biodiversity and rich natural environment. The JAL Group is also closely involved in these activities. JAPAN AIR COMMUTER (JAC) and JAL Kagoshima Office, both located in Kagoshima, Japan Transocean Air (JTA) and RYUKYU AIR COMMUTER (RAC) based in Okinawa joined hands with the local community to protect and raise awareness of the natural environment.

Examples of initiatives

- Participation in the Liaison Conference on Measures against Poaching and Smuggling
- Installation of road signs to prevent road kill of rare species
- Maintenance and PR of the Amami hiking trail, which covers the Amami Islands
- Beach clean-up activities to pick up litter

Environment

Noise Reduction

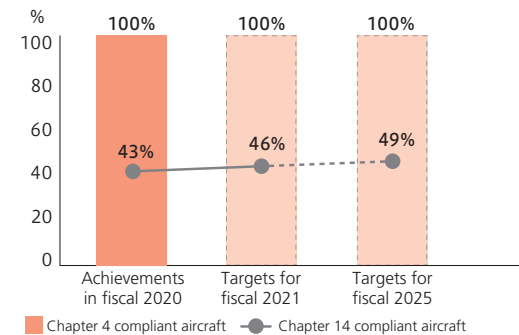
Basic Concept

- In order to fulfill our responsibility as social infrastructure, the JAL Group is actively working to reduce noise in order to coexist with residents in communities near airports and sea routes.

Specific Initiatives

Changes in the percentage of ICAO noise standard compliant aircraft

We are steadily upgrading our fleet to the latest aircraft models that emit less CO₂ and meet noise standards (ICAO Chapter 4, Chapter 14) and are taking measures to reduce noise around airports.



World Natural Heritage Promotion Joint Association (Okinawa) World Natural Heritage Promotion Community (Kagoshima)

Launched in 2019 by JAL, JAC, JTA, NTT DOCOMO and other parties, this joint community promotes the registration of World Heritage Sites by connecting local companies and organizations. We are utilizing the strengths of participating companies and organizations to protect the natural environment and promote regional development through nature.



The moment the participants, at venues in Kagoshima and Okinawa, share the joy when the decision was made to add the islands to the World Natural Heritage list. (The photo was taken in front of the special livery aircraft at JTA Maintenance Center “Corporate Venue”)

Coral sexual reproduction and coral regeneration project

One of the charms of Okinawa is its blue waters and colorful and vibrant coral reefs. In addition to its scenic function as a tourism resource, the coral reefs are also habitats to many species, and play various roles such as national land conservation and disaster prevention through wave dissipation effects. In recent years, the depletion of coral reefs along the coast of Okinawa Prefecture has become a problem, as seen by bleaching caused by rising sea temperatures and the emergence of many starfish. The JAL Group is working to restore coral reefs.

Sexual Reproduction and Coral Regeneration Support Council

In April 2020, JTA, established a joint committee to examine mechanisms for coral reef restoration activities in Yaeyama, based on a plan to support the Yaeyama Fisheries Cooperative in Ishigaki City, Okinawa Prefecture together with local companies and the Fisheries Civil Engineering Technology Center for six years. Although coral may look inorganic, they are creatures such as jellyfish and sea anemones that lay eggs once a year. Sexual reproduction is a method of breeding coral eggs. By 2018, the Fisheries Agency developed technology to efficiently fertilize coral eggs in a form close to nature, enabling the production of large numbers of seeds and seedlings. The Yaeyama Fisheries Cooperative is engaged in coral reef breeding, which requires a high level of technical expertise, under the technical guidance of the Council.

Official Supporter of International Year of Plant Health 2020

The United Nations declared 2020 as International Year of Plant Health to raise global awareness of the importance of preventing the spread of plant pests. As an official supporter of International Year of Plant Health 2020 of approved by the Ministry of Agriculture, Forestry and Fisheries (MAFF), the JAL Group is working raise internal and external awareness of the importance of plant protection. Not only do we need to be careful when taking plants overseas or bringing them into Japan, there are also restrictions on the movement of plants in Japan. For example, taking out sweet potatoes from the Nansei Islands (the Amami Islands in Okinawa and Kagoshima prefectures) and the Ogasawara Islands is restricted. At an in-house workshop held in February 2020, we invited MAFF officials to talk about plant damage caused by diseases and pests, plant quarantine, and their relationship with the aviation industry. As pest and disease control is costly, it is extremely important to prevent the invasion and spread of pests and diseases. We raised staff awareness through e-Learning, published an article in the May edition of our in-flight magazine “SKYWARD” and showed an in-flight video on plant quarantine in cooperation with MAFF from September to December 2020.



Inflight video image

Preventing illegal wildlife trade

In June 2018, the JAL Group signed the Buckingham Palace Declaration by the United for Wildlife Transport Taskforce to reduce illegal wildlife trade promoted by the International Air Transport Association (IATA). Wildlife trafficking is one of the world’s largest crimes, with a trade value of trillions of yen, next to drugs and human trafficking. In order to prevent crimes, Ishigaki Airport staff found coconut crabs, an endangered species, being taken out of the island in baggage labeled “pineapple” and Amami Airport staff found rare frogs and snakes being taken out. In this way, the transportation stage plays a vital role in preventing illegal trade in wildlife. In 2020 and March 2021, we invited officials from the World Wide Fund Japan (WWF Japan) to hold a workshop on the current situation of illegal wildlife trade and how to respond in case live animals are found during transport. Furthermore, we are increasing more opportunities to raise awareness internally by training instructor-staff, strengthening efforts to eradicate illegal wildlife trade in cooperation with external parties, and endorsing the joint statement by WWF Japan, “People, Animals, and Ecosystems: One Health*.” The JAL Group is committed to the conservation and sustainable use of biodiversity.

* One Health is an integrated approach to ensure the circle of life remains healthy and balanced recognizing the interconnection of the health of people, animals and ecosystems.



Workshop on prevention of illegal wildlife trade

World Heritage programs to commemorate registration as World Natural Heritage

The JAL Group is planning and implementing a “unique to the JAL Group” World Heritage Guests Program to visit, see, and interact with areas that have become treasures of the world, as part of its efforts to commemorate World Heritage registration under the themes of “connecting the world with Japan’s World Heritage, which has become a treasure of the world from local treasures” and “connecting Japan’s World Heritage to future generations through coexistence and conservation with nature”.



► People



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
Pursuit of customer satisfaction The JAL Group provides information on products and services appropriately, takes comments from customers sincerely, and continuously strives to develop and provide better products and services in order to deliver unparalleled service to our customers. When doing so, we put ourselves in the customers' position and develop innovative products and services to meet diverse customer needs.	Promotion of D&I	• P.89-90 • https://www.jal.com/en/sustainability/human/diversity/
	Workstyle Innovation	• P.91 • https://www.jal.com/en/sustainability/human/work_style/
	Health and Productivity Management	• P.92 • https://www.jal.com/en/sustainability/human/health-management/
	Respect for Human Rights	• P.93 • https://www.jal.com/en/sustainability/human/human_rights/
	Human Resources Development	• P.94 • https://www.jal.com/en/sustainability/human/human-resources-management/
	Improving Accessibility	• P.95 • https://www.jal.com/en/sustainability/human/accessibility/
Respect for human rights and job satisfaction (human rights and labor) Respecting others means respecting different cultures and values. To achieve this, we actively interact with diverse cultures from around the world. To create productive workplaces where employees are motivated in their jobs, we take pride and joy in doing our best for our colleagues.	Preventing the Spread of Infectious Diseases	• P.96 • https://www.jal.com/en/sustainability/prevent-infection-spread/

WEB <https://www.jal.com/en/sustainability/codeofconduct/>

TOPIC 1 Promotion of D&I

Creativity and individuality are the sources of value creation

In April 2020, a former cabin attendant became President of JAL Sunlight Co., Ltd., a company which espouses the philosophy to “continuously create new value by leveraging diversity in an environment where disability is not a barrier.” Immediately after her appointment, she began embracing challenges as a new leader by drawing on her individuality and abilities. Her high sensitivity toward service cultivated from frontline experience and her experience as a cabin attendant which requires quick action, are reflected in her speedy actions, from the time of conceptualization of a business idea to implementation. This is a successful example of D&I in value creation from a woman’s perspective.

VOICE

Embracing challenges with respect for individuality

With a strong aspiration to “create a company where employees, with or without disabilities, can play an even more active role,” I thought of ideas for new challenges while communicating closely with staff. We found that some employees had a strong interest and talent in art and painting, and in March 2021, launched the nail room business run by employees with disabilities. This is not the only new business we have created. We will continue to embrace challenges that recognize and utilize the individuality of every employee.



MIYASAKA Kumiko (photo right)
President of JAL Sunlight

TOPIC 2 Respect for Human Rights

Dialogue with external experts

In 2019, we established the JAL Group Human Rights Policy to clearly define our approach to respecting human rights. Aligned with the UN Guiding Principles on Business and Human Rights, the policy states that we will incorporate human rights due diligence (Human Rights DD) in business processes in order to respect human rights throughout our operations. In December 2020, we conducted a company-wide risk survey on human rights risks of the JAL Group and compiled the results in a risk map to identify human rights issues of importance. To address these risks, we invited SHIMOTAYA Takeshi, Representative Director of



Dialogue between ASSC President Shimotaya and the directors of key divisions at the time

TOPIC 3 Improving Accessibility

Serving customers with disabilities in the COVID-19 pandemic

In order to appropriately serve customers with disabilities in the pandemic, we established Customer Service Guidelines dealing with COVID-19. For example, we changed ways of assisting wheelchair users and guiding customers with visual impairment in order to prevent infection to both customers and employees. Wooden wheelchairs for rental service are given antiviral and antibacterial coatings and other equipment are disinfected after each use to create an environment of ensuring safety and comfort for all customers.

Support based on COVID-19 measures:
WEB <https://www.jal.co.jp/jalpri/flysafe/>

the Global Alliance for Sustainable Supply Chain (ASSC), which promotes international human rights initiatives, to participate in dialogue with directors of key divisions, which have relationships with important stakeholders across the value chain, such as Human Resources, General Affairs, Procurement, and Products and Services. Mr. Shimotaya provided valuable advice from various perspectives, including human rights risks related to COVID-19, based on which we summarized our efforts on important human rights issues and disclosed them on the JAL website. Going forward, the JAL Group will continue to engage in dialogue with society and fulfill its responsibility to respect the human rights of all people, in accordance with the Human Rights DD mechanism defined in internal regulations, as we believe that respecting human rights is a universal value.



Furthermore, in cooperation with other airlines, airport building companies, and airport operating companies, we are exchanging views with people with disabilities on how to deliver safety and comfort in air travel services provided by the aviation industry including the JAL Group. Through demonstrations of appropriate service methods during the pandemic, the participating companies made new discoveries, deepened their understanding of people with disabilities, and are working to improve customer service and create a seamless mobility environment.

People

Promotion of D&I

Basic Concept

■ Ever since top management announced its commitment to diversity in 2014, we have taken steps to become a company where all employees can work in a positive environment regardless of gender, age, nationality, race, disability, sexual orientation, gender identity, or other personal attributes. To achieve this, we respect individuality and ensure equal treatment in all important aspects of human resource development, such as recruitment, job assignment and advancement, and promote D&I and workstyle innovation in an integrated manner to facilitate the active participation of diverse human resources.

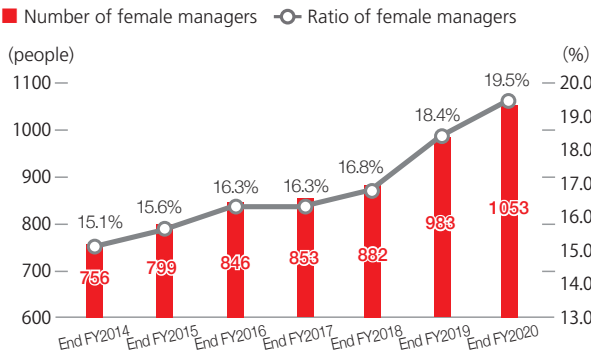
Specific Initiatives

Promoting women’s advancement

The JAL Group has focused on the development and advancement of women and global human resources to ensure fair and equitable treatment and allow everyone to play a leadership role. As of the end of March 2021, women held 19.5% of manager-level positions in the JAL Group, which shows steady progress of our efforts. The Medium Term Management Plan sets a target of raising the proportion of women in management roles in the JAL Group to 30%, and we are accelerating efforts to achieve this. Furthermore, to increase women at the board and executive levels, we are taking steps to increase women at the Vice President and senior manager levels. In the past two years, the number of female Vice Presidents has increased 1.5-fold (57 as of June 2021), and many women have been promoted to station managers at hub airports such as Haneda, Narita, Osaka, and Fukuoka. In the Cabin Attendants Division, leaders of frontline departments are all women. In order to further increase the number of women in leadership roles, we hold study meetings

in which top management leaders serve as lecturers. Going forward, we would like to see more women step up as leaders in terms of both development and advancement. In recognition of our efforts to develop women leaders, JAL received both the Second Award (Corporate Award) and the Executive Award (Individual Award) in the Advance category of the 2021 J-Win Diversity Awards*.

Number and ratio of female managers in the JAL Group



* Awards sponsored by the Japan Women's Innovative Network (J-Win), a non-profit organization, to recognize companies and individuals who promote D&I

VOICE

Women’s Leadership Workshop

As the further growth of women in top management is essential to women’s participation and advancement in the workplace, we have held the Women’s Leadership Workshop, “Akasaka-Juku (school),” regularly since fiscal 2021 under the direct guidance of President Akasaka. Many of the participants are Vice Presidents and senior managers in frontline divisions such as at Airports and Cabin Attendants. As Secretariat, I have pursued a career as a cabin attendant and I am currently in charge of employee training in the Work Philosophy Development Department. The objectives of the Female Leader’s Workshop “Akasaka-Juku (school)” are:

- To acquire the ability to think, discuss and act by looking ahead, grasp the overall situation and implement strategy; and
- To create new value through cross-functional coordination and mutual learning.

Participants are making efforts to improve their abilities from what they learned from the workshops and are contributing to developing the next generation of women leaders.



Naoko Shishido
Vice President, Work Philosophy Development

Promoting the participation and advancement of human resources hired outside Japan

In a global environment, we respect diverse cultures and are working to develop human resources who can create new value. Despite travel restrictions during the pandemic, we are continuing to work on this through online training and remote support. We are also promoting career advancement of employees outside Japan, who currently account for about 30% of important posts in overseas offices (airport offices, district sales offices, etc.). We will continue to develop human resources under a well thought out plan and increase the ratio of managers both inside and outside Japan.



Recruitment and advancement of experienced employees from outside the company

We have been actively hiring experienced employees to link diverse knowledge acquired outside the company to value creation. These experienced professionals work in fields that require advanced knowledge such as business creation, digital innovation and ESG, and are creating new value. Many of them have been promoted to managers, with an increasing number of employees participating in important decision-making each year and even advancing to management positions. As many of these experienced employees, who joined the company during a certain period, will be reaching retirement age soon, we expect a temporary decline in the total number of managers among them. We will therefore resume recruitment of employees possessing diverse knowledge and experience and strive to achieve the same ratio of managers and the ratio of new graduate recruits.

Promoting of challenges by employees with disabilities

In order to promote the active participation of employees with disabilities, we are embracing the challenge of developing new fields where they can utilize their talents and abilities. In addition to cafés and massage rooms, we opened a nail room in Haneda in fiscal 2020, where employees with disabilities play an active role and employees can deepen their understanding of D&I.



Nail room opened in fiscal 2020

Diversity promotion project by employees

As a bottom-up approach to promoting D&I, we are carrying out a project called “JAL D&I Lab.” In fiscal 2021, the members divided into teams under the themes: Globalization, The Active Participation of People with Disabilities, The Active Participation of Women, and Life and Career Development, and have been creating ideas based on free-thinking and are shaping them into measures for implementation this fiscal year. Together with the top-down approach of top management, we will foster a corporate culture that respects diversity conducive to value creation.



Presentation of JAL D&I Lab Activities

Diversity at management level (Executive Officer)

○ Female



NAKANO Hoshiko
Deputy Senior Vice President, Passenger Sales
Senior Vice President, Eastern Japan



ABE Eri
Deputy Senior Vice President, Regional Revitalization
In charge of Support



YASHIKI Kazuko
Senior Vice President, Haneda Airport
President of JAL Sky Co., Ltd.



TOTTORI Mitsuko
Senior Vice President, Cabin Attendants

○ Hired outside Japan



Ross Leggett
Deputy Senior Vice President, Route Marketing
In charge of International Relations and Alliances

○ Experienced employee



OMORI Yasushi
Senior Vice President, Mileage and Lifestyle Business

People

Workstyle Innovation

Basic Concept

- In pursuit of workstyles that are not bound by location, we will create an environment where everyone can actively participate in the workplace under an appropriate working hours management system.
- We will promote “workcation” and “bleisure” to encourage employees to take long vacations.

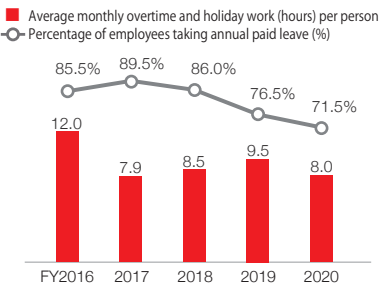
Specific Initiatives

Optimizing working hours

The JAL Group is working continuously to foster a climate where employees with time constraints, such as childcare and nursing care, receive fair and impartial treatment and where diverse human resources can embrace challenges, and thus create a society where everyone can play an active role. Although the percentage of employees taking annual paid leave has slightly declined during the pandemic, we are striving to optimize working hours as well as promoting the planned acquisition of paid leave. In fiscal 2020, the percentage of annual paid leave applicants was 71.5%, and the average monthly overtime and holiday (days off) working hours per person was 8.0 hours (excluding general staff with shift work). In fiscal 2020, we achieved 1,878 hours, or 98.5% of the target of 1,850 actual working hours.

* Data: Japan Airlines Co., Ltd.

Overtime Work and Annual Paid Leave Applicants



Pursuing a workstyle not bound by location

Remote work

The JAL Group introduced remote work in fiscal 2014 as a means of promoting D&I and work-life balance and has continued to improve the IT environment and system to promote this workstyle. The improved system has enabled the smooth shift to a workstyle in a remote work environment mainly in support departments, even when businesses were asked to reduce the number of staff commuting to the office in the pandemic. We will further promote this workstyle, while solving the communication problem and finding the best way for managing remote work.



Employee on workcation

Promoting workcation and bleisure

In order to promote flexible workstyles, in 2017 we introduced workcation, which means working while on vacation (work+vacation=workcation), and bleisure, which means travel combining both business and leisure (business+leisure=bleisure). We would like to nurture employee’s sensitivity through experiences only possible in a local area and promote personal growth. Workcation, in particular, has drawn people’s attention as a means of regional revitalization by increasing the population engaged in this field and creating jobs, and has developed into a co-creation activity.

Verifying new workstyles in the New Normal

By taking a workcation, employees can participate in social contribution activities during their free time, discover needs of the local community, and think of ideas to create jobs and participants to revitalize the regional economy. Through these experiences, we aim to nurture employees’ awareness leading to personal growth and discover new workstyles and new ways of taking holidays through co-creation with local communities. At the same time, we would like to assist in solving region-specific problems and contribute to regional revitalization. We will then review new workstyles in the New Normal from a long-term perspective, considering conditions during and after the pandemic, and introduce workstyles that are appropriate for our objectives.

Outline of social contribution activities program through workcation

- Ehime Prefecture: Farm maintenance such as mowing and watering orchards. Create new regional recipes.
- Ishikawa Prefecture: Manage sheep grazing. Support hands-on nature activities for parents and children.
- Iwate Prefecture: Plan events held at important cultural assets in cities.
- Hyogo Prefecture: Hold events to keep culture alive in old local movie theaters that were reopened by the local residents.



Activities in Ehime Prefecture



Repair of Kumano Kodo pilgrimage routes

People

Health and Productivity Management

Basic Concept

- The JAL Group health promotion project “JAL Wellness” was launched with the recognition that the physical and mental well-being our employees and their families is essential to “pursuing the material and intellectual growth of all our employees and delivering unparalleled service to our customers” as articulated in the JAL Group Corporate Policy. We are currently working on “JAL Wellness 2025” based on five major indicators; lifestyle-related diseases, cancer, mental health, smoking and women’s health.

Promotion system

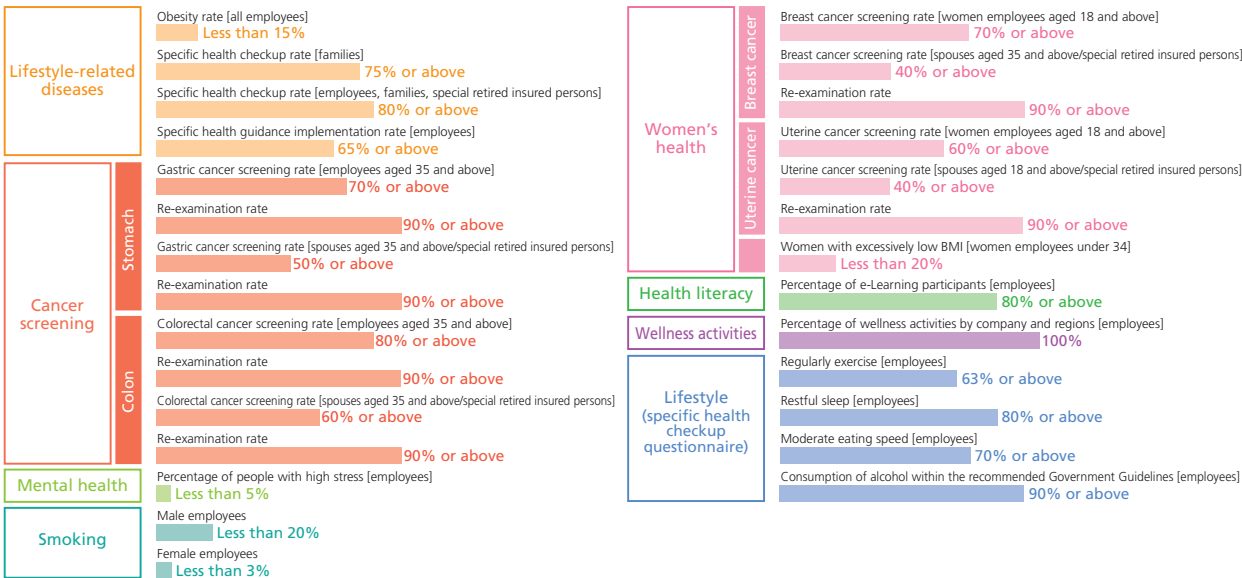
Under the strong leadership of the CWO (Chief Wellness Officer, Representative Director, Executive Vice President), we are vigorously promoting health and productivity management through management-level initiatives led by the JAL Wellness Promotion Committee comprising directors, and workplace-level initiatives led by Wellness Leaders in each workplace.

Specific Initiatives

Health promotion initiatives

Female employees play a central role in various JAL Group workplaces, and their health is an important issue. As a result of efforts to fully subsidize the cost of gynecological examinations, expand opportunities for health checks for women and improve health literacy through seminars and e-Learning including male participants, we achieved the target check-up rate for employees and are making steady progress on the target check-up rate for their families. Even in the unlikely event of illness, we have a comprehensive support system to enable employees to continue work and achieve work-life balance. By promoting wellness and encouraging employees to maintain awareness of their wellbeing, we would like all our employees to work cheerfully and energetically and improve productivity and increase corporate value.

JAL Wellness 2025 KPI targets



Certified as Outstanding Health and Productivity Management Company

As part of efforts to promote health management, the JAL Group has actively participated in the Certified Health and Productivity Management Outstanding Organizations Recognition Program designed by the Ministry of Economy, Trade and Industry of Japan. In fiscal 2015, the first year of the program, JAL was awarded with health and productivity certification. In fiscal 2020, eight companies including JAL were certified as White 500 for Outstanding Health and Productivity Management, and four companies were recognized in the large enterprise category. By considering employee health management from a management perspective and implementing strategic health management, we aim to revitalize our organization by improving employee vitality and productivity, and thereby improve our business performance and stock price. We will continue to work to communicate and contribute to society through promotion of health and productivity management.



JAL Wellness 2025 MyBook

People

Respect for Human Rights

Basic Concept

- The JAL Group will fulfill its responsibility to respect human rights for all people based on the belief that respect for human rights is a universal value and is consistent with the realization of the Corporate Policy.

Specific Initiatives

■ Framework for respecting human rights

In order to promote respect for human rights, the JAL Group has established internal regulations outlining a framework for human rights due diligence (Human Rights DD) and a grievance handling mechanism.

Based on these regulations, we conduct an annual human rights risk survey of all JAL Group companies, and then assess risks, extract issues, and identify those that are of particular importance through dialogue with external experts, and take concrete action to eliminate negative impacts on human rights. Currently, we have defined priority issues in the value chain; supply chain management, products and services, and the internal environment, and have disclosed them on the JAL website.

For example, one of the issues affecting human rights during the pandemic was preventing infection among employees. In addition to encouraging remote work mainly in support departments and reducing the percentage of employees commuting to the office, we have established rules on coming to and leaving work and a policy on social distancing based on guidelines of the Ministry of Health, Labour and Welfare and public organizations, and are continuously taking action to protect our employees. In June 2021, we began a workplace vaccination program to prevent the spread of COVID-19.

■ Promoting understanding of gender equality and LGBTQ

The JAL Group continues to promote understanding of LGBTQ. We were awarded the highest “Gold” award for five consecutive years in the PRIDE index, which evaluates initiatives for LGBTQ and other sexual minorities of companies and organizations, established by the voluntary organization “work with Pride”.

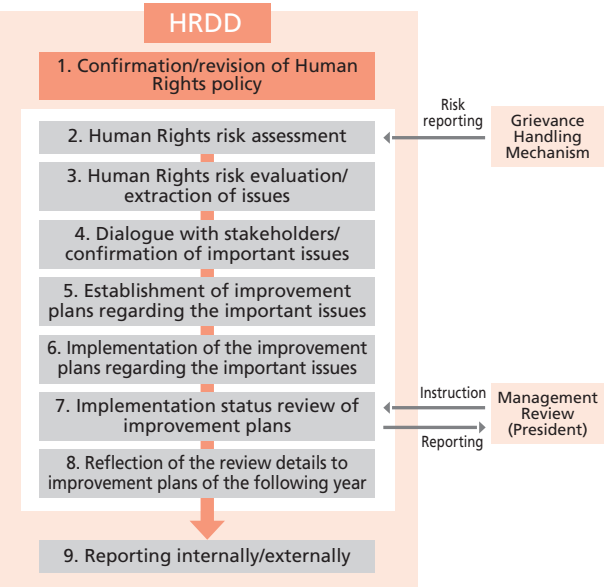
Since October 2020, we have changed announcements at airports and in the cabin from “ladies and gentlemen” to gender neutral terms, “everyone” and “all passengers” depending on the context.

We will continue to provide services that respect diversity.

■ Initiatives to prevent human trafficking

A particularly important human rights issue for the JAL Group is unintended involvement in human trafficking through air transportation. To prevent human trafficking, in fiscal 2021 we showed videos to raise awareness of human trafficking prevention on board JAL Group domestic and international flights, in cooperation with “It’s a Penalty Tokyo Campaign” sponsored by the U.K. NPO, It’s a Penalty, and co-sponsored by General Incorporated Association Sport For Smile. In addition, we are conducting a training program for all employees on respect for human rights including the prevention of human trafficking.

Going forward, the JAL Group will continue to improve Human Rights DD and grievance handling mechanisms to increase their effectiveness and fulfill our responsibility to respect the fundamental human rights of all people through specific initiatives.



Flow for Human Rights DD Initiatives
(We follow this flow each fiscal year to promote respect for human rights.)



People

Human Resources Development

Basic Concept

- As individual growth will lead to organizational growth and sustainable growth of the company, employee engagement is of great importance, that is, to understand and empathize with the corporate vision and to think, act and contribute autonomously towards the vision. The JAL Group will actively invest in human resource development to enhance employee engagement.

Specific Initiatives

■ Human resource development programs to support activities of diverse human resources

We have established a guideline on the skills and characteristics expected of JAL Group employees based on the JAL Philosophy, and exchange human resources across companies and job types in the JAL Group. By providing specialized training for each job type and education and training unique to each company, we are developing leaders and safety and service professionals.

< Main Education and Training Programs >

- New Employee Orientation
- JAL Philosophy Workshop
- Career development training by age group
- Business skills training courses
- Leader’s Workshop
- Training for Managers

Going forward, we will further improve the quality of education and training using digital technology to promote participation and advancement of diverse human resources and develop human resources to support sustainable growth of the JAL Group.

■ Expanding online education and training courses

Seizing the opportunity brought about by the current harsh business environment to develop human resources, we are increasing the number of training courses and creating an environment where employees around the world and employees with disabilities can participate online. As a result, the number of education and training hours per person in fiscal 2020 reached 276.5 hours, about four times as much as the previous year.



Human resource development outside the company

The JAL Group is focused on educating university students in order to pass on knowledge and experience cultivated in the airline business. While deepening their understanding of the airline business, we would like to develop human resources who can contribute to not only transportation and tourism but also development of a wide range of industries and thereby contribute to energizing regional economies and industries. We are also expanding the scope of our education business utilizing the know-how cultivated through educational activities such as lectures at universities and seminars for the general public.



■ Developing autonomous employees (in-house recruitment, etc.)

The JAL Group aims to become an autonomous team through “JAL OODA” (Observe, Orient, Decide, Act) and has conducted implemented awareness reform of managers and various activities to practice JAL OODA. One such example is the W-PIT activity* launched by young employees, in which they challenge themselves to co-create new businesses with other industries and conduct in-house ventures leading to “exciting” businesses. Furthermore, since 2017, we have been holding an intra-entrepreneur new business contest called “Sozo no Tsubasa” (Wings of Creation). Winners have been transferred to the business creation department and are working to realize their ideas.

* Abbreviation for Wakuwaku (exciting)
Platform Innovation Team



Employee who started W-PIT

■ Autonomous Career Design (New CAREER Page)

In order to encourage employees to develop their own careers, we have established a site on the Group intranet called CAREER Page, which provides information on designing your career (duties, vision and mission of each department, career path of employees). We also hold online JAL Career Talk Live programs, where JAL Group employees discuss their careers, to give employees the opportunity to think about their own career. The Cabin Attendants Division has begun trialing a system for providing consultation on career design by professional career consultants.

We will continue these efforts to create an environment, where employees can design their own careers.



Participant in JAL CAREER TALK LIVE



From CAREER Page

People

Improving Accessibility

Basic Concept

- The JAL Group has established the JAL Group Accessibility Service Policy to “create a society where everyone can enjoy life through travel.”
- Based on this service policy, we are promoting initiatives to improve accessibility focused on four areas: development of an environment for users, promotion of accessible tourism, provision of information, and education for employees.

JAL Group Accessibility Service Policy

Based on the JAL Philosophy, which defines the basic attitude of employees, we will:

1. provide stress-free travel for all customers;
2. offer a variety of travel options to all our customers; and
3. co-create enjoyment and delight through travel with customers and society.

Specific Initiatives

Development of an environment for users

In order to ensure the comfort of all passengers, we have introduced a “Welcome Information” card and provide subtitles and audio service for video programs. In addition to support tools at airports such as wooden wheelchairs and MIRAI SPEAKER, designed for people with and without hearing impairment for delivering crisp, clear sound, in 2020 we renewed domestic flight counters at Haneda for customers requesting special assistance through the development of smart airports (JAL SMART AIRPORT) that deliver convenience and comfort in air travel. In fiscal 2021, JAL SMART AIRPORT services were expanded to Sapporo (New Chitose) Airport, Osaka (Itami) Airport, Fukuoka Airport and Okinawa (Naha) Airport.



A “Welcome Information” card that provides information on in-flight announcements to customers with hearing impairment



Wheelchair de Hawaii Tour

Promotion of accessible tourism

We offer special tours for people with disabilities (accessible tours) so that they can enjoy a variety of travel options. Last year, we held a Hawaiian surfing tour for wheelchair users. JAL Dynamic Package offers a special plan* for guests to use the hotel's Universal Design (barrier free) room whenever they like to make their trip more enjoyable.

* [WEB https://www.jal.co.jp/jp/en/domtour/jaldp/universal_journey/](https://www.jal.co.jp/jp/en/domtour/jaldp/universal_journey/)

Provision of information

We are working to improve provision of information to erase any worries before a trip. The JAL website provides boarding details and enjoyable travel articles* for customers who request special assistance.

We also offer an Airport Experience Program that navigates the flow from reservations to boarding in order to relieve concerns. This program includes individual consultation time to eliminate individual concerns through direct communication. It was held online during the pandemic.

* [WEB https://www.jal.co.jp/jalpri/deals/info.html](https://www.jal.co.jp/jalpri/deals/info.html)



Airport Experience Program (online)

Education for employees

We continuously educate our employees to deepen their understanding of the needs of people with disabilities and foster a barrier-free mindset. During the pandemic, we educated them on appropriate ways of serving customers to prevent the spread of COVID-19 and ensuring a safe and comfortable journey for all passengers.

We also hold sign language classes conducted by JAL Group employees with hearing impairment to improve sign language skills among employees.



COVID-19 safety measures (example)

People

Preventing the Spread of Infectious Diseases

Basic Concept



The JAL Group is implementing JAL FlySafe hygiene measures based on the following three points with top priority on ensuring the customers' safety and comfort.

- Enhanced hygiene and cleanliness precautionary measures
- Touchless and self-services using the latest technologies
- Support to ensure a safe and comfortable journey for all passengers

Specific Initiatives

Enhanced hygiene and cleanliness precautionary measures at touchpoints

JAL was the first airline in Japan to apply antiviral and antibacterial coating at all customer touchpoints including JAL PLAZA (city ticket counter), airports, lounges, and aircraft cabins. Going forward, we will establish new cleanliness standards based on specialized knowledge, inspect manual cleaning procedures, and welcome customers in a clean and hygienic environment.



Support to ensure a safe and comfortable journey for all passengers

We not only take precautionary measures to prevent the spread of infectious diseases at airports and in aircraft cabins but also provide pre-travel and post-travel support to ensure the customers' peace of mind. For domestic flights, we offer JAL PCR Test Service*, which is inexpensive, easy and convenient to use. For international flights, we offer JAL Covid-19 Cover*, which covers medical, treatment and accommodation expenses in case customers test positive or have close contacts.

*1 [WEB https://www.jal.co.jp/jp/en/dom/option/pcr-srv/](https://www.jal.co.jp/jp/en/dom/option/pcr-srv/)

*2 [WEB https://www.jal.co.jp/jp/en/inter/jalcoronacover/](https://www.jal.co.jp/jp/en/inter/jalcoronacover/)

*3 Available airports: Five hubs in Japan; Haneda Airport, New Chitose Airport, Itami Airport, Fukuoka Airport, Naha Airport

[WEB https://press.jal.co.jp/en/release/202012/005903.html](https://press.jal.co.jp/en/release/202012/005903.html)

Touchless and self-services using the latest technologies

< Expansion of JAL SMART AIRPORT >

We have been expanding JAL SMART AIRPORT* services to hub airports in Japan since 2020. By installing self-service check-in kiosks and Self Baggage Drop (SBD) with a touchless sensor on the screen, customers can check in touch-free at the airport. At Haneda Airport, we are trialing a remote-controlled robot to assist customers remotely via the robot. For international flights departing from Narita and Haneda airports, we have introduced JAL FaceExpress for smooth and contactless boarding using facial recognition technology.



Remote controlled robot

< Introduction of services available on mobile devices >

With the aim of ensuring safe, secure and smooth international travel, we trialed mobile apps displaying digital COVID-19 test certificates. In international lounges at Haneda and Narita airports, we are also conducting trials of a self-ordering system via smartphone, and in JAL-operated lounges in Japan, we have introduced an e-library for guests to read their favorite e-books on their mobile devices.



Ordering system via smartphones in lounges

First in Japan to receive highest certifications for infectious disease precautionary measures from two external organizations

JAL became the first airline in Asia to receive the world's highest awards* from two external organizations for providing the highest levels of safety and security measures. Each audit covered a wide range of assessment items including staff service with consideration for infectious diseases and provision of easy-to-understand information. JAL's hygiene and cleanliness standards and touchless, self-services and travel assistance were highly recognized.

[WEB https://press.jal.co.jp/en/items/uploads/a74140652a1bee34e707fb3896f0184fc81f0620.pdf](https://press.jal.co.jp/en/items/uploads/a74140652a1bee34e707fb3896f0184fc81f0620.pdf)

* JAL received the highest COVID-19 Safety Rating from SKYTRAX and the highest certification in the Health Safety powered by SimpliFlying Audit conducted by the Airline Passenger Experience Association (APEX). The audits cover not only hygiene and cleanliness but also infectious disease measures in general, such as touchless and automation technology and travel assistance. As of June 30, only two airlines including JAL have received both of these awards.



► Communities



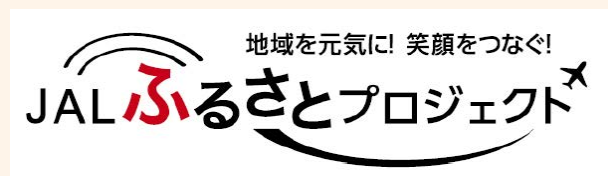
Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
Mission and responsibility as a member of society We are grateful to play a role in delivering social infrastructure and repay our gratitude by fulfilling our mission as a public transport operator. (1) Contributing to regional revitalization through our business The JAL Group contributes to the sustainable development of regions across Japan that support our air transportation business. To achieve this, we make efforts to enhance the appeal and value of regions using our know-how accumulated in the aviation business and networks, and contribute to vitalizing regional economies by expanding the distribution and flow of people and goods. (2) Responsibility as a company that plays a role in social infrastructure The JAL Group conducts organizational risk management to be prepared against terrorism, cyber-attacks, natural disasters and other events that threaten civil life and corporate activities. In the event of a natural disaster, we make efforts to resume air transport services as quickly as possible, cooperate in disaster recovery efforts through air transport, etc. and fulfill our social mission and responsibility as a public transport operator that plays a role in social infrastructure. (3) Responsibility as a corporate citizen The JAL Group contributes to solving social issues and promoting social development as a corporate citizen by nurturing the next generation, supporting culture and sports, cooperating with disaster recovery operations, and through regional exchanges, international cooperation and other activities.	Route Network Expansion	● P.45-50, 99 ● https://www.jal.com/en/sustainability/community/network/
	Increasing Inbound Tourism	● P.45-50, 99 ● https://www.jal.com/en/sustainability/community/inbound/
	Improving Convenience in Travel	● P.57, 99 ● https://www.jal.com/en/sustainability/community/maas/
	Regional Revitalization	● P.55, 99-100 ● https://www.jal.com/en/sustainability/community/regional_revitalization/
	Community Relations	● P.101-102 ● https://www.jal.com/en/sustainability/community/community_relations/
	Disaster Assistance Restoration	● P.102 ● https://www.jal.com/en/sustainability/community/disaster/

<https://www.jal.com/en/sustainability/codeofconduct/>

TOPIC 1 Regional Revitalization

Energize regional areas in Japan! Bring smiles! JAL FURUSATO PROJECT

After the launch of the JAPAN PROJECT in May 2011, the JAL Group has been working since September 2015 on the NEW JAPAN PROJECT to revitalize regional areas, focused on industry and tourism promotion of all 47 prefectures and municipalities through regional promotion activities and product development utilizing local resources. In April 2021, we upgraded these activities from the NEW JAPAN PROJECT to the JAL FURUSATO PROJECT. As an airline that connects people, goods and regions, we would like to further strengthen our relationships with regional areas and address regional problems through the joint efforts of all employees who have special thoughts about their FURUSATO (hometown). Based on the keywords, “joint efforts, originality and continuity,” we will promote various initiatives to meet diverse regional needs and revitalize local communities and economies.



The logo is designed based on the concept of “connecting” with FURUSATO (hometown) and the double lines represent travel to and from the region in addition to symbolizing the aircraft contrails.

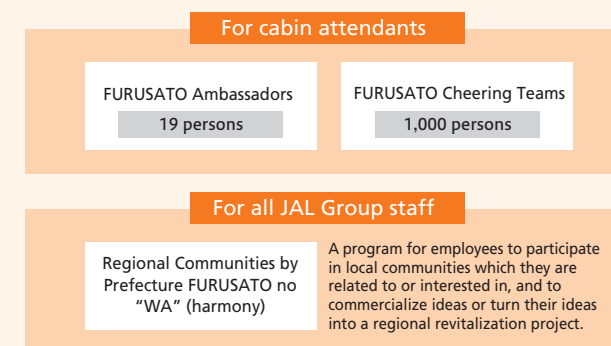


JAL FURUSATO PROJECT Website
<https://japan.jal.co.jp/>

TOPIC 2 Regional Revitalization

Regional activities throughout Japan by cabin attendants

JAL FURUSATO Ambassadors are cabin attendants who have been selected from among applicants with a strong desire to revitalize their hometown or regions with which they have close ties. They actually relocate to these areas and use their knowledge to create content and develop products utilizing local resources, in cooperation with the local government, tourism association, Destination Management and Marketing Organization (DMO) and local producers.



Each JAL FURUSATO Cheering Team has about 20 members from each of the 47 prefectures, who are recruited internally to provide detailed support for regional vitalization. Along with flight duty, they participate in local events and plan and publicize local products, through which they discover even more local delights, build bonds with the people, and revitalize the local community.

VOICE

Deliver cheer and smiles of my hometown to everyone

After leaving my hometown in Aomori, I visited cities around the world and was reminded of the wonderful people, culture and nature in Aomori. When I learned about the opportunity to become an Ambassador and contribute to my hometown, I decided to apply. Currently, I am involved in product development using local specialties and PR activities while strengthening bonds with the local community. To most people, Aomori brings to mind apples, but it has many delights that are still unknown. Going forward, I will think of what I can do together with the local community to contribute to sustainable development during and post COVID-19, convey the charms of Aomori, and deliver cheer and smiles of my hometown to everyone.

KASAI Eri
JAL FURUSATO Ambassador
In charge of Tohoku Region,
Regional Ambassador Office

TOPIC 3 Community Relations

< Fostering the Next Generation - JAL SORAIKU® > Full renovation of JAL SKY MUSEUM

The Sky Museum located in the Haneda Airport Maintenance Center Building is open to the public as a hands-on activity facility of JAL SORAIKU®, which is part of our activities as a corporate citizen. Visitors can get to know jobs in an airline and JAL Group’s history and see real airplanes up close. We have had more than 120,000 visitors ranging from elementary school children to senior citizens. Recently the exhibition area underwent a complete renovation based on the concept of “have more fun.” In addition to renewing the exhibition method and introducing large multi-displays, current employees displayed on a life-size monitor explain their jobs and a new digital chronology using historical materials explains the history and future of aviation in Japan.



JAL Factory Tour -SKY MUSEUM- Homepage (closed as of September 2021)
<https://www.jal.co.jp/kengaku/>

Communities



Route Network Expansion

P.45-50
[WEB](https://www.jal.com/en/sustainability/community/network/)

Communities



Increasing Inbound Tourism

P.45-50
[WEB](https://www.jal.com/en/sustainability/community/inbound/)

Communities



Improving Convenience in Travel

P.57
[WEB](https://www.jal.com/en/sustainability/community/maas/)

* Specific initiatives are detailed above.

Communities



Regional Revitalization

Basic Concept

- We would like to create new value by strengthening bonds with FURUSATO (hometown), where we were born and raised, and FURUSATO in our hearts, and carry out activities to create sustainable communities.

Specific Initiatives

■ Regional Promotions (monthly activities)

The JAL Group has conducted a total of 125 regional promotions up till September 2021 since the launch in May 2011. Through collaborative initiatives with local restaurants and Japanese-style restaurants, in-flight meals for domestic First Class use an array of local ingredients, while our in-flight magazine “SKYWARD” features articles on the various regional charms of Japan, such as recommended sightseeing spots, local products and traditional crafts, and

recommended JALPAK tours.

Since April 2021, we have been publishing articles on our web magazine “OnTrip JAL” of the charms of Japan’s regions by our reporters, JAL FURUSATO Ambassadors and JAL FURUSATO Cheering Teams, and have been showing in-flight videos of JAL FURUSATO Cheering Teams introducing local sightseeing spots and delicious cuisine on “JAL on YouTube.”



Tokushima was featured in July 2021.



In-flight meals served in domestic First Class using ingredients from Tokushima under the supervision of a local restaurant

■ Product development using local specialties

Japan that stretches from north to south has a rich history of regional dishes, nurtured by the rich natural environment of the different seasons. The JAL Group is working to develop, introduce and commercialize products using attractive local specialties throughout Japan. For example, in Aomori Prefecture, one of Japan’s leading agricultural prefectures blessed with abundant water resources and a cool climate, we drew our attention to Japan’s largest production of garlic and blackcurrants in addition to apples, which they are known for. We developed three products, Unfiltered Apple Juice, Garlic and Japanese Basil Oil Sauce, and Aomori Blackcurrant Frozen Yogurt, in cooperation with manufacturers, and conducted sales promotions at retail stores

across Japan and over our social media and in-flight magazine. Going forward, we will continue to introduce attractive products through collaboration with various regions.



Unfiltered Apple Juice recreates the crispness of apples. Available in JAL First Class from April 2021

■ Ideas for new travel

In order to adjust to changes in behavior during and post COVID-19, the JAL Group is offering new ideas for travel in cooperation with local companies by mutually combining our assets, knowledge and know-how on tourism. In Hokkaido, JAL FURUSATO Ambassadors utilized the charms of their hometowns and their knowledge of travel acquired through flight duty to plan “travel products focused on regional charms” and “new travel products that ensure safety and comfort during the pandemic.” They will continue to plan inspiring tours and safe and comfortable tour packages for inbound visitors, in anticipation of the recovery of inbound demand.



Opened a special website introducing and selling tours available from May 2021 to October 2021



■ Passing on traditional culture and protecting the natural environment

The JAL Group has supported efforts to protect the natural environment and pass on traditional Japanese culture, such as support for Upopoi, a space symbolizing ethnic coexistence for the purpose of cultural restoration and development of the indigenous Ainu people of Hokkaido, and beach clean-up activities in Amami and Okinawa. To commemorate the registration of “Hokkaido and Northern Tohoku Jomon Period archaeological sites” to the World Cultural Heritage list and “Amami-Oshima Island, Tokunoshima Island, the northern part of Okinawa Island,

and Iriomote Island” to the World Natural Heritage list in July 2021, we opened a special World Heritage site on the JAL website; featured World Heritage Sites and specially painted aircraft under the theme of “connecting” on our web magazine “OnTrip JAL”; and introduced all World Heritage Sites in Japan including the recent two listings and special tours on our domestic tour site. Going forward, we will continue to contribute to passing on Japan’s natural and cultural heritage, which we take pride in, to the next generation through travel and PR.



Opened a special site to commemorate the listing of World Heritage Sites on the JAL website
[WEB](https://www.jal.co.jp/jp/en/dom/special/sekaiisan/)



Introduction of World Heritage Sites and sales of tour packages

Communities

Community Relations

Basic Concept

■ As a good corporate citizen, the JAL Group engages in a variety of activities that leverage JAL Group’s strengths in order to build better relationships with our stakeholders and contribute to the betterment of society.

Specific Initiatives

JAL SORAIKU®
Start of online classes

JAL SORAIKU® aims to provide opportunities for children to think about their own future and the future of the global environment by experiencing the wonders of the sky and the fun of flying. The program offers origami plane classes, classes on jobs in an airline, and Sky Eco classes. In fiscal 2020, as classes could not be held face-to-face due to COVID-19, we launched online classes to allow children to participate easily from anywhere. Through quizzes, we introduce behind-the-scenes stories of jobs performed by airline staff and scenes from training that are not usually shown.

JAL SORAIKU® participants (past 3 years)

Fiscal year	2018	2019	2020
Number of people	197,469	191,840	20,435

Virtual JAL Factory Tour

We also started virtual JAL Factory Tours online to allow participants to experience JAL Group’s history and jobs of airline staff and see real airplanes up close. We offer new experiential value through factory tours and online classes from home.



Developed educational content for the Ministry of Economy, Trade and Industry’s STEAM Library

To develop educational content based on insights into the airline business utilizing know-how accumulated through our educational program for the younger generation, JAL SORAIKU®, JAL submitted an application to become a content creator for the 2020 Ministry of Economy, Trade and Industry “Future Class” STEAM* Library Business and was the only airline to be selected. Under the theme, “Thinking of the airline industry 10 years from now ~ History and Future Vision Based on Climate Change,” we created and provided an educational program that is widely used in schools and educational institutions.

* STEAM: A universal educational method that comprehensively studies Science, Technology, Engineering, Art and Mathematics. It is an educational philosophy that adds creativity to science and mathematics, and refers to cross-disciplinary learning that creates a cycle of learning (exploration) and creation.

■ Supporting the health of the next generation and women’s health

In support of the Japan Committee for UNICEF’s “Protection of Children’s Lives, Health and Rights,” we have been cooperating in collecting donations on board flights and transporting foreign currency coins since 1991 using the characteristics of an airline. From fiscal 2004, we began breast cancer awareness campaign activities every October to raise awareness of the importance of early detection and screening test for breast cancer. In international exchange activities, we are working in cooperation with the JAL Foundation to conduct activities and cultural exchanges to foster the sensitivity of children around the world. The JAL Scholarship Program invites university students from the Asia-Oceania region to Japan to interact with Japanese students and conduct research on a specific theme to deepen mutual understanding across national borders.



During Breast Cancer Awareness Month, pilots also wear a pink epaulet to raise awareness.

■ Support for culture and sports
Challenge for Tomorrow School

Launched in April 2017, the Challenge for Tomorrow School, which JAL cosponsors to let everyone shine through sports, held its 1,000th event on October 20, 2020.

In fiscal 2020, events were suspended for a certain period of time, but in order to “provide children with opportunities to experience para-sports and live with dreams and hopes,” we established safety guidelines in addition to national and local government laws to provide safe and secure learning opportunities.

* Para-athlete hands-on activities for elementary, junior and senior high schools sponsored by the Japan Foundation Paralympic Support Center



Photo courtesy of The Nippon Foundation Paralympic Support Center

Results (past 3 years)

Fiscal year	2018	2019	2020
Participating schools Number of people	296 schools (46,253 persons)	287 schools (41,889 persons)	129 schools (12,559 persons)

Support for art exhibitions

We cooperate in the transportation of paintings, sculptures and other artworks displayed in art exhibitions using our air freight networks and technologies. In addition to creating opportunities for the Japanese people to see artworks and art, it also plays a role of disseminating Japanese culture overseas.

Results (past 3 years)

Fiscal year	2018	2019	2020
Number of art exhibitions (times)	41	27	6

Reading by cabin attendants

Cabin attendants based in Bangkok support studies at local schools for visually impaired students by reading aloud to children. The mobile app used in these activities has since been widely used by people with visual impairment in local communities.



Communities

Disaster Assistance Restoration

Basic Concept

■ In order to fulfill our social mission and responsibility as transportation infrastructure, we cooperate in the early resumption of air transport services and air transport for disaster relief operations. We are also providing continuous support to those affected in disasters.

Specific Initiatives

In the recovery phase immediately after a disaster, we strive to resume air transport early in order to fulfill our social mission and responsibility as transportation infrastructure. We also cooperate with the national and local government, and the network of NGOs and NPOs to transport emergency supplies and volunteers to disaster stricken areas. JAL also organizes a charitable mileage program for JAL Mileage members to donate their miles and fund-raising activities by employees.

In the reconstruction phase, we work with the local government to promote local industries and create tourism demand though PR of local products and other activities.

FY2020 Support Results

	Charity miles	Employee fund-raising
Heavy rains in July 2020	11,328,500 miles	1,431,415 yen



In typhoon-affected areas where town water supply has been cut, we sent JAL specialized snow removal trucks that can carry hot water to allow people to bathe. (2019)



In front of Akita Bisaikan, an antenna shop of Akita Prefecture in Tokyo (2020)

► Governance



Basic Concept (JAL Group Code of Conduct)	Priority issues	Initiatives
Trust with stakeholders The JAL Group ensures fair disclosure of information while maintaining constructive dialogue with a board range of stakeholders in order to achieve sustainable growth and increase corporate value. (1) Information disclosure and dialogue (2) Prohibiting insider trading Fair business practices We comply with laws and rules and conduct ourselves with honesty and integrity as a member of a company that is genuinely trusted by society. (1) Reinforcing 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 antisocial forces	Fair Business Practices	• P.105 • https://www.jal.com/en/sustainability/governance/fair-business-practices/
	Disclosure	• P.106 • https://www.jal.com/en/sustainability/governance/information-disclosure/
	Responsible Procurement	• P.107-108 • https://www.jal.com/en/sustainability/csr-procurement/
	Robust Risk Management (Promotion of BCM)	• P.109-112 • https://www.jal.com/en/sustainability/governance/bcm/

TOPIC

1

Fair Business Practices

Information security to protect the personal information of our customers

The JAL Group handles a large amount of customer information every day in various situations, such as reservations and airports, when flying.
Going forward, we will continue to position information security as one of the most important issues, and will promote various measures from both a tangible aspect, including systems for detecting and auditing external threats, such as increasingly sophisticated and complex cyber attacks, as well as an intangible aspect, including increasing employees’ awareness of this issue.

VOICE

As many customers use JAL Group services each day, it is extremely important that every employee who handles information maintains a high awareness of information security and protection of personal information.
For this reason, all employees are periodically educated on information security and undergo targeted email attack drills.
Furthermore, in cooperation with IT Planning, our department visits domestic and overseas offices and airports to check whether information security is handled according to information security standards and rules, identify risks early, take necessary measures, and thereby strengthen information security throughout the JAL Group.
We particularly keep in mind to communicate with frontline staff, together think of measures from the frontline perspective, and build a trusting relationship.
We often receive ideas and suggestions from workplaces on new services using personal information. However, in order to eliminate potential security risks and guarantee safety of personal information, it is difficult to determine the extent permissible and strike a balance between convenience and personal information protection.
We will maintain awareness that we are entrusted with important information of customers and strive to ensure information security and keep our customer data secure to ensure customers can use our services with peace of mind.



TAKAKI Shoji
Social Risk Management Group
Risk Management

TOPIC

2

Responsible Procurement

Providing cabin service goods using FSC® certified paper

We are working together with our suppliers to use FSC® certified cabin service goods from the perspective of building a sustainable supply chain, including regulatory compliance, global environmental protection, respect for human rights, fair labor practices, and fair business practices.
We will continue to work to increase the use of products that have acquired international certification.



VOICE

I am currently working as ground crew using my experience as a cabin attendant to purchase cups and dishes that passengers use on board. From the end of last year to spring of this year, I was responsible for introducing paper cups made of FSC® (Forest Stewardship Council) certified paper for serving hot drinks in First Class on short-haul domestic flights. As the raw material for making the paper cups was special and different from ordinary paper products, a higher price was inevitable if we were to use FSC® certified paper. However, by changing the specifications while maintaining quality and the delivery method in collaboration with the supplier while coordinating with internal departments, we were able to purchase paper cups made of FSC® certified paper at an appropriate price. I will continue to offer quality assurance to customers and introduce certified commodities that give due consideration to the environment and human rights while keeping in mind profitability.



KOJIMA Mari
Goods and Materials Procurement
Group
General Procurement

TOPIC

3

Robust Risk Management (Promotion of BCM)

To maintain business continuity of important businesses in case of a large-scale disaster

Since 2005, when the Cabinet Office of the Government of Japan published Business Continuity Guidelines, Business Continuity Management (BCM) and a Business Continuity Plan (BCP) have become increasingly widespread in Japan. In particular, the experience of the Great East Japan Earthquake in 2011 and publication of international standard ISO 22301 have led to rapid proliferation of BCP formulation by companies and renewed recognition of its importance.
The JAL Group has also established a BCM system, formulated a BCP, and established and documented strategies to ensure that air transportation, which is a vital business, can be restored within a targeted time frame even if business is disrupted by a serious event. We will review the content according to environmental changes, disseminate our business continuity policy and strategies to internal organizations, and conduct education and training regularly to strengthen disaster response capabilities to ensure optimal decision-making and actions in the event of an unpredictable serious disaster.

VOICE

A report has predicted that there is a 70% chance of a major earthquake striking the capital region in the next 30 years. To be prepared, we conduct drills each quarter for all employees including executives to ensure business continuity and fulfill our social responsibility as a public transport operator even if JAL’s central organizations, namely, JAL Head Office and Haneda Airport, were to be hit by a magnitude six earthquake and suffer major damage. We also conduct company-wide drills across divisions and instruct each division to conduct drills in teams in order to instill knowledge and actions to be taken in the event of a disaster.
Although it is extremely difficult to find the best way to achieve business continuity (restoration), we will strive to enhance effectiveness and effectiveness of our BCP through close communication and coordination among divisions that are intricately interrelated.



MIURA Kanako
Risk Management Group
Risk Management



Fair Business Practices (Compliance)

Basic Concept

- The JAL Group conducts business activities in compliance with applicable laws and regulations.
- In order to strengthen compliance, JAL Group employees act in accordance with the JAL Group Code of Conduct “Commitment to Society” and practice the JAL Philosophy.
- The Risk Management Department of Japan Airlines is positioned as the department in charge of overseeing compliance throughout the JAL Group and works to raise staff awareness through various measures.
- We will maintain awareness of issues and proactively implement timely measures, while paying attention to social trends.

Specific Initiatives

■ Developing an environment for promoting compliance

① Related regulations and handbook

Regulations are posted on the intranet so that every JAL Group employee can check them at any time.

For the main regulations and handbook please see below.

WEB <https://www.jal.com/en/sustainability/governance/fair-business-practices/>

Furthermore, a director of each JAL Group company is appointed as Chief Compliance Officer and by establishing the JAL Group Compliance Network, we achieve clarification of roles and responsibilities, timely exchange of information, and development of compliance measures.

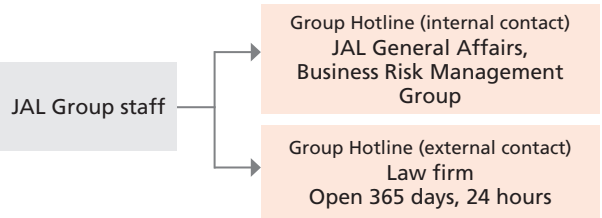
② Enhancing employee education

In order to realize the JAL Group Code of Conduct “Commitment to Society,” we are enhancing education through face-to-face courses and e-Learning, such as compliance education for all employees (twice a year) and seminars for officers and by job grade.

③ Consultation desk

The JAL Group has established internal and external Group Hotlines (open 365 days/24 hours, in Japanese and English) as a whistleblower hotline available to all JAL Group employees.

Also, each Group company has its own hotline to quickly spot and handle misconduct in the JAL Group.



■ Promotion of various initiatives

We are continuously promoting various activities to raise compliance awareness, strengthen information security, and reduce legal risks.

Please visit the following site for main initiatives.

WEB <https://www.jal.com/en/sustainability/governance/fair-business-practices/>

Anti-corruption measures

In order to seek fair and just profit, the JAL Group Code of Conduct “Commitment to Society” declares our commitment to “prevent corruption” in order to intensify crackdown on corrupt practices and prevent money laundering.

With the expansion of global business activities, we also comply with applicable laws and regulations of countries and regions where we conduct business (domestic laws such as the Unfair Competition Prevention Law (Japan), Foreign Corrupt Practices Law (U.S.), Bribery Prevention Law (U.K.), Commercial Bribery Regulations (China)) and international conventions, and promote efforts to prevent corruption as a corporate citizen.

■ Number of breaches to Code of Conduct in FY2020

The number of fines and sanctions imposed on our company* for violations of laws and regulations is as follows.

* Japan Airlines Co., Ltd. and its subsidiaries

Item (Relevant Code of contact items in parentheses)	FY2020
Bribery (Preventing corruption)	0
Antitrust violations (Free and fair competition)	0
Information leakage (Management of personal information and intellectual property)	0
Human rights abuse (Respecting human rights and diversity)	0
Insider Trading (Prohibition of Insider Trading)	0



Disclosure

Basic Concept

- The JAL Group great importance to disclosure in business and discloses a wide range of information on the JAL website, such as the Fundamental Policies of Corporate Governance, the Corporate Policy, company profile, safety and quality information, sustainability information, and investor relations information, in order to provide stakeholders with an understanding of our corporate stance. The JAL Group Safety Report provides our stance and approach to safety, and the annually published JAL REPORT (this report) is an integrated report that comprehensively covers financial and sustainability information. A broad spectrum of information is immediately disclosed on the JAL website, and the JAL REPORT outlines important matters.

WEB 【JAL website】 <https://www.jal.com/en/>

WEB 【JAL Group Safety Report】 <https://www.jal.com/en/flight/report/>

Specific Initiatives

■ Providing information

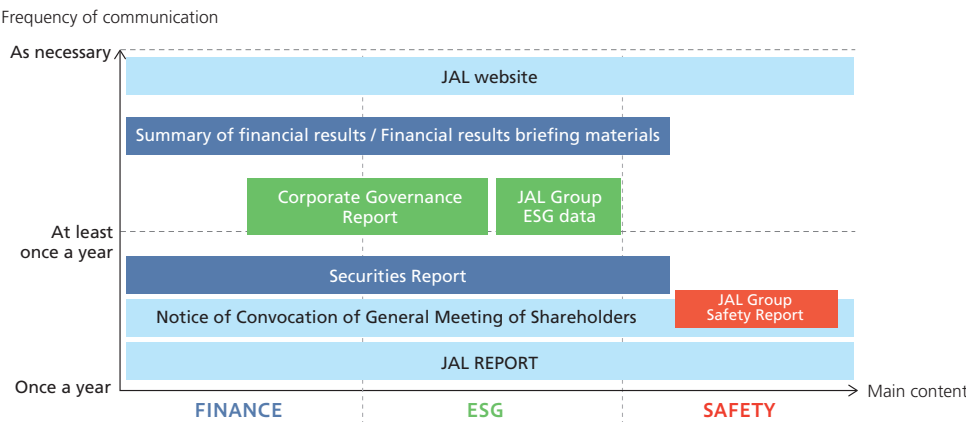
To provide our stakeholders with a deeper understanding of the latest situation, we are working to improve the quality of disclosures and build relationships of trust through two-way communication. In recognition of our proactive approach to information disclosure, the Securities Analysts Association of Japan (SAAJ) has awarded the JAL Group first place in the transportation category for the third time in the past four years as a company with excellent disclosure.

Further, when COVID-19 infections began to run rampant around the globe in spring of 2019, many people were worried about using public transportation and many investors were concerned about the risk of infection inside the cabin. We prepared financial results briefing materials that were easier to understand and had a stronger message, and using the hand-drawn illustration below to promote cabin safety, we were awarded the IR Good Visual Award sponsored by the Japan Investor Relations Association in recognition of the drawing’s high quality, creative and unique presentation.

Despite the extreme difficulty of disclosing our earnings forecast for fiscal 2020 due to COVID-19, we have been commended for our stance on disclosure. For example, the announcement of the Company’s first quarter financial results was highlighted as an example of good disclosure by the Tokyo Stock Exchange for providing detailed information on the extent of the impact of the virus. Going forward, we will continue our efforts to improve disclosure and information quality so that we may realize better dialogue with stakeholders.



Characteristics and correlation of our media



Responsible Procurement

Basic Concept

- The JAL Group is aware of the need to gain the cooperation and support of many suppliers to operate its flights and provide products and services to customers on a daily basis. Therefore, we strive to build strong partnerships with suppliers based on mutual trust by ensuring fair and transparent procurement activities and showing our appreciation for their support.
- When selecting suppliers, we comprehensively assess not only the quality, price and delivery date of their services and products, but also their reliability, ESG and sustainability initiatives.
- To deliver a sense of security to customers when they board our flights, we cultivate a culture of safety as top priority with our suppliers and conduct rigorous quality management to offer the finest hospitality.
- We work with suppliers to build sustainable supply chains, including initiatives aimed at legal compliance, global environment preservation, respecting of human rights, appropriate labor practices, and fair business practices.

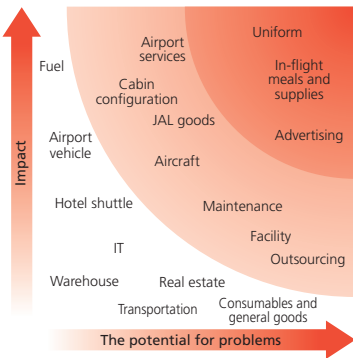
<https://www.jal.com/en/outline/client/>

Specific Initiatives

Strengthening cooperation with business partners

Identifying primary suppliers and risk products

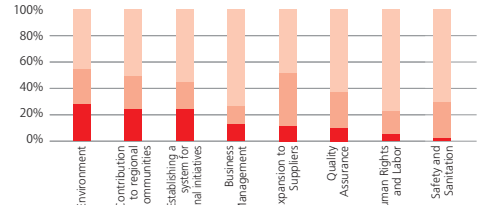
Approximately 500 companies in Japan and overseas have been designated as primary suppliers based on procurement cost and volume, and product importance and substitutability. We also screen all commodities that are procured and create a risk map from the viewpoint of sustainability including the environment, human rights, and labor to identify those with high sustainability risks.



Monitoring and cooperation with business partners

We ask our suppliers to cooperate in conforming to the JAL Group Supplier Code of Conduct, which defines sustainability initiatives that give consideration to the environment, human rights, labor and other issues. Since fiscal 2019, we have been asking primary suppliers to respond to Sedex's*1 Self-Assessment Questionnaire (SAQ) or a JAL questionnaire to verify the status of compliance.

Compliance with JAL Group Supplier Code of Conduct in Fiscal 2020 (percentage by field)



■ Further Improvement required ■ Compliance Levels met ■ High Compliance Levels achieved

Requests to suppliers for improvement

The results of the self-assessment questionnaires are assessed, and if they do not meet our criteria, we request suppliers to make improvements. Fulfilment of criteria by a specified deadline or submission of a corrective action plan are requirements for continuing business.

Conversation with business partners and ESG management

In fiscal 2020, we held online briefings with our suppliers to introduce our CO₂ reduction initiatives and improve their understanding of sustainability. We are enhancing sustainability education for procurement staff, and bear in mind sustainability in procurement processes such as selection of suppliers and business negotiations. In addition to quality, price and delivery date, we also assess suppliers from the perspective of sustainability through self-assessment questionnaires.

Targets and Results

We have completed confirmation of compliance of 37% of our suppliers by the end of fiscal 2020 and aim to complete compliance checks of all primary suppliers by the end of fiscal 2023. We will continue to conduct responsible procurement to achieve SDGs.

Key Performance Indicators (KPI)	Period	Target	Achievement
Monitoring completion rate of critical suppliers	FY19 to FY23	100%	63%
Soundness confirmation rate of critical suppliers		100%	37%
Auditing rate of suppliers requiring audit		100%	No Target
Training rate of procurement staff	Each year	100%	100%

*1 An NPO that provides a platform for managing and sharing ethical supply chain data with the aim of achieving responsible business practices in the supply chain. Established in the U.K. in 2004.

Use of Certified Products

In these times when there is growing demand for responsible procurement with environmental consideration for supply chains and worker's rights, there are various types of certifications that objectively demonstrate that certain requirements are met. The JAL Group compares and examines the standards of each type of certification and uses international third-party certifications with high requirement standards regarding the environment, society and governance, and for food, the previous three standards plus safety.

Use of Certified Products

<https://www.jal.com/en/sustainability/certified-products/>

Certifications for cabin service goods

FSC® certification (paper products)

Since September 2018, we have introduced in-flight service goods certified by FSC® (Forest Stewardship Council®). We also ask our suppliers to acquire FSC® CoC (Chain of Custody) (distribution and management certification). As a result, more than half of our paper products such as paper cups, menu cards, in-flight magazines, confectionery boxes and wooden toys are FSC® certified products.



(Note) Content shown on receiving FSC® promotional license (FSC® N003038)

GOTS certification (organic cotton)

Loungewear for First Class are made of 100% organic cotton certified by Global Organic Textile Standard (GOTS), an international standard for organic fibers.

ST Standard (toys)

We are introducing toys that have undergone and passed ST (Safety Toy) Standard compliance inspections by a third-party inspection agency.

Food certification

Rainforest Alliance certification (coffee)

In 2011, we began serving sustainable coffee, using Rainforest Alliance certified coffee beans, in the cabin and in the lounge, ahead of other airlines.



MSC/ASC certification (seafood)

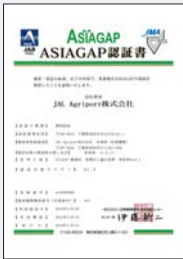
Since June 2019, we have been purchasing seafood certified by MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) through AEON Co., Ltd. and used them in Business Class in-flight meals. In February 2020, we became the first airline in the world to receive MSC/ASC CoC (Chain of Custody) certifications. We established traceability management procedures for our in-flight meal catering facilities to ensure that we obtain fish and aquaculture products from responsible farms and established an operating system to ensure that in-flight catering companies strictly observe these procedures.



In-flight SDGs menu using ASC certified ingredients ~ A future dish from a list of 50 foods ~

ASIAGAP certification (vegetables)

Since December 2018, we have been serving food certified by ASIAGAP (good agricultural practices) for Business Class and Economy Class in-flight meals. JAL Agriport, a JAL Group company, acquired ASIAGAP in November 2019 at its farm and their vegetables have been used in in-flight meals and lounges.



ASIAGAP



MSC CoC



ASC CoC

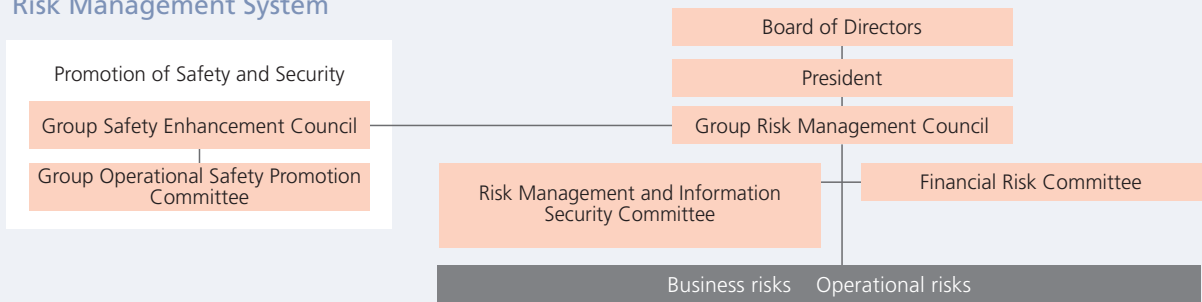
Robust Risk Management (Promotion of BCM)

BCM: Business Continuity Management

Basic Concept

- In order to protect and enhance public trust as air transport infrastructure with safety as the basic foundation of business, the JAL Group strives to achieve stable Group management through comprehensive risk management and promotes corporate social responsibility (CSR) activities.
- Even JAL Group companies that are not directly engaged in air transport promote activities to deepen understanding and implementation of risk management, in coordination with other Group companies.
- To achieve JAL Group's management targets, we have clarified that organizational leaders are held accountable for risk management and have defined "risk" as "any event or act that threatens the achievement of the mission, purpose or goals of any individual or organization." Risks are classified into two groups: "operational risk" relating to air transportation and "business risk" that is not related to air transportation, and priority risks are identified through a biannual risk survey and treated intensively.

Risk Management System



Promotion system

Group Risk Management Council

The Group Risk Management Council is chaired by the President and comprises Senior Vice Presidents and Audit and Supervisory Board Members. The council comprehensively oversees risk management, crisis management and the business continuity system, assesses current risks, and discusses and decides necessary risk treatment.

Risk Management and Information Security Committee

As the subcommittee of the Group Risk Management Council, the committee plays two roles. To deal with risks in general, the committee chaired by the Senior Vice President of General Affairs and comprising Senior Vice Presidents of relevant departments, plays an administrative role to support the Group Risk Management Council. The committee is also responsible for personal data management and information security. Chaired by the Senior Vice President of General Affairs and Senior Vice President of IT Planning, the committee continuously strengthens information management.

Financial Risk Committee

Chaired by the Senior Vice President of Finance and Accounting and comprising the President, Executive Vice President and Senior Vice Presidents of relevant divisions, the Financial Risk Committee identifies financial risks to support

corporate management, performs financial simulations regularly, and in case a crisis or large-scale disaster is deemed to have a significant and quantitative impact on business performance, estimates the impact, and treats the risk together with the Group Risk Management Council, as necessary.

Group Safety Enhancement Council

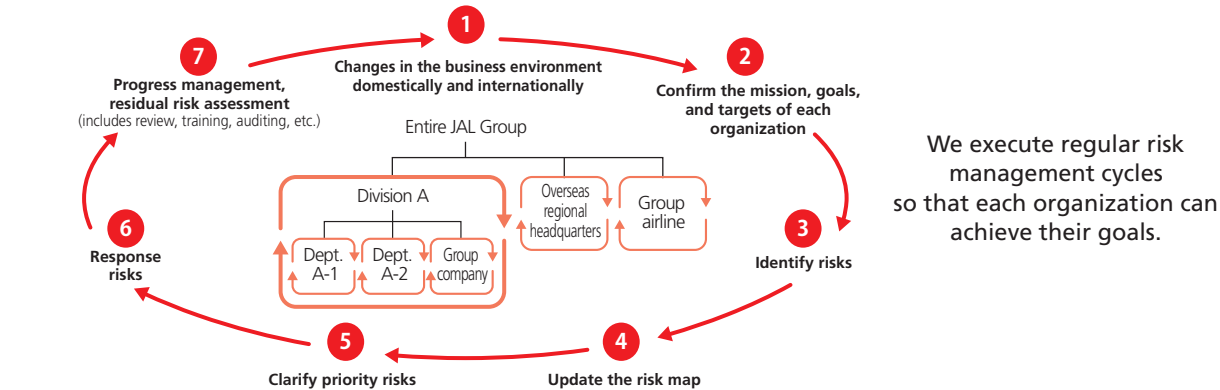
Chaired by the President and comprising the General Safety Manager and directors and presidents of Group airlines appointed by the Chair, the Group Safety Enhancement Council establishes important safety management policies, grasps the actual state of business activities, and reviews organizations, systems and measures, as necessary, to achieve Group safety and promote safety management.

Group Operational Safety Promotion Committee

As the subcommittee of the Group Safety Enhancement Council, the Group Operational Safety Promotion Committee works to improve air transport safety by maintaining and strengthening cooperation on safety between divisions and Group airlines.

Specific Initiatives

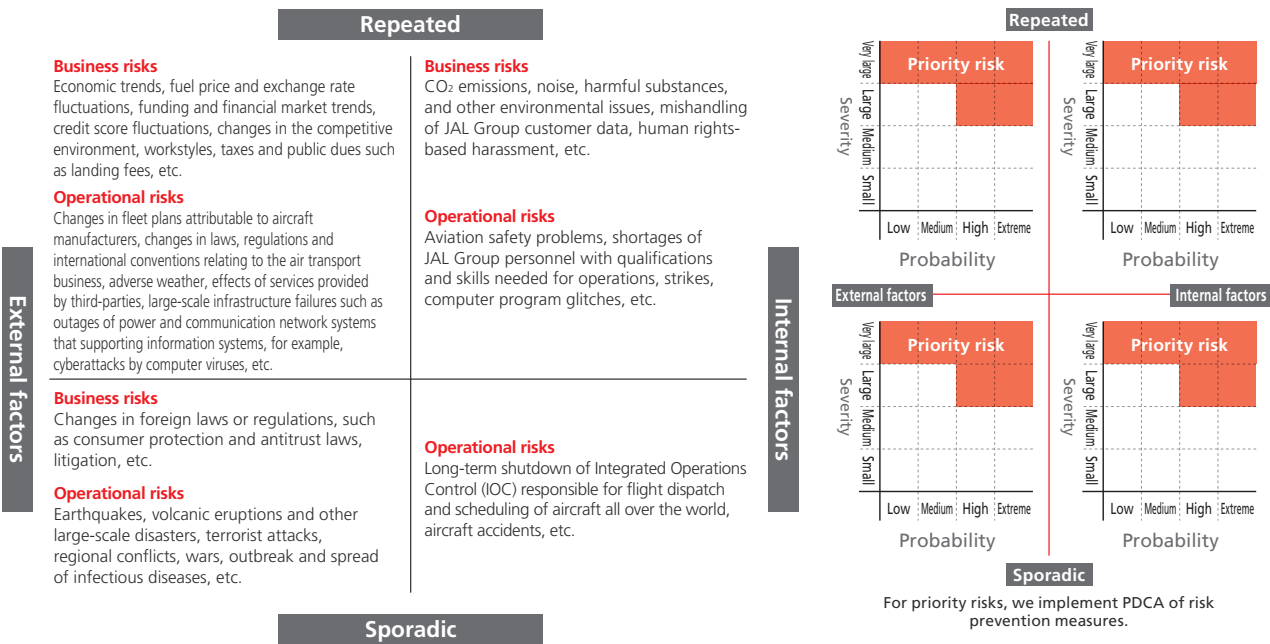
Risk Management Cycle



We execute regular risk management cycles so that each organization can achieve their goals.

Risk Survey

(For details of each risk and countermeasures, see pages 136 to 138.) We conduct risk assessments biannually in accordance with the risk management cycle. After classifying operational risks relating to air transportation and business risks not relating to air transportation into four categories: recurrent, incidental, external factors and internal factors, we assess the likelihood and severity of each category and create a risk map and treat priority risks of each organization. We also conduct a comprehensive analysis of priority risks of all organizations to identify priority risks of the JAL Group.



Control Self-Assessment

For company-wide priority risks, a workshop is held with relevant risk managers to evaluate the vulnerability of our responses. If additional measures are deemed necessary, the risks are treated immediately.

Risk Consulting

Under the Group Risk Management Council, consulting services are provided to vulnerable organizations by risk management teams, in cooperation with Audit and Supervisory Board Members and the Auditing Department.

Management Review

The Risk Management Committee assesses the process and risk treatment of primarily priority risks of the JAL Group, including reports from other committees. As a result of assessment, the committee gives instructions for additional investigations and risk treatment, as necessary.

BCP (Business Continuity Plan)

In addition to risk management of aviation safety such as aircraft accidents and incidents, we have established Disaster Handling Regulations, which outline the system and procedures for putting top priority on protecting the lives of customers, employees and all affected persons, and a risk prevention and mitigation system. We have also established a Business Continuity Plan (BCP) in the event our regular operations are disrupted regardless of the cause, and a BCP covering specific risks that disrupt central functions and processes in all areas, such as a pandemic or an earthquake striking the Tokyo metropolitan area. To put the BCP to practice, we conduct drills regularly, and review and revise the plan whenever the need arises.

A BCP for COVID-19 was initiated on January 21, 2020 and remains in effect.

In the BCP in case an earthquake occurs beneath Tokyo, we partially transferred Integrated Operations Control (IOC) functions to Osaka to establish an alternative system. Japan Airlines Co., Ltd. received the Business Continuity and Social Contribution Resilience Certification from the Resilience Japan Promotion Council on November 30, 2019, and a high A rating (special interest rate II) for business continuity management from the Development Bank of Japan on March 30, 2020.

Risk response

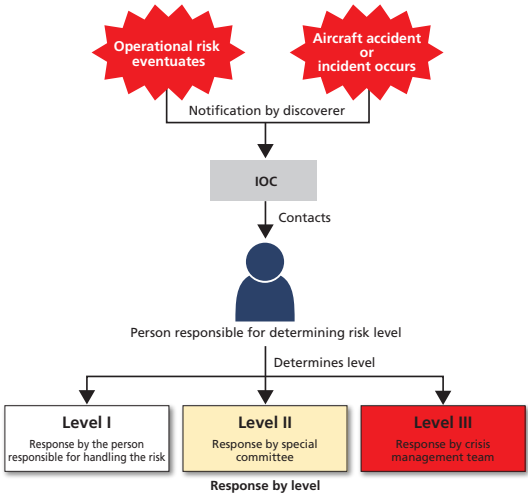
When a risk has arisen, or is likely to arise, that will affect aviation security, and the performance of air transportation business (operational risk), this risk is promptly notified to Integrated Operations Control (IOC) within 15 minutes of the occurrence.

The person in charge of making Level I to III decisions for crisis management depending on the situation decides the applicable level and responds to the crisis according to that level. Drills, reviews, education and training are conducted regularly for each type of disaster with the objective to raise awareness of crisis management of every employee.

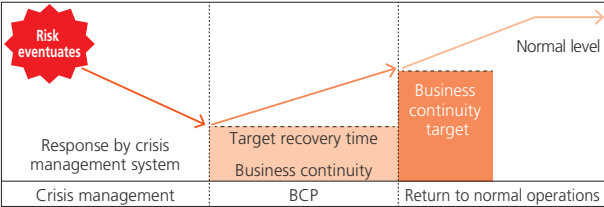
Level I Response by the person responsible for handling the risk
<ul style="list-style-type: none"> The person in charge (leader of organization where the risk has occurred) responds by assembling people deemed necessary. The person in charge advises the person responsible for determining the level of risk to shift to Level II or III according to the severity of the situation.
Level II Response by special committee
<ul style="list-style-type: none"> A committee is formed by Vice Presidents of main departments with Vice President of General Affairs as Secretariat and risk response is implemented. Vice President of General Affairs advises the person in charge for determining the risk level to shift to Level III or I depending on the situation.
Level III Response by Command Office
<ul style="list-style-type: none"> A Head Office Command Office chaired by the President (or Executive Vice President) is set up and normal operations quickly shift to the crisis management system.



Flow for Determining Risk Level



Flow of BCP Activation



Information Security Measures

Basic Policy

In light of the importance of information security and personal information protection in an advanced information communications society, the JAL Group has established the JAL Group Basic Policy on Information Security and Personal Information Protection. Information security measures are disclosed on the JAL website, such as compliance with laws, regulations and internal rules, establishment of a management system, implementation of safety measures, education and awareness-raising activities, collaboration with contractors, responses to accidents, to make staff aware of consultation services available around the information security issue. By implementing these policies, we are striving to properly manage and protect the information held by the company.

Management System

Given past incidents of personal data breaches caused by unauthorized access to the JAL Mileage Bank and customer data management system, we have positioned enhancement of information security as a high priority issue. We establish and update measures for regulatory compliance and classify and manage customer data and other data appropriately. We also educate all employees regularly through e-Learning.

In addition, the Risk Management and Information Security Committee, which is responsible for personal data management and information security, takes steps to enhance information security and reduce business risk.

To respond to increasing threats of cyber-attacks, which are becoming more sophisticated and complex, we have established measures to detect, quickly respond, and quickly recover from them. Going forward, we will continue to evolve prevention measures and take all possible steps to protect our business from cyber threats.



Promotion of Security

Under the leadership of the Chief Information Security Officer (CISO) appointed from among Executive Officers, the information security organization promotes information security throughout the JAL Group. As a major public transport operator, we implement data breach prevention measures and virus prevention measures in accordance with guidelines^{*1} established by the Ministry of Land, Infrastructure, Transport and Tourism.

To be prepared for an incident, we monitor unauthorized access, virus infections and other threats 24 hours a day, 365 days a year, in cooperation with external specialized agencies. In case an incident occurs, a Computer Security Incident Response Team (CSIRT) is set up, with the information security organization as Secretariat, and quick action and recurrence prevention measures are implemented.

As prior information gathering is essential to strengthening cyber security, we participate in Transport ISAC^{*2}, the Information Sharing And Analysis Center for transport operators, and use the information obtained to continuously enhance information security measures. Furthermore, we continuously implement the PDCA cycle, including an annual audit by an external specialized agency, and make necessary improvements.

To counter changing risks in recent years due to the proliferation of remote work, we have enhanced information security in the New Normal, including the use of company provided computers installed with data breach prevention measures that can be used safely even outside the company.

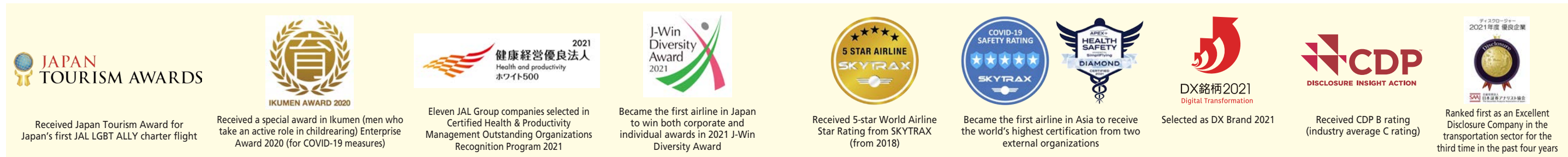
^{*1} Safety Guidelines for Information Security in the Aviation Field

^{*2} A system for promoting activities that contribute to the improvement of collective defense capabilities against cyber attacks by businesses in public transportation and transport sector

Flow to treat cyber incidents



Major External Ratings 2020 – 2021




















Major Sustainability Initiatives and Results to Date



We have set a medium target for each of the “4 areas/22 issues” that the JAL Group is working on. The JAL Group will aim to realize a sustainable society through daily business activities and promote ESG management to achieve the SDGs.

	22 issues	Main initiatives	Performance indicators	Results of FY19	Results of FY20	Target for FY25	Contribution to SDGs
E Environment	Address to Climate Change	Reduction of CO ₂ emissions	CO ₂ emission Scope 1 [aviation]	9.09 million tons	4.39 million tons	Below 9.09 million tons Management Target	
			CO ₂ emission Scope 2 [ground facilities]	57,000 tons	51,000 tons	54,000 tons	
			Ratio of fuel-efficient aircrafts	82%	84%	86%	
			Ratio of SAF loaded in total fuel amount	Loaded to all 5 delivered A350 aircrafts	0%	Replace 1% of total fuels to SAF	
			Amount of reduction by JAL Green Operations (reducing CO ₂ emissions in daily operations)	157,000 tons (1.7% of total emission)	82,000 tons (1.8% of total emission)	Reduce 2.5% amount of CO ₂ emitted from aircrafts	
	Effective Use of Limited Resources	Plastic use reduction	Reduction ratio of new petroleum derived single plastic use items in in-house standard products used in-flight and in lounges	2.5%	To be disclosed within FY21	100% Management Target	
			Ratio of eco-friendly material in plastic bags used for checked baggage at airports	*started from FY20	36.3%	100% Management Target	
			Ratio of eco-friendly material in plastic used in cargo transportation	91%	90%	100% Management Target	
		In-flight meals disposal reduction	Number of routes with meal reservation service introduced	*started from FY20	2 routes	All routes	
			Recycling ratio of cooking residue in preparing in-flight meals	7.7%	28.0%	100%	
		Paper reduction	Paperless in cargo sheds	*started from FY20	—	Complete paperless in JAL flights	
	Prevention of Environmental Pollution	Industrial waste reduction	Final disposal rate	0.3%	0.6%	Keep below 1%	
	Noise Reduction	Operation with low-noise aircrafts	Ratio of ICAO Chapter 4 standard compliant aircraft	100%	100%	100%	
	Biodiversity Conservation	Prevention of illegal wildlife trade	Number of illegal wildlife transported	0 times	0 times	0 times	
		Use of certified products	Ratio of paper items with FSC® certified paper used in-flight	24.2%	66.5%	100%	

		22 issues	Main initiatives	Performance indicators	Results of FY19	Results of FY20	Target for FY25	Contribution to SDGs
S	People	Promotion of D&I	Promotion of diverse talent participating actively in work	Ratio of disabled staff hiring*1	2.62%	2.67%	To be established in accordance with the statutory employment rate	
				Ratio of female managers*2	18.4%	19.5%	30% Management Target	
				Number of people who used nursing care leave system	53 people	40 people	Track record	
		Workstyle Innovation	Improvement of working productivity	Total work hours	1,862 hours	1,878 hours	1,850 hours	
				Ratio of annual paid leave taken	79.0%	71.5%	100%	
				Monthly overtime/working hours on holidays per employee	9.5 hours	8.0 hours	4 hours (linked with the annual total work hour target of 1,850 hours)	
			Promotion of diverse workstyles	Cumulative total number of people who used telework	36,352 people	640,579 people	Track record	
				Number of workcation/bleisure system used	247 times (workcation only)	To be disclosed within FY21	Track record	
		Health and Productivity Management	Improvement of health check-up ratio	Ratio of check-ups taken by employee	100%	100%	Keep 100%	
				Ratio of check-ups taken by family members	37.5%	To be disclosed within FY21	75%	
			Ratio improvement of gynecological check-ups	Ratio of breast cancer check-up taken	36.7%		70%	
				Ratio of uterine cancer check-up taken	30.7%		70%	
		Respect for Human Rights	Conducting of Human Rights Due Diligence	Handling against issues (establishment of PDCA and appropriate operation)	—	—	Specification of issues and conducting of improvement plans	
		Human Resources Development	Enhancement of employee training	Training hours per person	72.3 hours/person	277.1 hours/person	Track record	
				Training cost per person	¥449,480/person	¥109,321/person	Track record	
		Improving Accessibility	Promotion of boarding passengers who feel barriers to travelling	Ratio of such passengers onboard	0.36%	0.29%	2.5 times v.s. FY19 result	
				Number of wooden chairs which do not get caught in metal detectors	478 wheelchairs	478 wheelchairs	To be disclosed within FY21	
		Prevent the Spread of Infectious Diseases	Activation of medical items transportation	Weight of transported medical items	610 tons	721 tons (118% v.s. FY19 result)	+50% v.s. FY19 result	
S	Communities	Route Network Expansion	Preserving and development of regional routes including island routes	Number of Domestic sites (including code share)	62 sites	61 sites	More than 62 sites	
		Increase Inbound Tourism	Promotion of passengers from outside of Japan boarding on domestic flights	Number of people boarded	701,240 people	To be disclosed within FY21	1,505,000 people	
		Improving Convenience in Travel	Commercialization of drone logistics/"flying cars" air taxi	Realization of commercialization	—	—	FY23: commercialization of drone logistics FY25: commercialization of flying cars	
		Regional Revitalization	Increase of tourists to regional areas	Ratio of increase	—	25.8% v.s. FY19 result	+10% v.s. FY19 result Management Target	
		Community Relations	Promotion of volunteerism	Number of people joined	7,745 people	9,772 people	Track record	
				Total hours	51,734 hours	33,600 hours	Track record	
			Nurturing the next generation	Number of people who joined the SORAIKU®*3	191,840 people	20,435 people	Track record	
		Disaster Restoration Assistance	Disaster relief	Amount of money donated by Charity Miles	¥9,208,500	¥11,328,500	Track record	
G	Governance	Fair Business Practices	Compliance to the Corporate Governance Code	Compliance rate	100%	100%	Keep 100%	
			Function improvement of Board of Directors	Ratio of External Directors	30%	30%	Over one third	
				Attendance ratio of External Directors and Auditors to Board of Directors	98.3%	100%	Keep over 80%	
			Prevention of information leakage	Number of incidents occurred	0 cases	2 cases	0 cases	
			Prevention of corruption and bribery	Number of corruption and bribery	0 cases	0 cases	0 cases	
		Disclosure	Reinforcement of information disclosure in Sustainability pages of the Corporate website	Number of views	765,912	786,229	Over 1,000,000	
		Responsible Procurement	Supply chain management	Soundness confirmation ratio of primary suppliers	18%	37%	100%	
				Number of regulatory safety audits of all caterer factories and in-flight supply storerooms per year	2 times	2 times	2 times	
		Promotion of BCM	Improvement of BCP effectiveness	Number of exercises conducted per BCP	1 time	1 time	2 times	

*1: Combined data for Japan Airlines Co., Ltd. and its special subsidiary JAL Sunlight Co., Ltd. *2: Data of the JAL Group
 *3: Activities in order to think about their own futures, future of Japan, the World and the Earth by experiencing the wonder of the skies

TOPIC Olympic and Paralympic Games Tokyo 2020

As an Official Airline Partner

As the official airline partner of the Olympic and Paralympic Games Tokyo 2020 (Tokyo 2020), JAL contributed to the realization of the Games Vision, "Sport has the power to change the world and the future" and supported the historic event by communicating emotions and courage to the world. As a supporting partner of the Tokyo 2020 Olympic Torch Relay, in March 2020 we transported the Tokyo 2020 Olympic Torch from Greece in cooperation with ANA. We also provided safe and secure air transport during the pandemic so that athletes and tournament officials from around the world could gather in Tokyo with peace of mind.

JAL's Policy of Approaches to Tokyo 2020

- Contribute to the success of the Games as proof of revival and reconstruction
- Contribute to creating a society that recognizes diversity
- Make efforts to recover demand and contribute to regional revitalization
- Enhance safety and security and deliver smooth and comfortable travel

Major Initiatives and Employee Activities

■ JAL's third aircraft with special livery "Everyone's JAL 2020 Jet" goes into service on domestic flights

In 2019, we launched the first and second special aircraft for Tokyo 2020 to build momentum, and in 2021, the third special jet (A350) with gold livery on domestic routes to coincide with the opening of Tokyo 2020. Under the slogan "Gambaro Nippon! (Go, Japan!)," the aircraft is designed with pictures of Japanese athletes supported by JAL on the fuselage and a gold Tsurumaru (Japanese crane) logo on the tail so that everyone in Japan as well as the athletes can feel hope for a brighter future. We also conducted related measures in the cabin, at airports and on the JAL website.



■ JAL athlete-employees participate in Tokyo 2020

JAL athlete-employees, Koki Kano (fencing epee), Naoto Tobe (high jump) and Haruka Kitaguchi (javelin), were selected to represent Japan for the first time. JAL will continue to support athletes who strive to reach world's top level.

KANO Koki: Finished 15th in the men's fencing epee individual competition and won the gold medal in the team competition, a first for Japan.

TOBE Naoto: (High Jump Japanese record holder) Japan's team advances to finals for the first time in 49 years (13th place)

KITAGUCHI Haruka: (Javelin Throw Japanese record holder) Japan's team advances to the finals for the first time in 57 years (12th place)

chapter 03

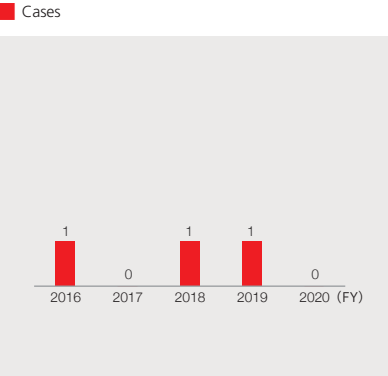
Data Book



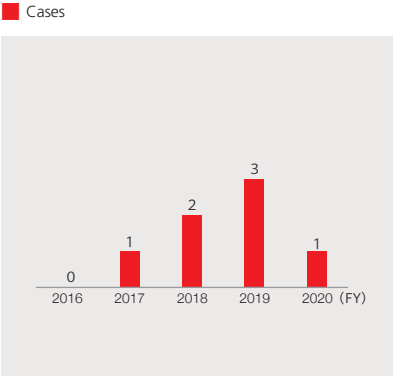
Data Highlights

Business

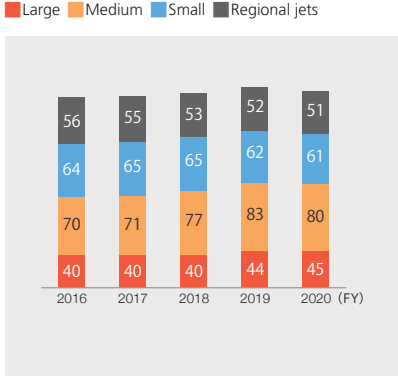
Aircraft accident



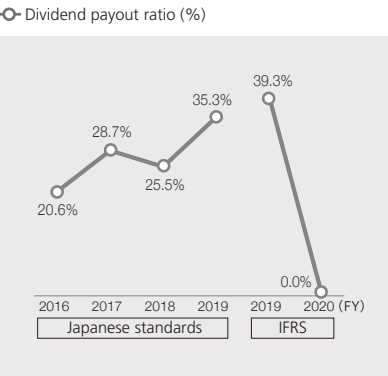
Serious incident



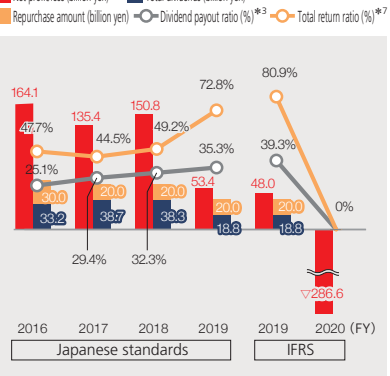
Number of aircraft



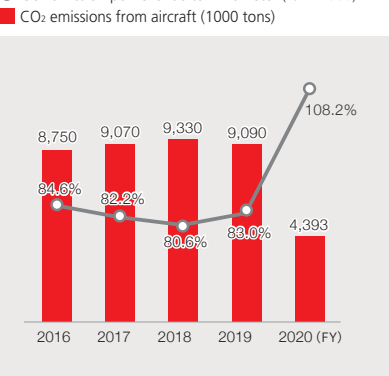
Dividend payout ratio*6



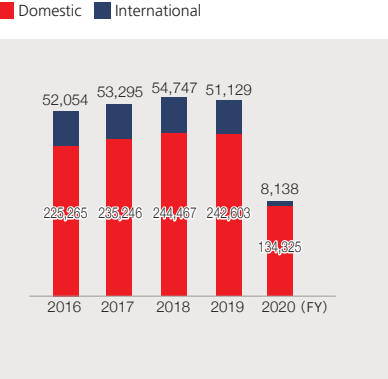
Total return ratio*7



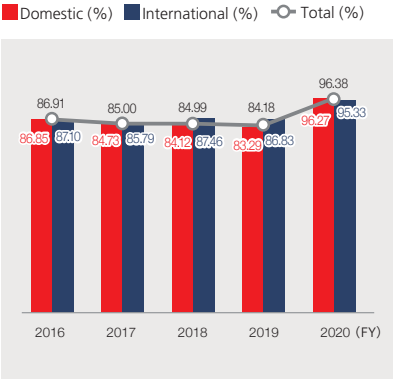
CO2 emission reduction



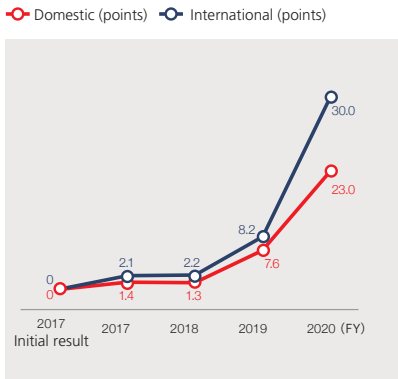
Number of flights



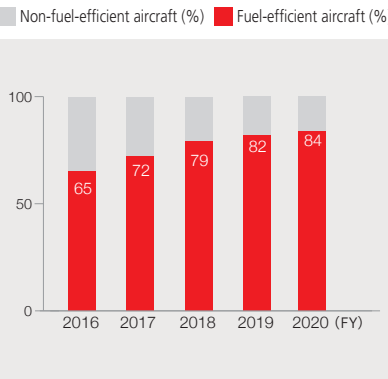
On-time arrival rate



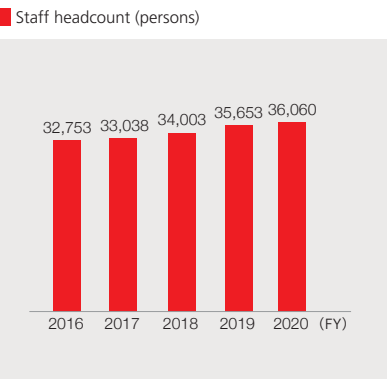
NPS (Net Promoter Score)



Percentage of fuel-efficient aircraft



Staff

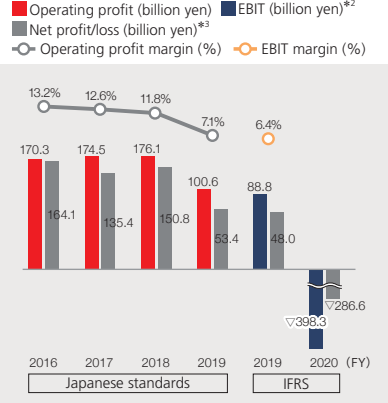


Ratio of female managers

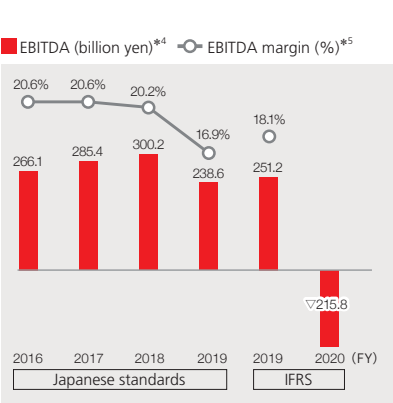


Finance

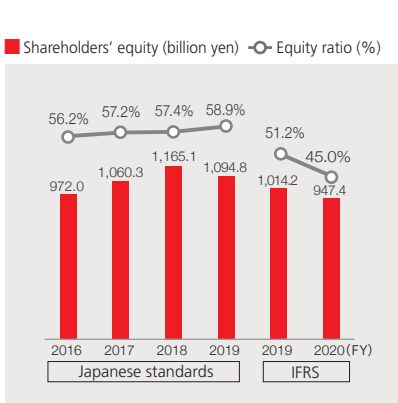
EBIT*2/Net profit/loss*3/EBIT margin



EBITDA*4/EBITDA margin*5



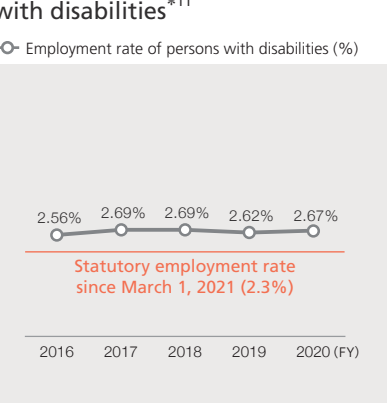
Equity ratio



Ratio of non-Japanese managers*10



Employment rate of persons with disabilities*11



Overtime work and annual paid leave applicants



*1 International Financial Reporting Standards (IFRS) have been applied since fiscal 2020. As a result, fiscal 2019 figures show IFRS based figures and figures based on Japanese standards.
*2 EBIT (Earnings Before Interests and Taxes): Earnings before finance and corporate income taxes
*3 [Japanese standards] Net profit attributable to owners of parent [IFRS] Profit attributable to owners of parent (billion yen)
*4 [Japanese standards] EBITDA = Operating profit + Depreciation [IFRS] EBITDA = EBIT + Depreciation
*5 [Japanese standards] EBITDA margin = EBITDA/Operating revenue [IFRS] EBITDA margin = EBITDA/Sales revenue
*6 Dividend payout ratio = Total dividends/Net profit/loss*3,8

*7 Total return ratio = (Total dividends + Repurchase of treasury stock)/Profit/Loss
*8 Net profit attributable to owners of parent from FY2015 through FY2018 excludes corporate tax adjustments
*9 EBIT margin and EBITDA margin for FY2020 are not shown due to negative figures.
*10 In Japan Airlines Co., Ltd. (Locally hired managers overseas + Non-Japanese managers hired in Japan in business planning and maintenance engineering jobs)/Total managers
*11 Aggregate of Japan Airlines Co., Ltd. and JAL Sunlight Corporation, a special subsidiary, as of June 1 of the following fiscal year

Business Data

Safety

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Aircraft accident	cases	1	0	1	1	0
Serious incident	cases	0	1	2	3	1

Aircraft

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Airbus A350-900	aircraft	0	0	0	5	8
Boeing 777-300ER	aircraft	13	13	13	13	13
Boeing 777-300	aircraft	4	4	4	4	4
Boeing 777-200ER	aircraft	11	11	11	11	11
Boeing 777-200	aircraft	12	12	12	11	9
Boeing 787-9	aircraft	8	11	17	20	20
Boeing 787-8	aircraft	25	25	25	29	29
Boeing 767-300ER	aircraft	31	29	29	29	29
Boeing 767-300	aircraft	6	6	6	5	2
Boeing 737-800	aircraft	53	57	62	62	61
Boeing 737-400	aircraft	11	8	3	0	0
Bombardier CRJ200	aircraft	5	0	0	0	0
Embraer 170/Embraer 190	aircraft	22	29	32	32	32
Bombardier DHC-8-400CC	aircraft	4	5	5	5	5
SAAB340B	aircraft	12	10	8	5	3
Bombardier DHC-8-400	aircraft	9	6	1	0	0
Bombardier DHC-8-300	aircraft	1	1	0	0	0
Bombardier DHC-8-100	aircraft	2	0	0	0	0
ATR42-600/ATR72-600	aircraft	1	4	7	10	11

Flight Data

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of cities served						
Domestic flights	destinations	59	59	60	62	61
International flights	destinations	251	284	348	378	368
Total	destinations	310	343	408	440	429
Number of flights						
Domestic flights	flights	225,265	235,246	244,467	242,603	134,325
International flights	flights	52,054	53,295	54,747	51,129	8,138
Total	flights	277,319	288,541	299,214	293,732	142,463
On-time departure rate						
Domestic flights	%	90.86	84.72	88.33	86.71	96.74
International flights	%	89.28	87.80	87.47	86.35	93.17
Total	%	90.46	88.61	88.10	86.62	96.02
On-time arrival rate						
Domestic flights	%	86.85	84.73	84.12	83.29	96.27
International flights	%	87.10	85.79	87.46	86.83	95.33
Total	%	86.91	85.00	84.99	84.18	96.38

Traffic Data

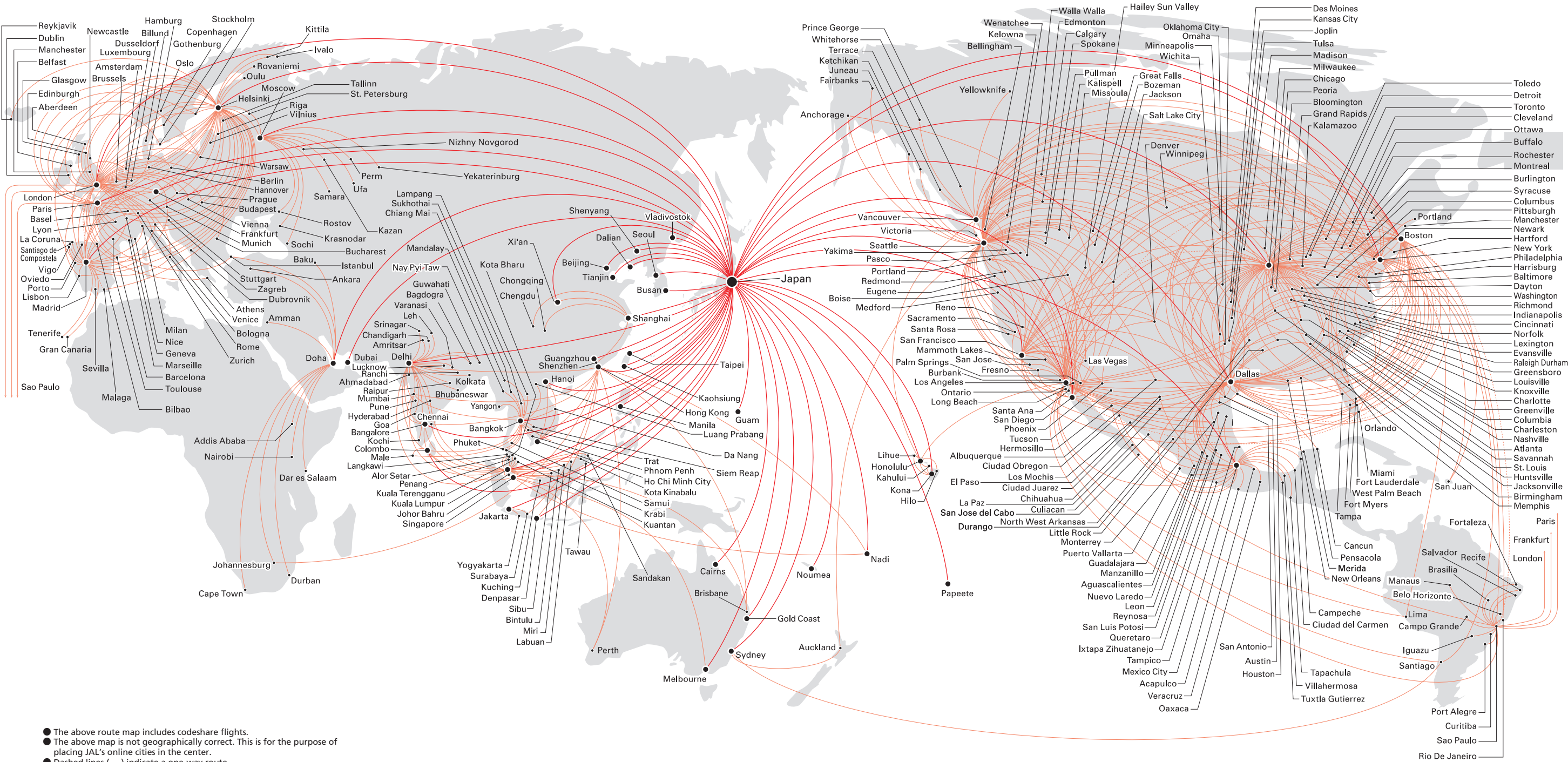
Japanese GAAP						IFRS*5
	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Domestic flights						
Total passengers	people	32,570,397	34,033,475	34,859,576	33,783,710	12,212,131
Revenue Passenger Kilometers*1	1000 people-kilometers	35,423,513	35,714,021	36,116,930	36,199,539	19,452,985
Available Seat Kilometers*2	1000 seats-kilometers	24,550,154	25,643,092	26,195,658	25,443,520	9,282,122
Passenger Load Factor	%	69.3	71.8	72.5	70.3	47.7
International flights (Full Service Carrier (FSC))						
Total passengers*3	people	8,394,777	8,585,399	9,128,236	8,277,987	357,519
Revenue Passenger Kilometers*1, 3	1000 people-kilometers	50,621,656	51,836,491	54,925,904	54,324,546	11,918,047
Available Seat Kilometers*2, 3	1000 seats-kilometers	40,633,050	42,013,111	44,659,463	41,905,628	2,196,423
Passenger Load Factor*3	%	80.3	81.0	81.3	77.1	18.4
Cargo and Mail						
Domestic revenue cargo ton-km	1000 tons-kilometers	357,803	364,089	343,529	328,182	237,874
International revenue cargo ton-km	1000 tons-kilometers	1,887,856	2,233,387	2,429,268	2,407,691	1,948,205

Customers

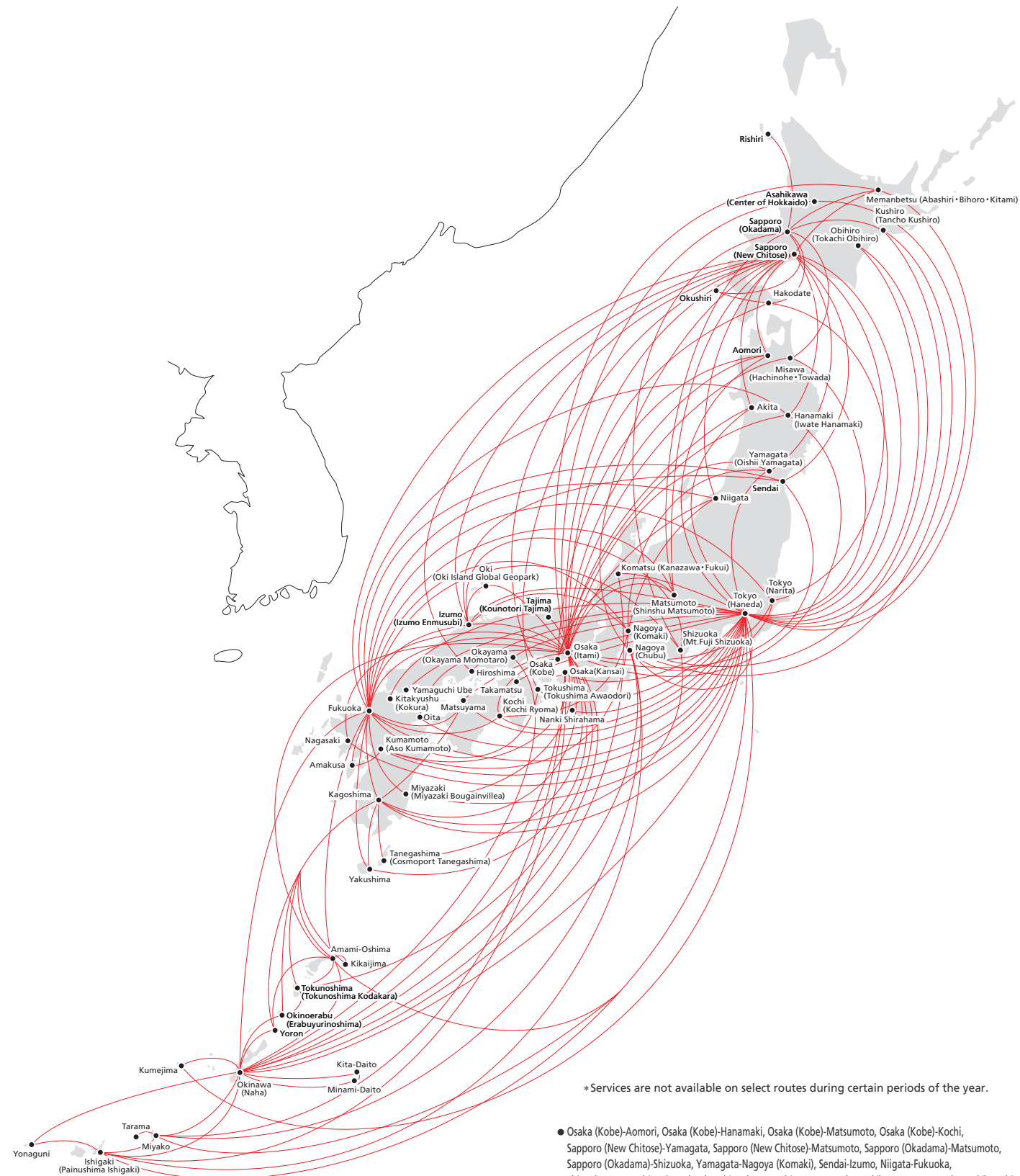
	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
NPS (Net Promoter Score)*4						
Domestic flights	points	—	+1.4	+1.3	+7.6	+23.0
International flights	points	—	+2.1	+2.2	+8.2	+30.0

*1 Revenue Passenger Kilometers: The total distance flown by revenue paying passengers. Number of Revenue Passengers x Distance Flown (kilometers)
*2 Available Seat Kilometers: Measures passenger carrying capacity. Total seats x Distance flown (kilometers).
*3 Since fiscal 2015, calculation of figures for Revenue Passengers Carried, Revenue Passenger Kilometers, Available Seat Kilometers, and Passenger Load Factor for international flights include codesharing of JAL-operated flights sold by other airlines.
*4 Compared to results in early fiscal 2017
*5 International Financial Reporting Standards (IFRS) have been applied since fiscal 2020.

► International Route Map (as of August 23, 2021)



► Domestic Route Map (as of August 23, 2021)



- Osaka (Kobe)-Aomori, Osaka (Kobe)-Hanamaki, Osaka (Kobe)-Matsumoto, Osaka (Kobe)-Kochi, Sapporo (New Chitose)-Yamagata, Sapporo (New Chitose)-Matsumoto, Sapporo (Okadama)-Matsumoto, Sapporo (Okadama)-Shizuoka, Yamagata-Nagoya (Komaki), Sendai-Izumo, Niigata-Fukuoka, Shizuoka-Izumo, Shizuoka-Fukuoka, Shizuoka-Kagoshima, Nagoya (Komaki)-Izumo, Nagoya (Komaki)-Kochi, Nagoya (Komaki)-Fukuoka, Nagoya (Komaki)-Kumamoto sectors are codeshare flights with Fuji Dream Airlines (FDA). They are operated by FDA aircraft and crew.
- Fukuoka-Amakusa, Kumamoto-Amakusa sectors are codeshare flights with Amakusa Airlines (AMX). They are operated by AMZ aircraft and crew.
- * Some flights between Osaka (Itami) and Kumamoto are also codeshare flights with AMX.

► Consolidated Subsidiaries (as of March 31, 2021)

Corporate Name	Paid-in Capital (Millions of yen)	Ratio of Voting Rights		
		Direct (%)	Indirect (%)	Total (%)

Air Transport Business Segment

Air Transport Business

JAPAN TRANSOCEAN AIR CO., LTD.	4,537	72.8	—	72.8
JAPAN AIR COMMUTER CO., LTD.	300	60.0	—	60.0
J-AIR CO., LTD.	200	100.0	—	100.0
ZIPAIR TOKYO CO., LTD.	9,000	100.0	—	100.0
HOKKAIDO AIR SYSTEM CO., LTD.	490	57.3	—	57.3
RYUKYU AIR COMMUTER CO., LTD.	396	—	74.5	74.5

Airport Passenger Handling

JAL SKY CO., LTD.	100	100.0	—	100.0
JAL SKY AIRPORT OKINAWA COMPANY., LTD.	33	66.7	33.3	100.0
JALSKY OSAKA CO., LTD.	30	100.0	—	100.0
JALSKY KYUSHU CO., LTD.	30	100.0	—	100.0
JALSKY SAPPORO CO., LTD.	30	100.0	—	100.0
JALSKY KANAZAWA CO., LTD.	10	100.0	—	100.0
JALSKY SENDAI CO., LTD.	10	100.0	—	100.0

Ground Handling

JAL GROUND SERVICE CO., LTD.	100	99.8	0.2	100.0
JAL GROUND SERVICE OSAKA CO., LTD.	10	—	100.0	100.0
JAL GROUND SERVICE KYUSHU CO., LTD.	10	—	100.0	100.0
JAL GROUND SERVICE SAPPORO CO., LTD.	10	—	97.7	97.7

Maintenance

JAL ENGINEERING CO., LTD.	80	100.0	—	100.0
JAL MAINTENANCE SERVICE CO., LTD.	10	100.0	—	100.0

Cargo

JAL KANSAI AIRCARGO SYSTEM CO., LTD.	100	69.2	—	69.2
JAL CARGO SERVICE CO., LTD.	50	100.0	—	100.0
JAL CARGO HANDLING CO., LTD.	50	—	100.0	100.0
JAL CARGO SERVICE KYUSHU CO., LTD.	20	40.0	40.0	80.0

Passenger Sales

JAL SALES CO., LTD.	460	100.0	—	100.0
JAL NAVIA CO., LTD.	50	100.0	—	100.0
JAL MILEAGE BANK CO., LTD.	40	100.0	—	100.0

Airport-Related Business

JAL ROYAL CATERING CO., LTD.	2,700	51.0	—	51.0
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Corporate Name	Paid-in Capital (Millions of yen)	Ratio of Voting Rights		
		Direct (%)	Indirect (%)	Total (%)

Other Segments

Maintenance

JAL AIRTECH CO., LTD.	100	66.6	3.4	70.0
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Cargo

JUPITER GLOBAL, LTD.	HKD1,000 1,960	46.4	4.6	51.0
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Passenger Sales

JALPAK CO., LTD.* ¹	80	96.7	1.1	97.8
JAL JTA SALES CO., LTD.	30	16.7	83.3	100.0
JALPAK INTERNATIONAL HAWAII, INC.	USD 1,000 1,000	—	100.0	100.0
JALPAK INTERNATIONAL (EUROPE) B.V.	EUR 1,000 1,600	—	100.0	100.0
JALPAK INTERNATIONAL (FRANCE) S.A.S.	EUR 1,000 160	—	100.0	100.0
EURO-CREATIVE TOURS (U.K.) LTD.	GBP 1,000 100	—	100.0	100.0
JALPAK INTERNATIONAL ASIA PTE. LTD.	SGD 1,000 146	—	100.0	100.0
JAL SATELLITE TRAVEL CO., LTD.	HKD 1,000 750	—	100.0	100.0
PT. TAURINA TRAVEL DJAYA* ²	IDR 1,000 500,000	—	49.0	49.0

Airport-Related Business

JAL ABC, INC.	100	51.0	—	51.0
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Others

JAL INFORMATION TECHNOLOGY CO., LTD.	702	100.0	—	100.0
JAL DIGITAL EXPERIENCE CO., LTD.	475	51.0	—	51.0
JAL PAYMENT PORT CO., LTD.	390	16.5	68.5	84.9
JAL CARD, INC.	360	50.6	—	50.6
JAL FACILITIES CO., LTD.	180	85.0	—	85.0
JAL BUSINESS AVIATION CO., LTD.	100	100.0	—	100.0
AXESS INTERNATIONAL NETWORK, INC.	100	49.0	—	49.0
JAL AGRIPORT CO., LTD.* ²	100	51.0	—	51.0
JAL HONGYUAN CO., LTD.	100	51.0	—	51.0
JAL BRAND COMMUNICATIONS CO., LTD.	100	100.0	—	100.0
JTA INFORMATION & COMMUNICATION CO., LTD.	50	—	100.0	100.0
JAL SBI FINTECH CO., LTD.	45	51.0	—	51.0
JAL SUNLIGHT CO., LTD.	20	100.0	—	100.0
OFFICIAL FILING CO., LTD.	10	50.0	4.0	54.0
JPRO CO., LTD.	10	—	100.0	100.0
JLC INSURANCE COMPANY LIMITED	USD 1,000 2,000	100.0	—	100.0

*¹ Sales revenue (excluding operating revenue between consolidated subsidiaries) of JALPAK Co., Ltd. accounts for over 10% of consolidated operating revenue.

*² Although JAL's ownership is 50% or less, it is considered a subsidiary because JAL has substantial control.

Financial Data

								(Billions of yen)
Japanese GAAP	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Years ended March 31								
Operating revenue	1,238.8	1,309.3	1,344.7	1,336.6	1,288.9	1,383.2	1,487.2	1,411.2
Operating expenses	1,043.5	1,142.5	1,165.0	1,127.4	1,118.6	1,208.6	1,311.1	1,310.5
Operating income	195.2	166.7	179.6	209.1	170.3	174.5	176.1	100.6
Ordinary income	185.8	157.6	175.2	209.2	165.0	163.1	165.3	102.5
Profit attributable to owners of parent	171.6	166.2	149.0	174.4	164.1	135.4	150.8	53.4
Cash flow from operating activities	264.8	247.9	261.1	312.3	253.1	281.5	296.7	60.0
Cash flow from investing activities	(129.0)	(166.7)	(199.2)	(207.2)	(215.5)	(180.1)	(186.3)	(221.5)
Cash flow from financing activities	(60.6)	(61.9)	(67.3)	(49.6)	(53.5)	(55.8)	(37.0)	(30.1)
Free cash flow ^{*3}	135.8	81.2	61.8	105.1	37.5	101.3	110.3	(161.5)
Depreciation and amortization	81.0	82.7	85.8	88.5	95.7	110.8	124.1	138.0
EBITDA ^{*4}	276.2	249.5	265.5	297.7	266.1	285.4	300.2	238.6
EBITDAR ^{*5}	307.1	281.0	292.7	321.1	286.2	305.4	320.1	260.2
Capital investment (Purchase of non-current assets)	121.8	164.5	198.6	210.6	233.1	208.0	222.1	239.6
As of fiscal year-end								
Total assets	1,216.6	1,340.1	1,473.3	1,578.9	1,728.7	1,853.9	2,030.3	1,859.3
Net assets	583.1	711.0	800.7	870.5	1,003.3	1,094.1	1,200.1	1,131.8
Interest-bearing debt	160.1	134.2	100.5	92.6	116.0	125.7	142.3	191.7
Shareholders' equity	565.0	690.2	776.4	843.0	972.0	1,060.3	1,165.1	1,094.8
Per share data (yen, U.S. dollars) ^{*6}								
Profit attributable to owners of parent	473.36	458.45	411.06	481.29	456.56	383.23	432.10	155.66
Net assets	1,558.15	1,903.53	2,142.00	2,325.79	2,749.71	3,019.52	3,340.15	3,249.27
Dividends	95.00	80.00	104.00	120.00	94.00	110.00	110.00	55.00
Average number of shares during the fiscal year (thousands of shares)	362,671	362,639	362,584	362,500	359,594	353,334	349,006	343,101
Key Performance Indices								
Operating margin (%)	15.8	12.7	13.4	15.7	13.2	12.6	11.8	7.1
ROE (%)	36.0	26.5	20.3	21.5	18.1	13.3	13.6	4.7
ROA (%)	16.9	13.0	12.8	13.7	10.3	9.7	9.1	5.2
Equity ratio (%)	46.4	51.5	52.7	53.4	56.2	57.2	57.4	58.9
D/E ratio (Times)	0.3x	0.2x	0.1x	0.1x	0.1x	0.1x	0.1x	0.2x
EBITDA margin (%) ^{*7}	22.3	19.1	19.8	22.3	20.6	20.6	20.2	16.9
EBITDAR margin (%) ^{*8}	24.8	21.5	21.8	24.0	22.2	22.1	21.5	18.4
Unit cost (yen) ^{*9}	8.4	8.6	8.7	9.1	9.4	10.1	10.4	10.6
Unit cost (yen) (including fuel cost)	11.5	12.2	12.3	11.7	11.7	12.5	13.1	13.2
Dividend payout ratio (%)	20.1	17.5	25.3	24.9	20.6	28.7	25.5	35.3
Number of employees	30,636	31,020	30,978	31,331	32,047	33,038	34,003	35,653
Business Data								
International passenger operations								
Passenger revenue	406.6	437.5	454.8	448.7	415.2	462.9	530.6	476.2
ASK (million seat kms) ^{*10,12}	44,745	46,235	47,696	50,563	50,621	51,836	54,925	54,324
RPK (million passenger kms) ^{*11,12}	34,036	35,390	36,109	40,305	40,633	42,013	44,659	41,905
Revenue passengers carried (1,000) ^{*12}	7,525	7,723	7,793	8,460	8,394	8,585	9,128	8,277
Revenue passenger load factor (%) ^{*12}	76.1	76.5	75.7	79.7	80.3	81.0	81.3	77.1
Yield (yen) ^{*12}	11.9	12.4	12.6	11.1	10.2	11.0	11.9	11.4
Unit revenue (yen) ^{*12}	9.1	9.5	9.5	8.9	8.2	8.9	9.7	8.8
Domestic passenger operations								
Passenger revenue	485.2	487.4	487.5	501.2	498.6	518.2	528.0	514.6
ASK (million seat kms) ^{*10}	36,443	37,084	36,306	35,869	35,423	35,714	36,116	36,199
RPK (million passenger kms) ^{*11}	23,012	23,745	23,993	24,341	24,550	25,643	26,195	25,443
Revenue passengers carried (1,000)	30,020	31,218	31,644	32,114	32,570	34,033	34,859	33,783
Revenue passenger load factor (%)	63.1	64.0	66.1	67.9	69.3	71.8	72.5	70.3
Yield (yen)	21.1	20.5	20.3	20.6	20.3	20.2	20.2	20.2
Unit revenue (yen)	13.3	13.1	13.4	14.0	14.1	14.5	14.6	14.2
International cargo operations								
Cargo revenue	50.4	54.2	60.3	54.2	43.3	56.0	65.4	59.7
Revenue cargo ton-km (million ton kms)	1,378	1,512	1,754	1,724	1,887	2,233	2,429	2,407
Domestic cargo operations								
Cargo revenue	25.0	25.4	24.2	23.3	22.2	22.4	21.8	20.7
Revenue cargo ton-km (million ton kms)	360	366	356	363	357	364	343	328

				(Billions of yen)	Thousands of U.S. dollars ^{*2}	1USD = 110.71 yen
IFRS ^{*1}	FY2019	FY2020	FY2020			
Years ended March 31						
Revenue	1,385.9	481.2	4,346,716			
Operating expenses	1,308.8	885.0	7,994,192			
EBIT (Profit or loss before financing and income tax)	88.8	(398.3)	(3,597,741)			
Profit before tax	88.1	(404.0)	(3,649,878)			
Profit attributable to owners of parent	48.0	(286.6)	(2,589,585)			
Cash flow from operating activities	80.8	(219.5)	(1,982,829)			
Cash flow from investing activities	(233.7)	(91.0)	(822,075)			
Cash flow from financing activities	(38.8)	388.6	3,510,288			
Free cash flow ^{*3}	(152.8)	(310.5)	(2,804,904)			
Depreciation and amortization	162.4	182.4	1,648,350			
EBITDA ^{*4}	251.2	(215.8)	(1,949,391)			
Capital investment (Purchase of non-current assets)	239.6	89.6	810,098			
As of fiscal year-end						
Total assets	1,982.2	2,107.2	19,034,224			
Total equity	1,049.6	981.5	8,865,820			
Interest-bearing debt	277.4	515.1	4,653,111			
Shareholders' equity	1,014.2	947.4	8,558,025			
Per share data (yen, U.S. dollars)						
Profit attributable to owners of parent	140.04	(764.99)	(6.90)			
Shareholder's equity	3,009.71	2,168.06	19.58			
Dividends	55.00	0.00	0.00			
Average number of shares during the fiscal year (thousands of shares)	343,167	374,766	—			
Key Performance Indices						
EBIT margin (%)	6.4	—	—			
ROE (%)	4.6	—	—			
ROA (%)	4.3	—	—			
ROIC (%)	4.7	—	—			
Equity ratio (%)	51.2	45.0	—			
D/E ratio (Times)	0.3x	0.5x	—			
EBITDA margin (%) ^{*7}	18.1	—	—			
Dividend payout ratio (%)	39.3	0.0	—			
Number of employees	35,653	36,060	—			
Business Data						
International passenger operations (Full Service Carrier) ^{*13}						
Passenger revenue	486.2	27.9	252,633			
ASK (million seat kms) ^{*10,12}	53,910	11,918	—			
RPK (million passenger kms) ^{*11,12}	45,551	2,196	—			
Revenue passengers carried (1,000) ^{*12}	8,958	357	—			
Revenue passenger load factor (%) ^{*12}	84.5	18.4	—			
Yield (yen) ^{*12}	10.7	12.7	—			
Unit revenue (yen) ^{*12}	9.0	2.3	—			
Domestic passenger operations						
Passenger revenue	529.7	174.0	1,571,727			
ASK (million seat kms) ^{*10}	36,199	19,452	—			
RPK (million passenger kms) ^{*11}	27,496	9,282	—			
Revenue passengers carried (1,000)	36,411	12,212	—			
Revenue passenger load factor (%)	76.0	47.7	—			
Yield (yen)	19.3	18.7	—			
Unit revenue (yen)	14.6	8.9	—			
International cargo operations						
Cargo revenue	59.7	96.5	872,133			
Revenue cargo ton-km (million ton kms)	2,407	1,948	—			
Domestic cargo operations						
Cargo revenue	20.7	21.7	196,332			
Revenue cargo ton-km (million ton kms)	328	237	—			

- *1 IFRS is adopted from FY2020. Accordingly, figures for FY2019 are also calculated under IFRS for comparison.
- *2 US dollar amounts are provided for convenience only, based on the exchange rate of ¥110.71/USD on March 31, 2021.
- *3 Free cash flow = Cash flow from operating activities + Cash flow from investing activities
- *4 [Japanese GAAP] EBITDA = Operating income + Depreciation and Amortization [IFRS] EBITDA = EBIT + Depreciation
- *5 [Japanese GAAP] EBITDAR = Operating income + Depreciation expense + Aircraft lease
- *6 Japan Airlines Co., Ltd. conducted a 2-for-1 stock split on October 1, 2014. Figures for profit per share, net assets per share and dividend per share have been calculated assuming the stock split was conducted at the start of fiscal 2012.
- *7 [Japanese GAAP] EBITDA Margin = EBITDA/ Operating Revenue [IFRS] EBITDA Margin = EBITDA/ Revenue
- *8 [Japanese GAAP] EBITDAR Margin = EBITDAR/ Operating Revenue
- *9 Unit cost = Consolidated air transport cost (excluding fuel costs) / ASK
- *10 ASK (available seat kilometers). A unit of passenger transport capacity: Total number of seats x Distance flown (kms)
- *11 RPK (revenue passenger kilometers). Total flight distance covered by revenue passengers: Number of revenue passengers x Distance flown (kms).
- *12 From FY2015, revenue passengers carried, revenue passenger kilometers, available seat kilometers and load factor include codeshare tickets sold by other companies for JALoperated flights.
- *13 From FY2020, Changes in codeshare passengers on other airlines are reflected and to the previous year's figures as well for comparison analysis

► Evaluation and Analysis of Financial Conditions

Economic Conditions

This fiscal 2020 was an extremely tough year for an airline industry including the JAL Group due to the spread of COVID-19. As the COVID-19 spread continued, the JAL Group strived to maintain its domestic and international route network while implementing hygiene and contactless measures to ensure safety and security. Facing with a rapid and significant decrease of revenue, we implemented fundamental cost reduction measures and investment reduction to mitigate the negative impact of the decreased revenue. Also, we made all possible efforts in this unprecedented crisis including governmental supports to differ tax or fee payments as well as subsidies for employment adjustment. We will work altogether to endure this hardship and will fulfill its mission as public transportation provider to enable our valued passengers to use our service with comfort. We will prepare for a coming demand recovery in a future through those measures.

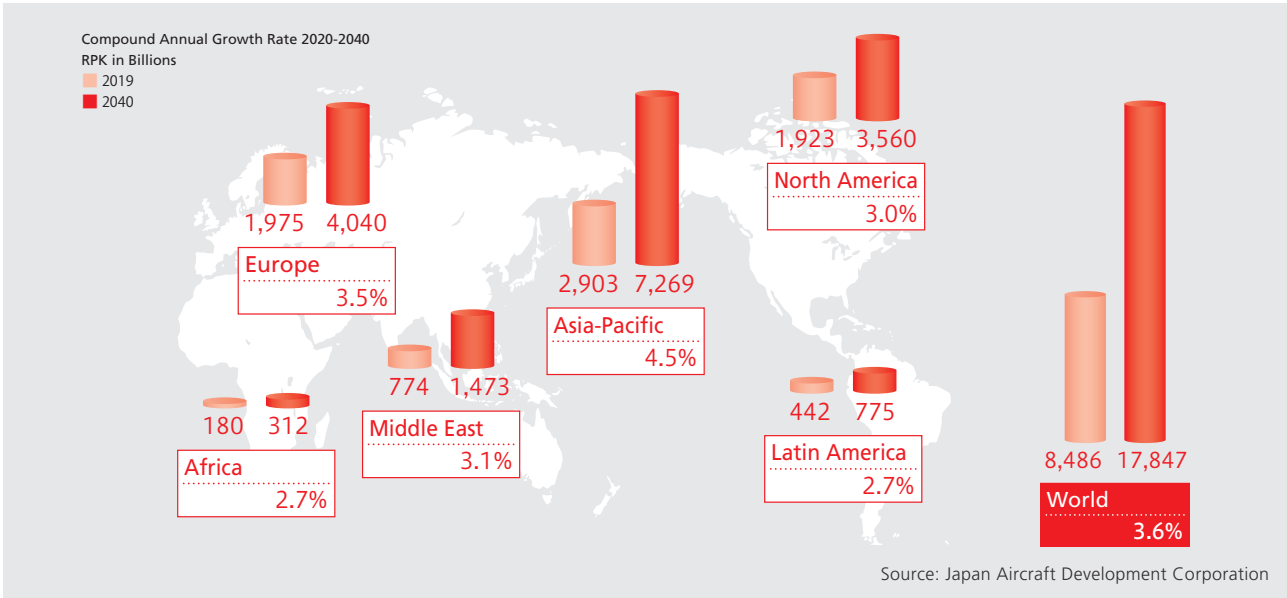
Number of Visitors to Japan



Global Passenger Traffic (scheduled flights)



Air Passenger Traffic Forecast



JAL Group

In fiscal year 2020, the revenue for the consolidated fiscal year decreased 65.3% year over year to 481.2 billion yen, the operating expenses decreased 32.4% year over year to 885 billion yen, the loss/earning before financing and income tax (hereinafter

referred as “EBIT”) was loss of 398.3 billion yen (EBIT 88.8 billion yen in the previous year). The loss attributable to owners of the parent was 286.6 billion yen (the profit attributable to owners of the parent 48 billion yen in the previous year).

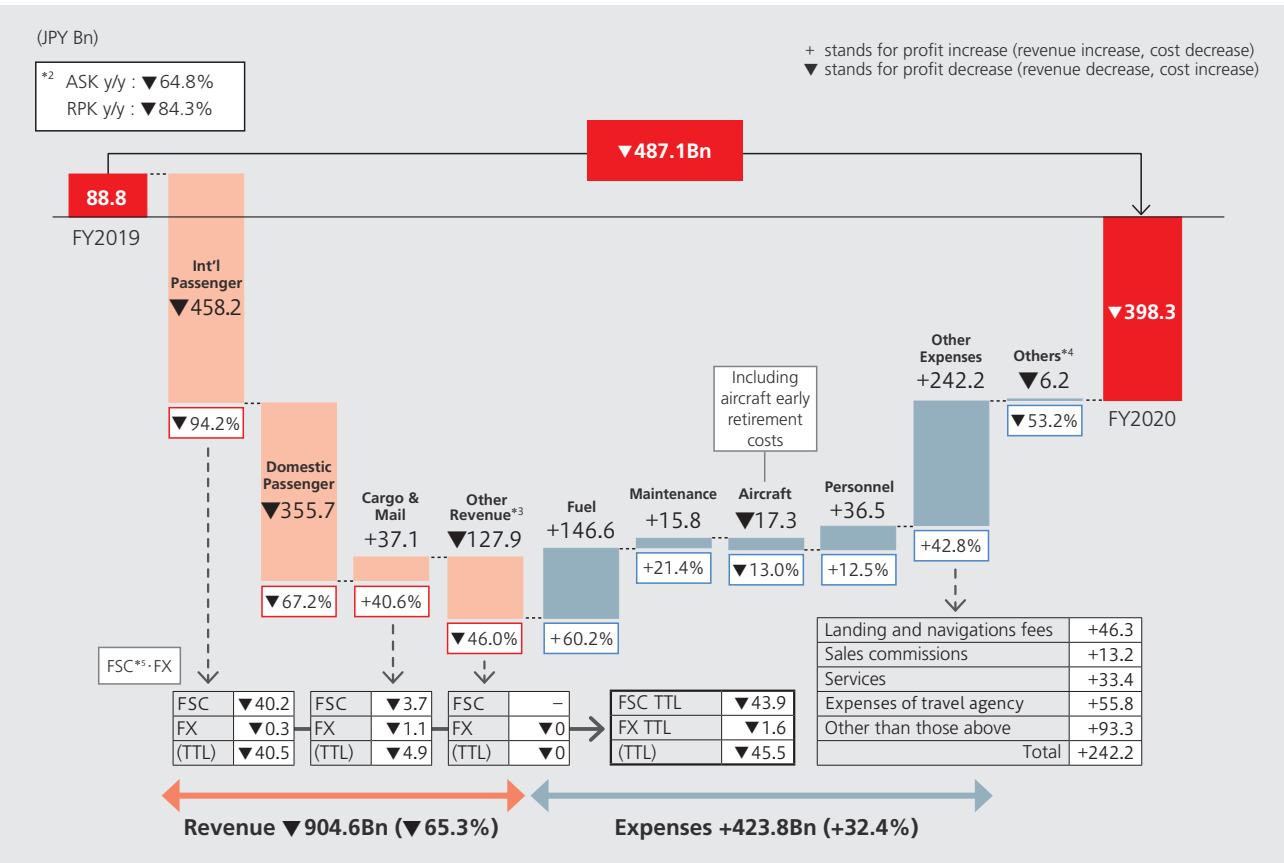
Analysis of Consolidated Operating Results

1. Earnings Summary	Revenue	EBIT	Loss attributable to owners of parent
	¥ 481.2 billion	▼¥ 398.3 billion	▼¥ 286.6 billion

In fiscal year 2020, international passenger revenue decreased by 458.2 billion yen year over year due to the prolonged impact of COVID-19 and domestic passenger revenue decreased by 355.7 billion yen year over year due to the declaration of a state of emergency responding to the spread of COVID-19, resulting in a revenue decline of 481.2 billion yen (down 65.3% from the previous year). As for expense, jet fuel costs decreased by 146.6 billion yen attributable to fuel load reductions due to flight reductions and a decline in jet fuel prices from the sharp drop in market jet fuel prices. Maintenance costs decreased 15.8 billion yen due to reduction in engine maintenance work stemming from significant flight reductions.

Personnel costs decreased by 36.5 billion yen due to executives’ salaries and employees’ bonus cut. To counter the sharp drop in revenue, we have been making continuous efforts to minimize our operating cost, together with fixed cost restructuring and investment restructuring. As a result, operating expense was 885 billion yen (down 32.4% from the previous year). EBIT was loss of 398.3 billion yen (EBIT 88.8 billion yen in the previous year). Loss attributable to owners of parent was 286.6 billion yen (profit attributable to owners of parent 48 billion yen in the previous year) as a result of income tax expense decrease by recording deferred tax asset.

Fiscal year 2020 Changes in EBIT



*1 IFRS is adopted from FY2020 and to the figures in the previous year to enable comparison analysis
*2 Changes in codeshare passengers on other airlines are reflected from FY2020 and to the previous year's figures as well for comparison analysis
*3 Other Revenue = Travel Agency, Mileage, Ground Handling Handling, etc.
*4 Others = Gain or Loss on Sales of Aircraft, Other Revenue, Share of Profit or Loss of Investment and Income/Expenses from Investment
*5 FSC = Fuel Surcharge

2. Segment Earnings

(1) Air Transportation Segment

The revenue in Air Transportation Segment decreased by 65.8% year on year to 431.8 billion yen and the loss before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 403.3 billion yen (segment profit 74.7 billion yen in the same period in the previous year). (Revenue and Segment profit (or loss) are before elimination of transactions between segments.)

Details of revenue are shown in the table on the right. The international passenger revenue for ZIPAIR, engaging in LCC business, was 51 million yen.

Revenue

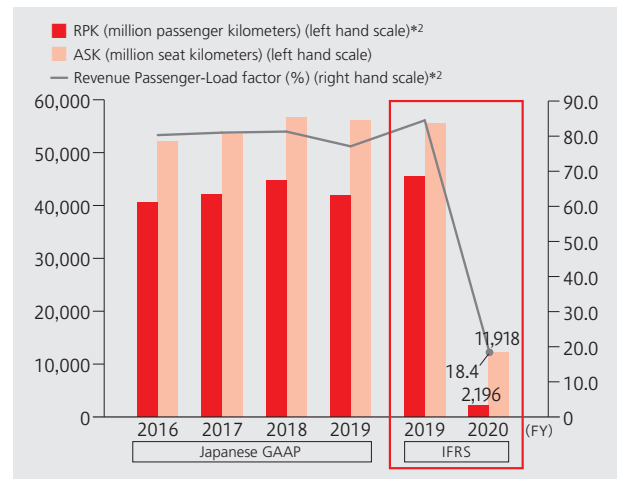
¥ **431.8** billion

Components of Revenues from the Air Transportation Segment (Millions of yen)			
	FY2019	FY2020	YoY (%)
International operations			
Passenger operations	486,217	27,917	▼94.3
Cargo operations	59,744	96,553	+61.6
Mail-service operations	7,562	7,344	▼2.9
Luggage operations	842	333	▼60.4
Sub total	554,366	132,149	▼76.2
Domestic operations			
Passenger operations	529,707	174,006	▼67.2
Cargo operations	20,724	21,735	+4.9
Mail-service operations	3,627	3,192	▼12.0
Luggage operations	320	219	▼31.5
Sub total	554,380	199,154	▼64.1
Total revenues from international and domestic operations	1,108,746	331,304	▼70.1
Other revenues	153,136	100,517	▼34.4
Total revenues	1,261,883	431,821	▼65.8

1) International Passenger Operations (Full Service Carrier)*1

	FY2019	FY2020	y/y
Passenger Revenue (JPY Bn)*2	486.2	27.9	▼94.3%
Passengers ('000)*2	8,958	357	▼96.0%
ASK (MN seat km)	53,910	11,918	▼77.9%
RPK (MN passenger km)*2	45,551	2,196	▼95.2%
L/F (%)*2	84.5%	18.4%	▼66.1pt
Revenue per Passenger (JPY)*2*3	54,274	78,085	+43.9%
Yield (JPY)*2*4	10.7	12.7	+19.1%
Unit Revenue (JPY)*2*5	9.0	2.3	▼74.0%

International Passengers



- *1 Figures for LCC are excluded. Changes in codeshare passengers on other airlines are reflected from FY2020 and to the previous year's figures as well for comparison analysis
- *2 Passengers with mileage award tickets are included from FY2020 due to revenue recognition change by applying IFRS and also included in the previous year's figures for comparison analysis
- *3 Revenue per Passenger = Passenger Revenue / Passengers
- *4 Yield = Passenger Revenue / RPK
- *5 Unit Revenue = Passenger Revenue / ASK

Revenues of international routes by geographic segment

● Passenger Revenue*1 (%)				
	FY2020 y/y	Component Ratio		
		FY2019	FY2020	
America	▼93.1%	28%	34%	
Europe	▼93.4%	16%	18%	
Asia / Oceania	▼94.2%	32%	32%	
China	▼92.3%	10%	14%	
Hawaii / Guam	▼99.2%	14%	2%	
Total	▼94.3%	100%	100%	

● Revenue Passengers Carried*1*2 ('000)				
	FY2019	FY2020	y/y	
America	1,511	102	▼93.2%	
Europe	750	45	▼94.0%	
Asia / Oceania	4,211	167	▼96.0%	
China	1,365	36	▼97.3%	
Hawaii / Guam	1,119	5	▼99.5%	
Total	8,958	357	▼96.0%	

● ASK*2 (MN seat km)				
	FY2019	FY2020	y/y	
America	16,556	5,733	▼65.4%	
Europe	7,976	2,627	▼67.1%	
Asia / Oceania	18,699	3,307	▼82.3%	
China	3,315	142	▼95.7%	
Hawaii / Guam	7,361	106	▼98.5%	
Total	53,910	11,918	▼77.9%	

● RPK*1*2 (MN passenger km)				
	FY2019	FY2020	y/y	
America	14,227	970	▼93.2%	
Europe	6,759	410	▼93.9%	
Asia / Oceania	15,641	710	▼95.5%	
China	2,552	68	▼97.3%	
Hawaii / Guam	6,370	36	▼99.4%	
Total	45,551	2,196	▼95.2%	

● Load Factor*1*2 (%)				
	FY2019	FY2020	y/y	
America	85.9	16.9	▼69.0pt	
Europe	84.7	15.6	▼69.1pt	
Asia / Oceania	83.6	21.5	▼62.2pt	
China	77.0	48.2	▼28.8pt	
Hawaii / Guam	86.5	33.9	▼52.6pt	
Total	84.5	18.4	▼66.1pt	

2) Domestic Passenger Operations

	FY2019	FY2020	y/y
Passenger Revenue (JPY Bn)*1	529.7	174.0	▼67.2%
Passengers ('000)*1	36,411	12,212	▼66.5%
ASK (MN seat km)	36,199	19,452	▼46.3%
RPK (MN passenger km)*1	27,496	9,282	▼66.2%
L/F (%)*1	76.0%	47.7%	▼28.2pt
Revenue per passenger (JPY)*1*2	14,548	14,249	▼2.1%
Yield (JPY)*1*3	19.3	18.7	▼2.7%
Unit Revenue (JPY)*1*4	14.6	8.9	▼38.9%

- *1 Passengers with mileage award tickets are included from FY2020 due to revenue recognition change by applying IFRS and also included in the previous year's figures for comparison analysis
- *2 Revenue per Passenger = Passenger Revenue / Passengers
- *3 Yield = Passenger Revenue / RPK
- *4 Unit Revenue = Passenger Revenue / ASK

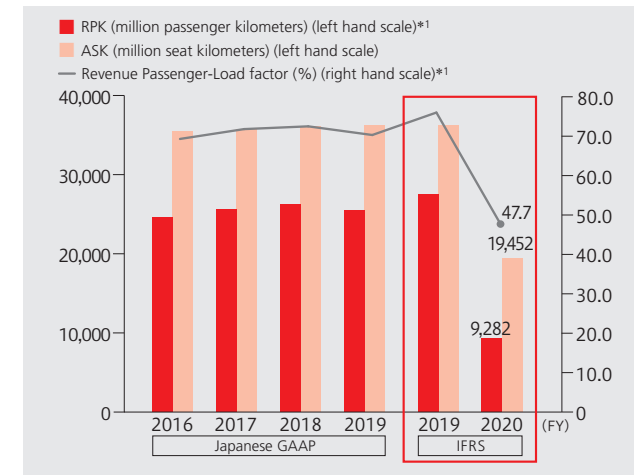
(2) Other Businesses

Results of JALPAK Co., Ltd. and JAL Card Co, Ltd. are shown in the table below.

JALPAK CO., Ltd.

	FY2019	FY2020	YoY (%)
Overseas travelers handled (10,000 number of travelers)	18.3	0.0	▼100.0
Domestic travelers handled (10,000 number of travelers)	260.6	114.1	▼56.2
Revenue (before elimination of consolidated transactions, billions of yen)	170.1	55.5	▼67.3

Domestic Passengers



JAL Card Co., Ltd.

	FY2019	FY2020	YoY (%)
Memberships (10,000 number of members)	372.0	358.0	▼3.8
Revenue (before elimination of consolidated transactions, billions of yen)	19.6	18.6	▼4.9

3. Analysis of Factors Affecting Operating Expenses

Operating Expenses

¥ **885.0** billion

Major Operating Expense Items*1 (JPY Bn)				
	FY2019	FY2020	Diff.	y/y
Revenue	1,385.9	481.2	▼904.6	▼65.3%
Fuel	243.4	96.7	▼146.6	▼60.2%
Landing and navigation fees	84.8	38.4	▼46.3	▼54.6%
Maintenance	74.0	58.1	▼15.8	▼21.4%
Sales commissions (Air Transport)	17.0	3.7	▼13.2	▼77.8%
Services*2	44.4	11.0	▼33.4	▼75.2%
Other linked cost*3	204.1	91.5	▼112.5	▼55.1%
Total revenue- and capacity-linked cost	667.9	299.8	▼368.0	▼55.1%
Aircraft	134.1	151.5	+17.3	+13.0%
Personnel	291.3	254.8	▼36.5	▼12.5%
Other fixed cost	215.5	178.8	▼36.6	▼17.0%
Total fixed cost	640.9	585.1	▼55.7	▼8.7%
Total Operating Expenses	1,308.8	885.0	▼423.8	▼32.4%

- *1 IFRS is adopted from FY2020 and to the figures in the previous year to enable comparison analysis
- *2 Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc.
- *3 Other linked cost = Travel agency, Mileage, Ground handling or etc.

4. Profit Attributable to Owners of Parent

Loss attributable to owners of parent

▼¥ **286.6** billion

The loss attributable to owners of the parent was 286.6 billion yen (the profit attributable to owners of the parent 48 billion yen in the previous year) as a result of income tax expense decrease by recording deferred tax asset.

5. Cash Flows

Cash Flows from Operating Activities
▼¥219.5 billionCash Flows from Investing Activities
▼¥91.0 billionCash Flows from Financing Activities
▼¥388.6 billion

The balance of Cash and Cash equivalents at the end of the current fiscal year increased by 79.1 billion yen from the end of the previous fiscal year to 408.3 billion yen.

Cash Flow from Operating Activities

As a result of adding back or subtracting non-cash items including depreciation, retirement benefit liabilities, operating receivables and operating payables to/from loss before income tax of 404 billion yen, cash flow (outflow) from operating activities was 219.5 billion yen (cash inflow of 80.8 billion yen for the previous year).

Cash Flow from Investing Activities

Cash flow from investing activities (outflow) was 91 billion yen mainly due to expenditures for acquiring Fixed assets (cash outflow of 233.7 billion yen for the previous year).

Cash Flow from Financing Activities

Cash flow from financing activities (inflow) was 388.6 billion yen due to Long term debts and issuance of new shares (cash outflow of 38.8 billion yen for the previous year).

Cash Flow* ¹ (JPY Bn)			
	FY2019	FY2020	Diff.
Cash Flow from Operating Activities	80.8	▼219.5	▼300.3
Depreciation and Amortization	162.4	182.4	+20.0
Cash Flow from Investing Activities	▼233.7	▼91.0	+142.7
Capital Investment	▼245.2	▼97.8	+147.4
Free Cash Flow* ²	▼152.8	▼310.5	▼157.6
Cash Flow from Financing Activities	▼38.8	388.6	+427.4
Total Cash Flow* ³	▼191.6	78.0	+269.7
EBITDA* ⁴	251.2	▼215.8	▼467.0

*1 IFRS is adopted from FY2020 and to the figures in the previous year to enable comparison analysis

*2 Cash Flow from Operating Activities + Cash Flow from Investing Activities

*3 Cash Flow from Operating Activities + Cash Flow from Investing Activities

+ Cash Flow from Financing Activities

*4 EBITDA=EBIT+ Depreciation

6. Capital Investment and Aircraft Procurement

Capital investment
¥88.3 billion

Capital investment in fiscal 2020 totaled 88.3 billion yen (including expenditure for intangible assets). In JAL Group has made investments for the introduction of new aircraft to improve operational efficiency, for intangible assets including investments to increase competitiveness to meet diverse customer needs, and for system investments to improve convenience and efficiency.

The main capital expenditures in fiscal 2020 were advance payment to purchase four new aircraft (three Airbus A350-900s and one ATR42-600) and other aircraft. The following major assets were sold: three Airbus A350-900s, two Boeing 777-200s, three Boeing 767-300s and two SAAB340Bs. The three Airbus 350-900s that were sold were converted to leased aircraft in fiscal 2020, but were not accounted for as sold or leased in accordance with IFRS and are still recognized as aircraft in the consolidated financial statements. With regard to capital expenditure, we will carefully select and steadily implement growth investments that will contribute to the enhancement of corporate value, such as introducing new aircraft with superior fuel efficiency and cabin comfort, strengthening the LCC business, promoting touchless self-services with greater efficiency, and investing in IT to improve customer convenience, as we restructure the financial foundation base and invest for sustainable growth.

Fiscal 2020 Fleet

			End of Mar/20 (March 31, 2020)			End of Mar/21 (March 31, 2021)				Diff. Total 2 of Mar/21 - Mar/20
			Owned	Leased	Total	Owned	Leased	Total 1	Total 2 retired aircraft excluded	
FSC ^{*1}	Large	Airbus A350-900	4	1	5	4	4	8	8	+3
		Boeing 777-300ER	13	0	13	13	0	13	13	—
		Boeing 777-300	4	0	4	4	0	4	0	^{*2} ▼4
		Boeing 777-200ER	11	0	11	11	0	11	6	▼5
		Boeing 777-200	11	0	11	9	0	9	0	▼11
		Large-sized Total	43	1	44	41	4	45	27	▼17
	Middle	Boeing 787-9	17	3	20	17	3	20	20	—
		Boeing 787-8	27	0	27	27	0	27	27	—
		Boeing 767-300ER	29	0	29	29	0	29	29	—
		Boeing 767-300	5	0	5	2	0	2	2	▼3
		Middle-sized Total	78	3	81	75	3	78	78	▼3
	Small	Boeing 737-800	43	19	62	43	18	61	61	▼1
		Small-sized Total	43	19	62	43	18	61	61	▼1
	Regional	Embraer 170/ Embraer 190	32	0	32	32	0	32	32	—
		De Havilland DHC-8-400CC	5	0	5	5	0	5	5	—
SAAB340B		5	0	5	3	0	3	2	^{*2} ▼3	
ATR42-600/ ATR72-600		9	1	10	10	1	11	11	+1	
Regional Total		51	1	52	50	1	51	50	▼2	
FSC Total		215	24	239	209	26	235	216	▼23	
LCC	Boeing 787-8	2	0	2	2	0	2	2	—	
	LCC Total	2	0	2	2	0	2	2	—	
	FSC – LCC Total	217	24	241	211	26	237	218	▼23	

*1 FSC = Full Service Carrier

*2 The difference between Total 1 and Total 2 is retired aircraft as of the end of March 2021, Total 19 aircraft.

7. Financial Position

Shareholders' equity
¥947.4 billionEquity ratio
45.0%

Despite the difficult situation, we have secured Equity of 947.4 billion yen and Debt-Equity Ratio of 45.0%.

Assets

Assets at the fiscal year-end increased by 125 billion yen from the end of the previous fiscal year to 2,107.2 billion yen, mainly due to Cash and Cash equivalents increase.

Liabilities

Liabilities increased by 193.1 billion yen from the end of the previous fiscal year to 1,125.7 billion yen due to increase in Interest-bearing debt and decrease in Contract liability.

Equity

Equity decreased by 68 billion yen from the end of the previous fiscal year to 981.5 billion yen, as a result of increase in Net loss.

Balance Sheet* ¹ (JPY Bn)			
	End of FY2019	End of FY2020	Diff.
Total Assets	1,982.2	2,107.2	+125.0
Cash and Deposits	329.1	408.3	+79.1
Balance of Interest-bearing Debt	277.4	515.1	+237.7
Repayment within one year* ²	38.6 (11.0)	69.6 (20.5)	+31.0 (+9.4)
Shareholders' Equity* ³	1,014.2	947.4	▼66.8
Shareholders' Equity Ratio (%)* ⁴	51.2%	45.0%	▼6.2pt
D/E Ratio (x)* ⁵	0.3x	0.5x	+0.3x

*1 IFRS is adopted from FY2020 and to the figures in the previous year to enable comparison analysis

*2 Figures in brackets represent aircraft lease payment within one year

*3 Equity attributable to owners of the parent

*4 Ratio of equity attributable to owners of the parent to total assets

*5 Interest-bearing Debt/ Shareholders' Equity

8. Credit Ratings

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

(As of September 2021)		
Rating & Investment Information, Inc. (R&I)	Issuer rating	A– (Negative)
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	A (Negative)

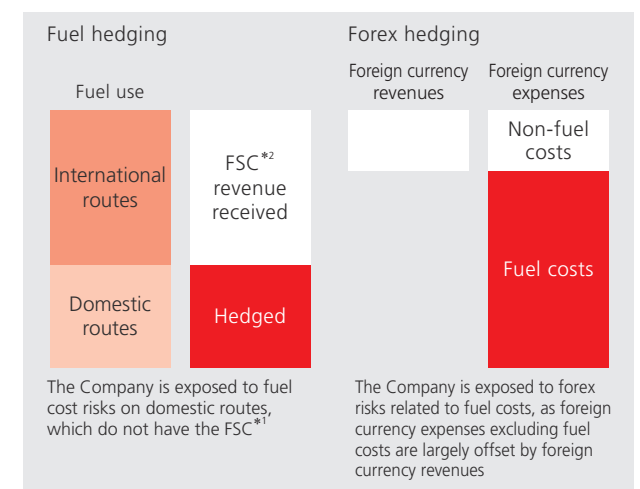
9. Fuel and Exchange Rate Hedging

(1) Hedging Policy

On international routes, fuel surcharges allow the Company to offset some of its fuel costs. As a result, the Company uses fuel hedging for fuel used on domestic routes. In addition, the Company's foreign currency revenues are roughly the same as its foreign currency expenses, excluding fuel costs. Consequently, the Company uses fuel and exchange rate hedging only for fuel costs.

(2) Overcome Market Risks

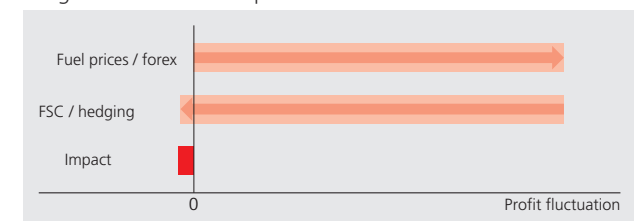
The impact of volatility in fuel prices is mitigated by hedging and fuel surcharges, however there is some time lag of their effects each year. However, over a medium-term timeframe, the Company has been largely successful in mitigating the risk of fluctuations in fuel prices. Based on cumulative changes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



*1 In normal times, the Company uses fuel hedging for fuel used on domestic routes, which is equivalent to approximately 40% of all fuel consumed by the Group's air transport operations

*2 FSC = Fuel Surcharge

Image of Cumulative Impact of Price Fluctuations



10. Retirement Benefit Obligations

Japan Airlines and major consolidated subsidiaries have funded- and unfunded-defined benefit plans and defined contribution plans covering substantially all of their employees. At the time of retirement, a premium severance package may be paid which is not subject to defined benefit plan obligations based on actuarial calculations in accordance with IFRS. These pension plans are exposed to general investment risks, interest rate risks, life risks, and other risks, but are not considered to be significant risks. Accumulated defined benefit plans are operated by pension funds that are legally segregated from the JAL Group. The board of directors of pension funds or outsourced companies are required by law to act in the interests of members with priority and put

the capital of pooled assets to work under prescribed policies. As of the end of the current fiscal year, 38 companies from among Japan Airlines and consolidated subsidiaries have a lump-sum retirement benefit plan. The Corporate Pension Fund also has three funds, including the Japan Airlines Welfare Pension Fund. Some subsidiaries overseas also have defined benefit plans. The Japan Airlines Welfare Pension Fund, whose parent company is Japan Airlines, has introduced a plan similar to a cash balance plan as an optional plan. Furthermore, the JAL Group Corporate Pension Fund comprising domestic consolidated subsidiaries and other companies has introduced a cash balance plan.

11. Shareholder Returns

JAL regards shareholder returns as one of our most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible share repurchases, while securing internal reserves for making investments for corporate growth in the future and changing business environments and to build a strong financial structure. JAL will decide the dividend per share level, considering its continuity, stability and predictability with reference to a payout ratio of approximately 35%. In addition, JAL will proactively and flexibly consider share repurchases, considering its financial position and other factors. As a result, JAL seeks to achieve a total payout ratio, which combines the total dividends paid out and the total amounts of the share repurchases, of an approximately 35% to 50% range through appropriately sharing periodic profits and allocating capitals among all of its stakeholders.

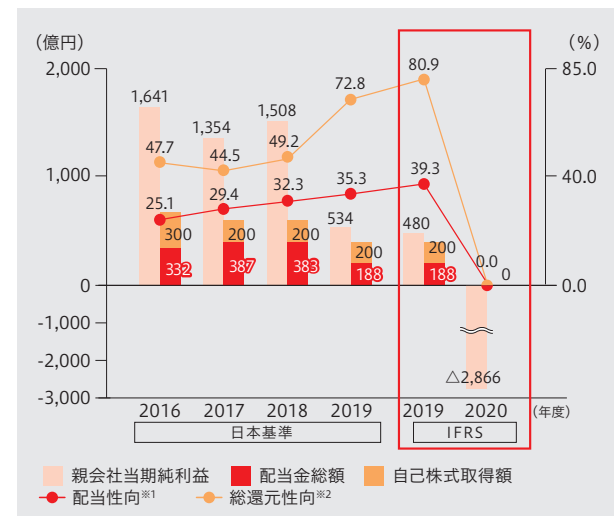
At the same time, JAL continuously strives to improve capital efficiency through monitoring a total return on equity ratio, which is calculated by dividing the sum of total dividends paid out and share repurchases by shareholders' equity. JAL makes its efforts to maintain this ratio at approximately 3% or above.

The effect of the spread of the COVID-19 infection has a significant impact on the JAL Group, nonetheless it is yet temporary and it does not cause fundamental change to our profit structure, therefore, we will not change the above basic policy.

However, the long-lasting COVID-19 spread affected an airline industry including the JAL Group severely, resulting in a huge loss of 398.3 billion yen in EBIT for this fiscal year. And this situation still continues. Considering the above situations, in order to secure liquidity at hand, we regret that

we are not able to pay dividends to shareholders, but we would like to ask their understanding in this situation. When the spread of COVID-19 stops and our performance returns to its track as air transportation demand comes back in Japan and the world, we will strive to realize stable and continuous shareholder return again, considering cash flow and other financial situations of that time and going forward.

総還元性推移(2016~2020年度)



※1 配当性向 = 配当金総額 / 親会社当期純利益^{※3}

※2 総還元性向 = (配当金総額 + 自己株式取得額) / 親会社当期純利益^{※3}

※3 2016~2018年度の親会社当期純利益は法人税等調整額の影響額を除く

12. Business Risks

The JAL Group has identified numerous risks that could have a material impact on investment decisions. The list is not exhaustive and the JAL Group may be affected by unforeseen risks not described below. This report also contains forward-looking statements based on information available to the Company as of March 31, 2021. The JAL Group is exposed to the following principal risks due to the nature of its business activities, centered on the scheduled air transportation business and non-scheduled air transportation business.

(1) Pandemic Risk

1) Risks related to short-term impact on business performance

The JAL Group operates the air transportation business in Japan and around the world. A global outbreak of an unknown disease such as COVID-19, which has been spreading around the world since the beginning of 2020, could bring about a sharp drop in air passenger demand due to restrictions on the movement of people to prevent infection, such as government-imposed travel restrictions and voluntary restraint from going out, and voluntary restraint from using aircraft by companies and passengers. As the Group's air transportation business has a high proportion of fixed costs such as aircraft costs and personnel costs, a short-term sharp decline in demand could seriously affect the performance of air transport operators including the JAL Group.

2) Risk related to medium- to long-term changes in the business environment

Due to temporary restrictions on the movement of people caused by the spread of COVID-19, IT-driven remote work has proliferated in society. As a result of these changes in social and behavioral patterns, changes in business air travel demand may affect the business strategy of our air transport business.

(2) Natural Disaster Risk and Climate Change Risk

1) Natural Disaster Risk

The majority of JAL Group passengers use aircraft departing from or arriving at Haneda and Narita airports. Consequently, these airports play a vital role in our air transportation business.

In addition, our Information System Center, which plays a key role in managing JAL Group flights, reservations and other services, and the Integrated Operations Control (IOC), which controls the global operation and scheduling of our fleet, are both located in the Tokyo area.

Consequently, a major earthquake, volcanic eruption, or major typhoon in the Tokyo area could lead to the protracted closure of Haneda or Narita airports, while a fire, terrorist attack or other incident at these key facilities could lead to a prolonged outage of the Group's information systems and

operational capabilities, which would have a severe impact on the Group's operations.

To mitigate the risk of a shutdown of the Integrated Operations Control in Tokyo, some of its functions have been transferred to the Operations Control Center at Osaka International Airport which is in 24-7 operation, but it is not a substitution for all the functions of the IOC in Tokyo.

2) Climate Change Risk

Climate change caused by global warming has become a major global issue, and if large-scale natural disasters caused by global warming were to occur in Japan more frequently, it may affect our business performance. The aviation industry consumes large amounts of fossil fuels, which cause climate change; therefore, CO₂ emission reduction is a social need and an extremely important management issue for the JAL Group. In light of the situation, we have declared our commitment to achieve net zero CO₂ emissions by 2050, requiring us to implement various measures such as upgrading to fuel-efficient aircraft, procuring alternative aviation fuel, and engaging in carbon pricing, all of which may affect our business operations. Failure to meet the above targets may undermine our reputation in society and affect our business operations.

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

1) External Environment Risk

The JAL Group's air transportation business operates in Japan and markets worldwide. Air travel demand may be affected by global economy trends, terrorist attacks, regional conflicts, war and other events. In addition, the JAL Group's services are partly dependent on maintenance companies, airport personnel, sky marshals, fuel suppliers, baggage handling companies, security companies, and other third parties, which could affect our business operations.

2) Competitive Risk

The JAL Group faces severe competition in Japan and overseas in areas such as routes, services, and pricing. On domestic routes, we compete with other major Japanese airlines, new low cost airlines, and super express train services. On international routes, we compete with major domestic and international airlines, with competition intensifying on both domestic and international routes, Alliances, codeshare agreements, and reciprocal air frequent flyer programs between overseas and Japanese airlines are contributing to the challenging environment.

Significant deterioration in this competitive climate and business environment could affect JAL Group's operations. The JAL Group has partnerships with global partner airlines in various forms such as joint business, alliance, codeshare, frequent flyer program, and so forth. In the non-aviation business such as the mileage business, we are working to strengthen our customer base by forging extensive partnership

relationships with other industries, The JAL Group’s alliance strategy may be affected by changes in operating conditions at other partner airlines including **oneworld** members or joint business partners, and by changes in the **oneworld** alliance membership or major developments in the Group’s alliance relationships.

(4) Aircraft Delivery Risk

In the air transportation business, the JAL Group places orders for aircraft with the Boeing Company, Airbus SAS, Embraer SA, ATR, and Mitsubishi Aircraft Corporation to increase efficiency by upgrading to fuel-efficient aircraft and reducing aircraft types in the fleet. However, the delivery of new aircraft may be delayed due to technical, financial, and other reasons at aircraft manufacturers, which could force adjustments to fleet plans that may affect JAL Group’s operations over the medium and long term.

(5) Market Fluctuation Risk

1) Fuel Price Fluctuation Risk

Fluctuations in fuel prices have a significant impact on JAL Group’s business performance. We charge a fuel surcharge to partly cover the impact of higher fuel prices, but fuel price fluctuations are not immediately reflected in the fuel surcharge and it is inappropriate to ask customers to cover the entire increase in fuel prices. We also use crude oil hedging transactions to mitigate the risk of fuel price volatility. However, a sudden and steep drop in oil prices may not contribute to an improvement in our operating performance, as the benefits of the decline would not be reflected in business results immediately due to hedge contract positions and other factors.

2) Exchange Rate Fluctuation Risk

The JAL Group operates in countries other than Japan, and some of the revenues and expenses are denominated in foreign currencies. In particular, aviation fuel prices, one of our main expenses, is largely linked to the US dollar. US dollar exchange rate fluctuations, therefore, have a greater impact on our expenses than on its revenues. To mitigate the impact of exchange rate volatility on profits, the JAL Group uses foreign currency revenues to offset foreign currency expenses and foreign currency hedging transactions. The price of new aircraft is also closely linked to the US dollar, which means we are also exposed to the risk of exchange rate fluctuations when recording the value of assets and depreciation costs related to aircraft. To mitigate this risk, we use hedging transactions to diversify opportunities for foreign currency exchange.

3) Capital Market Risk and Financial Market Risk

The JAL Group needs to make significant capital expenditures such as the procurement of new aircraft. To finance these investments, we may take out loans from financial institutions

or capital markets, and our ability to raise money and pay costs for the loans are affected by capital and financial market trends and by changes in our credit rating, which may limit our access to loans and lead to higher financing costs. Furthermore, the JAL Group posts deferred tax assets, but if the expected amount of future taxable income should decline or if past deferred tax assets are reversed due to tax revisions or such, the Group’s financial position may be temporarily affected.

(6) Aviation Safety Risk

The JAL Group implements a wide range of measures on a daily basis to ensure the safe operation of its flights. However, a single fatal accident has the potential of undermining customer trust in flight safety of the JAL Group and lead to a loss of public support. We must also provide compensation for any passenger fatalities or injuries in the event of an accident, which could have a severe impact on our operating performance. In addition, safety issues related to the JAL Group, the same aircraft type operated by the Group or codeshare flights could undermine customer trust in JAL Group’s flight safety and lead to a loss of public support, which could affect our operating performance. To limit the impact of legal damages related to air accidents and to ensure those affected by any accident receive sufficient compensation, we have purchased liability insurance that provides an internationally recognized level of compensation and coverage.

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

JAL Group’s operations are subject to various international legal restrictions and national and local government laws and regulations. Revisions to these laws and regulations may result in even heightened restrictions on our operations, which could lead to a significant increase in costs.

1) Regulatory Risk

The JAL Group operates flights in accordance with various rules and regulations, such as Japan’s Civil Aeronautics Act and other regulations governing airline businesses, bilateral aviation agreements and other international arrangements, Japan’s Antimonopoly Act and other similar antitrust laws overseas, and rules on taxes and public dues such as landing fees. Revisions to these rules and regulations or notifications of legally enforceable airworthiness directives could have an impact on our operating performance. Moreover, the allocation of flight slots at Haneda Airport and other airports that are central to the Group’s air transport business could also affect our business performance.

2) Environmental Compliance Risk

Amid growing pressure on companies in recent years to fulfill their corporate social responsibility to the environment

such as preventing global warming, the JAL Group is facing tighter restrictions on CO₂ emissions, noise pollution, harmful substances, and other environment issues. A further tightening of environmental regulations leading to a higher cost burden through emission charging mechanisms or other schemes, such as a new greenhouse gas trading system to be implemented from fiscal 2020 at earliest, could have an impact on our operating performance.

3) Litigation Risk

JAL Group business activities are exposed to the risk of various types of litigation, which could affect its operations and operating performance. In the event that a litigation is filed against the JAL Group, developments in the subsequent legal case may require additional costs and the booking of provisions, which could also affect our operating performance.

(8) IT Risk and Customer Data Protection Risk

JAL Group operations are dependent on many IT systems, and system failures caused by flaws in computer programs, computer viruses, and other cyber-attacks may lead to the loss of critical data, as well as flight operation issues, which could affect the Group’s operations. Large-scale failures in power systems, communication networks, other infrastructure that support IT systems, and Cloud services for email communications could also result in significant disruption to our business performance. In addition, inadequate handling of personal data or data breaches caused by unauthorized access could undermine public trust in our business, systems and corporate brand and also customer and market trust, which could affect our business performance.

(9) HR Risk and Industrial Relations Risk

JAL Group businesses are dependent on hiring human resources who possess national certificates or other legally required qualifications related to aircraft operation. However, due to the considerable amount of time required to acquire these qualifications and skills during the course of their duties, the JAL Group may not be able to hire sufficient human resources when required, which could affect our business performance. In addition, many of our employees belong to labor unions, and a collective strike or other labor disputes could affect flight operations.

► Consolidated financial statements

(1) Consolidated statement of financial position

	As of April 1, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	522,064	329,149	408,335	3,688,329
Trade and other receivables	144,053	94,071	76,760	693,342
Other financial assets	5,067	1,305	14,133	127,657
Inventories	23,682	28,409	23,680	213,892
Other current assets	46,442	55,500	44,906	405,618
Total current assets	741,309	508,435	567,816	5,128,859
Non-current assets				
Tangible fixed assets				
Flight equipment	795,439	894,835	827,587	7,475,268
Advances on flight equipment	138,569	102,519	129,882	1,173,173
Other tangible fixed assets	77,495	86,462	87,942	794,345
Total tangible fixed assets	1,011,504	1,083,817	1,045,413	9,442,805
Intangible assets	92,255	95,777	89,662	809,881
Investments accounted for using equity method	31,697	31,105	24,232	218,878
Other financial assets	119,515	120,218	128,055	1,156,670
Deferred tax assets	143,422	122,323	225,886	2,040,339
Retirement benefit asset	1,178	938	3,176	28,687
Other non-current assets	12,765	19,638	23,036	208,075
Total non-current assets	1,412,338	1,473,819	1,539,462	13,905,356
Total assets	2,153,648	1,982,254	2,107,279	19,034,224

	As of April 1, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	137,684	125,208	97,185	877,833
Interest-bearing liabilities	38,408	38,618	69,621	628,859
Other financial liabilities	39,108	51,065	42,490	383,795
Income taxes payable	19,192	2,824	3,890	35,136
Contract liabilities	294,663	251,809	215,239	1,944,169
Provisions	–	1,220	3,750	33,872
Other current liabilities	49,916	30,903	44,714	403,884
Total current liabilities	578,972	501,651	476,893	4,307,587
Non-current liabilities				
Interest-bearing liabilities	185,920	238,811	445,525	4,024,252
Other financial liabilities	8,771	13,913	23,479	212,076
Deferred tax liabilities	163	222	108	975
Provisions	14,594	14,645	15,667	141,513
Retirement benefit liability	256,305	151,330	153,169	1,383,515
Other non-current liabilities	13,243	12,062	10,899	98,446
Total non-current liabilities	478,999	430,985	648,850	5,860,807
Total liabilities	1,057,972	932,637	1,125,744	10,168,403
Equity				
Share capital	181,352	181,352	273,200	2,467,708
Capital surplus	182,437	182,437	273,557	2,470,933
Retained earnings	666,030	645,408	352,965	3,188,194
Treasury shares	(408)	(408)	(408)	(3,685)
Accumulated other comprehensive income				
Financial assets measured at fair value through other comprehensive income	31,097	28,793	35,468	320,368
Effective portion of cash flow hedges	1,837	(23,146)	12,877	116,312
Exchange differences on translation of foreign operations	–	(141)	(201)	(1,815)
Total accumulated other comprehensive income	32,934	5,506	48,144	434,865
Total equity attributable to owners of parent	1,062,345	1,014,295	947,459	8,558,025
Non-controlling interests	33,330	35,321	34,075	307,786
Total equity	1,095,675	1,049,617	981,535	8,865,820
Total liabilities and equity	2,153,648	1,982,254	2,107,279	19,034,224

(2) Consolidated statement of profit or loss and other comprehensive income

	FY2019 (April 1, 2019 – March 31, 2020)	FY2020 (April 1, 2020 – March 31, 2021)	FY2020 (April 1, 2020 – March 31, 2021)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue			
International passenger revenue	486,217	27,969	252,633
Domestic passenger revenue	529,707	174,006	1,571,727
Other revenue	369,989	279,249	2,522,346
Total revenue	1,385,914	481,225	4,346,716
Other income	9,069	13,397	121,009
Operating expenses			
Personnel expenses	291,317	254,809	2,301,589
Aircraft fuel	243,420	96,788	874,248
Depreciation, amortization and impairment losses	164,383	190,585	1,721,479
Other operating expenses	609,759	342,854	3,096,865
Total operating expenses	1,308,881	885,037	7,994,192
Operating profit (loss)	86,103	(390,414)	(3,526,456)
Share of profit (loss) of investments accounted for using equity method	1,396	(7,582)	(68,485)
Profit (loss) before investing, financing and income tax	87,500	(397,997)	(3,594,950)
Income/expenses from investments			
Investing income	2,399	2,694	24,333
Investing expenses	1,091	3,003	27,124
Profit (loss) before financing and income tax	88,807	(398,306)	(3,597,741)
Finance income/expenses			
Finance income	1,102	1,799	16,249
Finance expenses	1,760	7,570	68,376
Profit (loss) before tax	88,149	(404,078)	(3,649,878)
Income tax expense	36,137	(116,202)	(1,049,607)
Profit (loss)	52,012	(287,875)	(2,600,261)
Profit (loss) attributable to			
Owners of parent	48,057	(286,693)	(2,589,585)
Non-controlling interests	3,955	(1,182)	(10,676)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	(2,702)	3,284	29,663
Remeasurements of defined benefit plans	9,875	(2,394)	(21,624)
Share of other comprehensive income of investments accounted for using equity method	(171)	87	785
Total of items that will not be reclassified to profit or loss	7,001	977	8,824
Items that may be reclassified to profit or loss			
Effective portion of cash flow hedges	(23,250)	34,411	310,821
Exchange differences on translation of foreign operations	(162)	(138)	(1,246)
Share of other comprehensive income of investments accounted for using equity method	(1,302)	1,445	13,052
Total of items that may be reclassified to profit or loss	(24,714)	35,718	322,626
Other comprehensive income, net of tax	(17,713)	36,695	331,451
Comprehensive income	34,298	(251,179)	(2,268,801)
Comprehensive income attributable to			
Owners of parent	30,430	(249,956)	(2,257,754)
Non-controlling interests	3,868	(1,223)	(11,046)
Earnings per share	Yen	Yen	U.S. dollars
Basic earnings (loss) per share	140.04	(764.99)	(6.90)
Diluted earnings per share	–	–	–

(3) Consolidated statement of changes in equity

For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2019	181,352	182,437	666,030	(408)	31,097	1,837
Profit (loss)	–	–	48,057	–	–	–
Other comprehensive income	–	–	–	–	(2,813)	(24,560)
Comprehensive income	–	–	48,057	–	(2,813)	(24,560)
Dividends	–	–	(38,058)	–	–	–
Transfer to hedged non-financial assets	–	–	–	–	–	(422)
Purchase of treasury shares	–	–	–	(39,999)	–	–
Retirement of treasury shares	–	–	(39,999)	39,999	–	–
Acquisition of subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Change in ownership interest of investments accounted for using equity method	–	(0)	–	–	–	–
Transfer to retained earnings	–	–	9,378	–	509	–
Total transactions with owners and so forth	–	(0)	(68,679)	–	509	(422)
Balance as of March, 2020	181,352	182,437	645,408	(408)	28,793	(23,146)

	Equity attributable to owners of parent					
	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2019	–	–	32,934	1,062,345	33,330	1,095,675
Profit (loss)	–	–	–	48,057	3,955	52,012
Other comprehensive income	(141)	9,888	(17,627)	(17,627)	(86)	(17,713)
Comprehensive income	(141)	9,888	(17,627)	30,430	3,868	34,298
Dividends	–	–	–	(38,058)	(2,376)	(40,435)
Transfer to hedged non-financial assets	–	–	(422)	(422)	–	(422)
Purchase of treasury shares	–	–	–	(39,999)	–	(39,999)
Retirement of treasury shares	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	98	98
Changes in ownership interest in subsidiaries	–	–	–	–	401	401
Change in ownership interest of investments accounted for using equity method	–	–	–	(0)	0	–
Transfer to retained earnings	–	(9,888)	(9,378)	–	–	–
Total transactions with owners and so forth	–	(9,888)	(9,801)	(78,480)	(1,876)	(80,357)
Balance as of March 31, 2020	(141)	–	5,506	1,014,295	35,321	1,049,617

For the year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	181,352	182,437	645,408	(408)	28,793	(23,146)
Profit (loss)	–	–	(286,693)	–	–	–
Other comprehensive income	–	–	–	–	3,275	35,871
Comprehensive income	–	–	(286,693)	–	3,275	35,871
Issuance of new shares	91,848	91,120	–	–	–	–
Transfer to hedged non-financial assets	–	–	–	–	–	152
Purchase of treasury shares	–	–	–	(0)	–	–
Changes in ownership interest due to purchase of shares of consolidated subsidiaries	–	(0)	–	–	–	–
Transfer to retained earnings	–	–	(5,749)	–	3,399	–
Total transactions with owners and so forth	91,848	91,120	(5,749)	(0)	3,399	152
Balance as of March 31, 2021	273,200	273,557	352,965	(408)	35,468	12,877

	Equity attributable to owners of parent					
	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	(141)	–	5,506	1,014,295	35,321	1,049,617
Profit (loss)	–	–	–	(286,693)	(1,182)	(287,875)
Other comprehensive income	(60)	(2,349)	36,736	36,736	(40)	36,695
Comprehensive income	(60)	(2,349)	36,736	(249,956)	(1,223)	(251,179)
Issuance of new shares	–	–	–	182,968	–	182,968
Transfer to hedged non-financial assets	–	–	152	152	–	152
Purchase of treasury shares	–	–	–	(0)	–	(0)
Changes in ownership interest due to purchase of shares of consolidated subsidiaries	–	–	–	(0)	(22)	(23)
Transfer to retained earnings	–	2,349	5,749	–	–	–
Total transactions with owners and so forth	–	2,349	5,901	183,121	(22)	183,098
Balance as of March 31, 2021	(201)	–	48,144	947,459	34,075	981,535

For the year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2020	1,638,081	1,647,881	5,829,717	(3,685)	260,075	(209,068)
Profit (loss)	–	–	(2,589,585)	–	–	–
Other comprehensive income	–	–	–	–	29,581	324,008
Comprehensive income	–	–	(2,589,585)	–	29,581	324,008
Issuance of new shares	829,626	823,051	–	–	–	–
Transfer to hedged non-financial assets	–	–	–	–	–	1,372
Purchase of treasury shares	–	–	–	(0)	–	–
Changes in ownership interest due to purchase of shares of consolidated subsidiaries	–	(0)	–	–	–	–
Transfer to retained earnings	–	–	(51,928)	–	30,701	–
Total transactions with owners and so forth	829,626	823,051	(51,928)	(0)	30,701	1,372
Balance as of March 31, 2021	2,467,708	2,470,933	3,188,194	(3,685)	320,368	116,312

	Equity attributable to owners of parent					
	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent		
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2020	(1,273)	–	49,733	9,161,728	319,040	9,480,778
Profit (loss)	–	–	–	(2,589,585)	(10,676)	(2,600,261)
Other comprehensive income	(541)	(21,217)	331,821	331,821	(361)	331,451
Comprehensive income	(541)	(21,217)	331,821	(2,257,754)	(11,046)	(2,268,801)
Issuance of new shares	–	–	–	1,652,678	–	1,652,678
Transfer to hedged non-financial assets	–	–	1,372	1,372	–	1,372
Purchase of treasury shares	–	–	–	(0)	–	(0)
Changes in ownership interest due to purchase of shares of consolidated subsidiaries	–	–	–	(0)	(198)	(207)
Transfer to retained earnings	–	21,217	51,928	–	–	–
Total transactions with owners and so forth	–	21,217	53,301	1,654,060	(198)	1,653,852
Balance as of March 31, 2021	(1,815)	–	434,865	8,558,025	307,786	8,865,820

(4) Consolidated statement of cash flows

	Notes	FY2019 (April 1, 2019 – March 31, 2020)	FY2020 (April 1, 2020 – March 31, 2021)	FY2020 (April 1, 2020 – March 31, 2021)
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities				
Profit (loss) before tax		88,149	(404,078)	(3,649,878)
Depreciation, amortization and impairment losses	11,12, 13,18	164,383	190,585	1,721,479
Loss (gain) on sale and retirement of non-current assets		2,691	2,150	19,420
Increase (decrease) in retirement benefit liability		(91,001)	(1,677)	(15,147)
Interest and dividend income		(3,018)	(2,313)	(20,892)
Interest expenses		1,332	2,927	26,438
Foreign exchange loss (gain)		785	(956)	(8,635)
Share of loss (profit) of investments accounted for using equity method		(1,396)	7,582	68,485
Decrease (increase) in trade and other receivables		64,529	2,597	23,457
Decrease (increase) in inventories		(4,695)	4,809	43,437
Increase (decrease) in trade and other payables		(15,282)	(27,036)	(244,205)
Increase (decrease) in contract liabilities		(43,043)	(36,705)	(331,541)
Other, net		(44,394)	32,550	294,011
Subtotal		119,039	(229,565)	(2,073,570)
Income taxes refunded (paid)		(38,181)	10,045	90,732
Net cash provided by (used in) operating activities		80,857	(219,519)	(1,982,829)
Cash flows from investing activities				
Purchase of non-current assets	11,12	(239,611)	(89,686)	(810,098)
Proceeds from sales of non-current assets	11,12	4,251	1,442	13,025
Purchase of other financial assets	32	(5,647)	(8,118)	(73,326)
Proceeds from sales and redemptions of other financial assets	32	1,671	2,254	20,359
Payments for loans receivable		(233)	(2,026)	(18,300)
Collection of loans receivable		837	746	6,738
Interest received		1,033	378	3,414
Dividends received		2,446	1,928	17,414
Other, net		1,526	2,069	18,688
Net cash provided by (used in) investing activities		(233,725)	(91,012)	(822,075)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	31	22	(54)	(487)
Proceeds from long-term borrowings	31	40,088	256,886	2,320,350
Repayments of long-term borrowings	31	(13,367)	(20,539)	(185,520)
Proceeds from issuance of bonds	31	39,750	–	–
Proceeds from issuance of shares	22	–	182,657	1,649,869
Interest paid		(831)	(1,412)	(12,754)
Dividends paid	23	(38,146)	(31)	(280)
Dividends paid to non-controlling interests		(2,384)	–	–
Repayments of lease liabilities	31	(24,625)	(24,501)	(221,307)
Other, net	31	(39,316)	(4,379)	(39,553)
Net cash provided by (used in) financing activities		(38,810)	388,624	3,510,288
Effect of exchange rate changes on cash and cash equivalents		(1,236)	1,094	9,881
Net increase (decrease) in cash and cash equivalents		(192,914)	79,186	715,256
Cash and cash equivalents at beginning of period		522,064	329,149	2,973,073
Cash and cash equivalents at end of period		329,149	408,335	3,688,329

The accompanying notes are an integral part of the consolidated financial statements.

For more details, please see “Consolidated Financial Statements for the Year ended March 31, 2021” on JAL website.
https://www.jal.com/en/investor/library/finance/pdf/fy2020report_en0331.pdf

ESG Data

Environment (E)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Greenhouse gas emissions						
GHG Scope 1						
Total	thousand ton-CO ₂	8,764	9,083	9,343	9,103	4,406 4,405* ¹
CO ₂ emissions from aircraft	thousand ton-CO ₂	8,750	9,070	9,330	9,090	4,393
Proportion of CO ₂ emissions from aircraft of GHG Scope 1	%	99.8	99.9	99.9	99.9	99.7
CO ₂ emission from Ground Equipment* ²	thousand ton-CO ₂	14	13	13	13	13
GHG Scope 2* ²	thousand ton-CO ₂	57.5	54	50 39* ³	57 39* ³	51 34* ³
GHG Scope 3						
Total	thousand ton-CO ₂	444.1	460.2	478.5	1,511.4 (2,282.6)* ⁴	1,154.4
Category 1: Purchased goods and services	thousand ton-CO ₂	—	—	—	322	275
Category 2: Capital goods	thousand ton-CO ₂	—	—	—	721	264
Category 3: Fuel- and energy related activities (not included in Scope 1 or Scope 2)	thousand ton-CO ₂	434	450	468 465* ³	455(1,224)* ⁴ 453* ³ (1,221)* ⁴	601 596* ³
Category 5: Waste	thousand ton-CO ₂	—	—	—	2.6	2.2
Category 6: Business travel	thousand ton-CO ₂	4.3	4.3	4.4	4.6	4.7
Category 7: Employee commuting	thousand ton-CO ₂	5.8	5.9	6.1	6.1 (8.3)* ⁴	7.7
Category 8: Leased assets	thousand ton-CO ₂	—	—	—	0.1	0.1
GHG Scope 1+2	thousand ton-CO ₂	8,821.5	9,137.0	9,393.0	9,160.0	4,457.0
GHG Scope 1+2+3	thousand ton-CO ₂	9,265.6	9,597.2	9,871.5	10,671.4	5,611.4
Basic Fuel Consumption Unit						
Specific Fuel Consumption for Passenger Transport	L/100PK	3.316	3.192	3.132	3.225	4.195
Specific Fuel Consumption for Cargo Transport	L/TKT	0.368	0.355	0.348	0.358	0.466
Energy consumption (Ground)*⁵						
Kerosene	thousand GJ	0.4	0.3	0.3	0.3	1.2
Heavy fuel oil A	thousand GJ	4.3	8.6	2.5	2.0	2.7
Town gas, LPG	thousand GJ	—	260	267	257	245
Electricity	thousand MWh	113	110	102	98	89
Steam, Heat, Cooling	thousand GJ	—	332	340	332	317
Crude Oil Equivalent	kl	44,936	43,512	41,717	40,153	35,439
Energy consumption (Aircraft)						
Jet fuel	thousand kl	3,547	3,678	3,784	3,684	1,781
Crude Oil Equivalent	thousand kl	3,359	3,483	3,583	3,488	1,687
Electricity Equivalent						
Energy consumption (Fuel total)	thousand MWh	—	37,572	38,651	37,630	18,229
Energy consumption (Steam, Heat, Cooling)	thousand MWh	—	95	96	92	88
NOx emissions						
NOx (Nitrogen oxide) amount of emissions in LTO cycle* ⁶	thousand tons -Nox	5.30	5.02	5.10	5.54	2.43
Specific NOx Emissions for Passenger Transport	g/PKT	0.054	0.047	0.046	0.053	0.065
Specific NOx Emissions for Cargo Transport	g/TKT	0.597	0.527	0.511	0.589	0.724
Other emissions						
HC (Hydrocarbon) amount of emissions in LTO cycle* ⁶	thousand tons-HC	0.71	0.63	0.63	0.66	0.13
CO (Carbon monoxide) amount of emissions in LTO cycle* ⁶	thousand tons-CO	4.24	3.87	3.95	4.35	1.71
VOC emissions						
Total	ton	—	24.5	26.3	27.7	23.7
CFC substitute (Aircraft)						
Total	kg	7.06	6.62	7.40	3.94	1.96

Environment (E)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Water consumption						
Withdrawal						
Tap water consumption	thousand m ³	426	435	485 276 ^{*3}	447 220 ^{*3}	335 203 ^{*3}
Groundwater, Sea, River, Lake, Industrial water consumption	thousand m ³	0	0	0	0	0
Total consumption	thousand m ³	426	435	485	447	335
Industrial Waste						
Total waste generated (日本のみ)	ton	3,436	3,266	3,912	3,330	2,834
Total waste used/recycled/sold	ton	3,398	3,233	3,873	3,320	2,817
Total waste disposed	ton	38	33	39	10	17
PCB waste	ton	—	3	0.07	0	0
Final disposal rate	%	1.1	1.0	1.0	0.3	0.6
Number of Fuel-Efficient aircraft						
Airbus A350	number of aircrafts	—	—	—	5	8
Boeing 787	number of aircrafts	33	36	42	49	49
Boeing 777	number of aircrafts	40	40	40	39	37
Boeing 737-800	number of aircrafts	53	57	62	62	61
Embraer 170	number of aircrafts	17	17	18	18	18
Embraer 190	number of aircrafts	5	12	14	14	14
ATR42-600	number of aircrafts	1	4	6	8	9
ATR72-600	number of aircrafts	—	—	1	2	2
Number of fuel-efficient aircrafts	number of aircrafts	149	166	183	197	198
Ratio of fuel-efficient aircrafts	%	65	72	79	82	84
Vehicles						
Motor Vehicles	Vehicle	—	—	—	—	3,604
Gasoline consumption	kl	—	—	—	—	495
Diesel consumption	kl	—	—	—	—	5,125
Environmental Investments						
Investments (航空機関連費用)	billion yen	—	168.2	175.4	181.3	55.3
Environmental Violations						
Number of violations of legal obligations/regulations	cases	0	0	0	0	0
Amount of fines/penalties related to above violations	yen	0	0	0	0	0
Food loss & waste						
Food loss & waste in JAL Royal Catering Narita and Haneda offices	ton	—	137.2	151.4	153.5	22.5
Total weight composted among the food loss & waste above	ton	—	0	0	11.8	6.3
Ratio of passengers boarding from Narita and Haneda v.s. all International passengers	%	—	46.0	45.4	47.4	47.4
Plastic						
Use of petroleum-based single-use plastic (including self-employed lounges)	ton	—	1,438.3	1,585.3	1,754.1	228.8
Total weight recycled (to reusable plastic) among the use of petroleum-based single-use plastic above	ton	—	330.8	359.9	415.7	54.3

*1 Excludes in-flight catering facilities in Japan
*2 In-flight catering facilities have been added to Head Office, Airport, Maintenance Center and Branch Offices from FY2019.
*3 10 hub airports of JAL Group in Japan
*4 Basic unit from FY2020 is used in FY2019 ().
*5 Head Office, Airport, Maintenance Center, and Branch Offices
*6 ICAO standard of counting take-off and landing as “one.”

Social (S) Human resources data (Japan Airlines Co., Ltd. and 55 consolidated subsidiaries)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Staff						
Consolidated staff headcount	persons	32,753	33,038	34,003	35,653	36,060
Number of ground staff	persons	24,055	23,828	24,295	25,278	25,244
Number of cockpit crews	persons	2,570	2,629	2,690	2,766	2,876
Number of cabin attendants	persons	6,128	6,581	7,018	7,609	7,940
Ratio of employees in management	%	15.9	15.8	15.5	14.8	15.0
Ratio of employees	%	84.1	84.2	84.5	85.1	85.0
Ratio of male employees	%	52.5	51.6	50.2	49.4	48.3
Ratio of female employees	%	47.5	48.4	49.8	50.6	51.7
Ratio of female managers	%	16.3	16.3	16.8	18.4	19.5
Ratio of foreign employees in management position ^{*1*2}	%	9.6	10.5	11.3	11.5	12.2
Number of managerial staff hired overseas ^{*2}	persons	185	200	218	216	218
Ratio of local hires at overseas offices ^{*2}	%	89.9	88.4	89.8	88.4	90.2
Ratio of locally hired managerial staff at overseas offices ^{*2}	%	61.9	58.4	64.0	56.3	57.5
Number of mid-career recruitment (Business planning staff hired in Japan) ^{*2}	persons	29	20	14	50	6
Ratio of disabled employees ^{*3}	%	2.56	2.69	2.69	2.62	2.67
Employment, Turnover						
Number of new employees (new employee hire rates)	persons (%)	—	2,340(7.1%)	2,422(7.1%)	3,711(10.4%)	2,352(6.5%)
Ratio of voluntary turnover ^{*2}	%	—	2.6	2.0	1.9	1.1
Age						
Average age	years old	38.2	38.6	39.1	39.4	38.6
Average age of ground staff	years old	38.6	38.9	39.5	40.2	39.1
Average age of cockpit crew	years old	43.8	44.1	44.0	43.8	44.0
Average age of cabin attendants	years old	34.9	35.6	35.4	35.0	35.0
Years worked						
Average years worked	years	14.2	14.5	14.7	14.4	14.4
Training						
Training period per person	hours per person	66.4	64.7	70.8	72.3	277.1
Training cost per person	cost per person (yen)	403,519	422,187	470,698	449,480	109,321
Annual compensation						
Average annual compensation of employees (all staff)	thousand yen	6,737	7,021	7,126	6,684	5,638
Workstyle						
Ratio of paid holiday taken ^{*2}	%	85.5	89.5	86.0	76.5	71.5
Monthly average overtime hours worked per person ^{*2}	hours	12.0	7.9	8.5	9.5	8.0
Childcare leave applicants ^{*2}	persons	781	843	789	743	—
Nursing care leave applicants ^{*2}	persons	65	89	68	53	40
Participants in voluntary activities	persons	2,169	6,826	8,140	7,745	9,772
Total hours of voluntary activities	hours	14,063	59,551	68,288	51,734	33,600
Wellness ^{*4}						
Appropriate weight maintenance ratio	%	—	68.8	68.8	68.3	67.1
Smoking ratio (male)	%	—	30.4	28.9	27.9	26.3
Smoking ratio (female)	%	—	6.0	5.5	5.0	4.2
Stress check ratio	%	—	90.4	91.6	94.4	96.1
Breast cancer screening ratio (female employees aged 18 and above)	%	—	26.0	25.4	43.4	60.4
Breast cancer screening ratio (female employees aged 35 and above)	%	—	32.0	33.2	45.1	67.2

Social (S) Communities

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Increase of tourists to regional areas	% (v.s. FY19 result)	—	—	—	—	25.8

Governance (G)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Corporate Governance						
Compliance rate to the Corporate Governance Code	%	—	—	—	100	100
Number of directors on board*2	persons	10	10	10	10	10
Ratio of independent directors*2	%	30	30	30	30	30
Number of female directors on board*2	persons	2	1	1	1	1
Number of female directors (director, Executive Officer)*2	persons	5	4	4	5	5
Ratio of female directors (director, Executive Officer)*2	%	—	—	—	—	8.5
Attendance ratio of External Directors and Auditors to Board of Directors*2	%	—	—	—	98.3	100
Risk Management						
Number of information leakage incidents	cases	0	0	0	0	2
Number of corruption and bribery	cases	0	0	0	0	0
Percentage of users whose customer privacy data is used for secondary purposes	%	0.0	0.0	0.0	0.0	0.0
Number of complaints received from outside parties and substantiated by the organization regarding privacy protection	cases	0	0	0	0	0
Number of complaints received from regulatory bodies regarding privacy protection	cases	0	0	0	0	0

*1 (Locally hired managers overseas + Non-Japanese managers hired in Japan in business planning and maintenance engineering positions/Total managers

*2 Japan Airlines Co., Ltd. only

*3 Aggregate of Japan Airlines Co., Ltd. and JAL Sunlight Co., Ltd., a special subsidiary, as of June 1 of the following fiscal year

*4 Calculation based on data of Japan Airlines Health Insurance Association

Company/Stock Information (as of March 31, 2021)

Stock Information

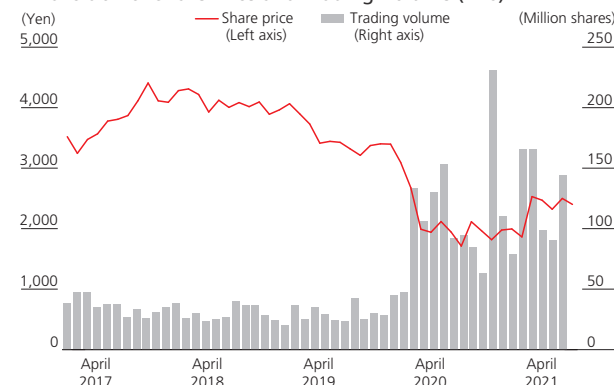
- **Stock Exchange** The First Section of the Tokyo Stock Exchange
- **Stock Code** 9201
- **Number of Shares Per Unit** 100 shares
- **Account closing date** March 31
- **Ordinary General Meeting of Shareholders** June each year
- **Date of Finalizing Shareholders Eligible to Exercise Voting Rights at the Ordinary General Meeting of Shareholders** March 31
- **Date of record for dividend** September 30 and March 31
- **Shareholder Registry Administrator** Mitsubishi UFJ Trust and Banking Corporation
- **Date of record for dividend** September 30 and March 31
- **Shareholder Registry Administrator** Mitsubishi UFJ Trust and Banking Corporation

- **Contact**
Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
1-1, Nikko-cho, Fuchu-shi, Tokyo, Japan
Mailing address: ShinTokyo Post Office Post-office box no. 29
Phone: 0120-232-711 (toll free (Only within Japan))
Open: 9:00 am to 5:00 pm except Sat, Sun and public holidays (Japan time)
Website: www.tr.mufg.jp/daikou/ (only in Japanese)
- **Method of official announcement**
Electronic public notice at:
URL www.jal.com/en/corporate/publicnotices/ (only in Japanese)
Provided, however, that if the electronic notice cannot be made due to an accident or any unavoidable reason, the public notice shall be published in the Nihon Keizai Shimbun.

- **Limitation on listing or recording of Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders**
The Articles of Incorporation lay down the following provision concerning the Civil Aeronautics Act, Article 120-2.

Article 12. Limitation on listing or recording of Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders 12.1 If the Company receives from a person, who falls into one of the categories listed in the items below, a request for listing or recording his or her name and address in the register of shareholders (including the register of beneficial shareholders; hereinafter the same), and if the acceptance of such request causes the total voting rights owned by persons, who fall into one of the categories listed in the items below, to represent one-third or more of the Company's total voting rights, the Company shall refuse such listing or recording.
(1) A person who does not have Japanese citizenship
(2) A foreign country, foreign public body or similar entity
(3) A corporation or other organization established under foreign laws and regulations
2. When the Company intends to list or record all shares held by any of the shareholders listed in the items of the following paragraph, upon notification from a book-entry institution in accordance with Article 151. Paragraph (1) or (8) of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., and thereby the total number of voting rights held by such persons listed in the items of the preceding paragraph will account for more than a third of the Company's voting rights, the Company shall list or record such shareholders in the register of shareholders in accordance with measures provided for in the Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism to list or record only a part of the shares so that the total number of voting rights held by such shareholders in the items of the preceding paragraph accounts for less than a third of the Company's voting rights.

• Transition of Share Price and Trading Volume (AF8)



- **Total number of shares to be 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 Issued Shares**
Common stock 437,143,500 (Number of shares per unit: 100)
Number of Shareholders 389,848
*The total number of shares issued includes 136,217 shares of treasury stock.
※2020年11月6日開催の取締役会決議に基づき、2020年11月25日に公募による新株発行を行い、発行済株式数が90,869千株増加しています。
※2020年11月6日開催の取締役会決議に基づき、2020年12月23日に第三者割当による新株発行を行い、発行済株式数が9,130千株増加しています。

• Major Shareholders

Shareholder	所有株式数 (株)	議決権比率 (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,755,800	8.18
Custody Bank of Japan, Ltd. (Trust account)	16,796,100	3.84
MSCO CUSTOMER SECURITIES	9,178,003	2.10
Kyocera Corporation	7,638,400	1.74
Custody Bank of Japan, Ltd. (Trust account 5)	7,073,400	1.61
Custody Bank of Japan, Ltd. (Trust account 9)	6,608,200	1.51
Custody Bank of Japan, Ltd. (Trust account 6)	6,271,100	1.43
Custody Bank of Japan, Ltd. (Trust account 1)	5,639,000	1.29
Daiwa Securities Group Inc.	5,000,000	1.14
Custody Bank of Japan, Ltd. (Trust account 2)	4,485,800	1.02
	104,445,803	23.9

Company Profile

Corporate Name	Japan Airlines Co., Ltd.
Headquarters	Nomura Real Estate Bldg., 2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8637, Japan Phone: +81 (0)3-5460-3121 Website: www.jal.com/en
Established	August 1, 1951
Representative Director, Executive President	Yuji Akasaka
Capital	273,200 million yen
Employees	Consolidated Employees 36,060 people Employees 13,787 people
Capital and Paid-in Capital	539,541 million yen (Amount is rounded down to the nearest million yen)
Businesses	1. Scheduled and non-scheduled air transport services 2. Aerial work services 3. Other related business

