

Last Update: APR.30.2024

**Japan Airlines Co., Ltd.**

Securities code: 9201

<http://www.jal.com/>

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

We maintain an awareness that our corporate group is a member of society at large with the duty to fulfill our corporate social responsibility and contribute to society as we develop our business, in addition to fulfilling our financial responsibility of earning adequate profits by providing high quality products through fair competition while maintaining flight safety as the leading company of safety in the transport sector and providing the finest service to our customers.

Taking this into account, we have established JAL Philosophy in accordance with the JAL Group Corporate Policy, "JAL Group will pursue the material and intellectual growth of all our employees, deliver unparalleled service to our customers, and increase corporate value and contribute to the betterment of society." We will strive to enhance corporate value and achieve accountability by establishing a corporate governance system that results in high management transparency and strong management monitoring, while at the same time engaging in speedy and appropriate management decision making.

The Board of Directors has established corporate governance by adopting the Fundamental Policies of Corporate Governance as a key set of rules subsequent to the Companies Act, relevant laws and regulations and the Articles of Incorporation, and reviews it at least once a year.  
(<https://www.jal.com/en/philosophy-vision/governance/#thinking>)

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The JAL Group have implemented all principles of the Corporate Governance Code revised on June 11, 2021 and have established a corporate governance system. We will continuously work to increase corporate value.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

##### [Principle 1.3 (Basic Strategy for Capital Policy)]

(Fundamental capital strategy policy)

- (1) In order to plan for future corporate growth and adapt to changes in the management environment so as to be prepared for business risks unique to the air transportation business, JAL Group strives to secure net assets required for capital expenditures and to keep the equity ratio stable.
- (2) It has established a system to secure diverse and flexible means of procuring capital and strives to maintain a good credit rating to realize this.
- (3) JAL Group is also aware of cost of equity and to achieve a level of capital efficiency that exceeds the costs, establishes a management plan and financial targets and discloses and explains them including concrete measures to achieve its targets.

(Actions to achieve a sense of management with respect to cost of capital and stock price)

On the financial side, we are conscious of our cost of capital and strive to improve capital efficiency. An overview of our financial strategy and targets are presented in JAL REPORT, our integrated report .

(<https://www.jal.com/ja/sustainability/report/>)

(Policy on shareholder return)

We regard 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.

The dividend amount will be decided with emphasis on continuity, stability and predictability, targeting a dividend payout ratio of around 35%. In addition, we will actively and flexibly consider share repurchases, taking into account the company's financial situation and other factors. As a result, we will strive to keep the total payout ratio within the range of around 35% to 50%, based on the sum of dividends paid out and share repurchases, by appropriately allocating profits and managerial resources to our stakeholders.

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

The Ordinary General Meeting of Shareholders approves the year-end dividend, but the Articles of Incorporation state that the Company may pay an interim dividend after approval by the Board of Directors, based on a record date of September 30.

The Articles of Incorporation state that the Company may pay an interim dividend after approval by the Board of Directors, based on a record date of September 30.

Since the outbreak of COVID-19, our Company did not pay dividends in FY 2020 or 2021 as we placed top priority on maintaining liquidity on hand and strengthening our financial position. Nevertheless in FY 2022, the Company resumed paying dividends at the end of the same period because the ability to generate cash flow steadily recovered, a consolidated surplus for the full year was achieved, and air transport demand was expected to recover even further. As the recovery of air transport demand is expected to continue in FY 2023, dividends will continue to be paid considering the prospects of our constant ability to generate cash flow. In order to quickly realize a shareholder return that is in line with the above basic policies, the Company will continue to strive to restore and improve our business performance, and our ability to generate cash flow,

#### **[Principle 1.4 (Cross-Shareholdings)]**

(Principle on holding shares of listed companies)

Building cooperative and collaborate relationships over a broad range of fields such as sales, procurement, and service provision, and maintaining good relationships with local communities are indispensable in operating the air transport business. It is necessary to strengthen relationships with partners in various areas to survive in global competition and achieve growth. To achieve these goals, we may buy and hold shares in other companies. In these cases, we will carefully select and hold shares of companies that will contribute to enhancing our corporate value, on the precondition of maintaining trusting relationships with our stakeholders.

The fundamental policy of holding shares in listed companies is that we will hold the minimum number shares to meet the above goals.

(Contents of verification)

We will always verify the degree of contribution to corporate value enhancement of holding shares. Specifically, we compare profit on transactions attributable to dividends received and shares held with target capital cost, conduct quantitative study and take into consideration qualitative factors.

We also pay attention to market value. If we judge that it is meaningless to hold certain shares in terms of enhancing our corporate value, we will consider selling them, while taking into account the impact on the market and other business matters.

At the 2023 February 22 Board Meeting, it was confirmed that it was valid to continue to hold shares of listed companies and reduced the holding of two shares.

Going forward, we will continue to consider whether it is necessary to reduce shares.

(Standards for exercising voting rights)

Regarding our principle on exercising voting rights of shares we own in a company, we will exercise voting rights in order to contribute to sustainable growth and medium to long-term corporate value enhancement of the invested company, on the major premise of contributing to enhancing our corporate value.

**[Principle 1.7 (Related Party Transactions)]**

Transactions between related parties, such as Directors and major shareholders, etc. are approved by the Board according to Regulations of the Board of Directors. The Board monitors transactions by approving individual transactions.

Matters concerning Directors who have transactions in competition with the Company and transactions with third parties where there is a conflict of interest between the Company and Directors are also approved by the Board according to Regulations of the Board of Directors. Regulations of the Board of Directors stipulate that a Director who has a special interest in any proposal that is deliberated by the Board of Directors shall not be entitled to vote on such matter.

**[Supplementary Principle 2.4.1 (Ensuring Diversity, Including Active Participation of Women)]**

We are aware that the promotion of the active role of diverse human resources is one of our most important management issues. Accordingly, we have set targets for the ratio of female managers as a management target in the JAL Group Medium Term Management Plan for FY2021-FY202 and have established a HR development policy and a policy to develop an environment that ensures diversity in employment of core personnel, including appointment of non-Japanese and mid-career hires to management positions. These policies and status of implementation are provided on the JAL website.

(<https://www.jal.com/en/sustainability/report/>)

**[Principle 2.6 (Roles of Corporate Pension Funds as Asset Owners)]**

The Company adopts the defined benefit corporate pension plan and manages the pension fund through the JAL Corporate Pension Fund.

The JAL Corporate Pension Fund has established a fundamental policy on pension asset management and has drawn up a basic asset allocation plan in order to ensure pension benefits into the future.

Changes to the fundamental policy and implementation of new investments require resolutions by the Board of Directors and Board of Representatives. Employees with appropriate qualities are elected as Directors and Representatives.

The Vice President of Finance of the Company serves as the Pension Investment Director who executes management and investment duties of the pension fund. Members of the Secretariat strive to improve their expertise by attending external seminars and such.

The Pension Finance Committee, which is placed under the Chair of the Board of Directors, deliberates on financial operation in general, monitors operation, reports results and submits proposals to the Chair, and reports results to the Board of Representatives.

**[Principle 3.1 (Full Disclosure)]**

To enable our stakeholders to easily access JAL Group's corporate stance, various information such as the JAL Group Fundamental Policies of Corporate Governance, Corporate Policy, management strategies, and management plan, is posted on our website. We issue "JAL Report" containing financial information and CSR activities each year.

(<https://www.jal.com/en/sustainability/report/>)

Details of our Corporate Policy, management strategies, management plan and fundamental principles of corporate governance, etc. are as follows.

(1) Corporate Policy, management strategy, management plan  
(Corporate Policy)

We have established the JAL Group Corporate policy as follows. Details are provided on our website.

"The JAL Group will pursue the material and intellectual growth of all our employees, deliver unparalleled service to our customers, and increase corporate value and contribute to the betterment of society."

(<http://www.jal.com/en/outline/philosophy.html>)

(Management strategies, management plan)

The Company formulated and announced on May 7, 2021 the FY2021-2025 JAL Group Medium Term Management Plan and realizing JAL Vision 2030, our vision statement of what we intend to be by 2030.

In FY2022, the second year of the "FY2021-2025 JAL Group Medium-term Management Plan," despite achieving full-year profitability, we faced new challenges common to all of society, such as unstable global conditions, rising prices, and a cross-industry shortage of human resources. In light of these changes in the business environment, we have formulated the "Medium-term Management Plan Rolling Plan 2023 (Rolling

Plan)” in order to shift from “recovery and stability” to “growth.” “Social connections” created through the “movement of people and goods” are indispensable for a Well-being society in which everyone can feel prosperity and hope. Through our ESG strategy, which is the core of our management strategy, we will create sustainable human, commercial, and logistic flows, solve social issues through the power of “mobility” and “connections,” and achieve medium- to long-term growth. Additionally, through our business and financial strategies, we will quickly restore sales, profits, and finances to pre- COVID levels.

Details of the FY2021-2025 JAL Group Medium Term Management Plan and Rolling Plan 2023 are provided on our website.

(<http://www.jal.com/en/outline/plan.html>)

(2) Fundamental concept and fundamental policy on corporate governance

Our fundamental concept on corporate government is indicated in 1-1 Fundamental concept of this Report.

The JAL Group Fundamental Policy on Corporate Government is posted on our website.

(<http://www.jal.com/en/outline/governance.html>)

(3) and (4) (Remuneration determination policy and process, and election and appointment/dismissal of senior management, Directors and Corporate Auditors)

We have established a Nominating Committee and Compensation Committee, which are voluntary committees.

Details of each committee are provided in II-1 Establishment of Voluntary Committees and Supplementary Explanation of this Report.

When appointing or removing an Executive Officer, the Board of Directors consults the Personnel Committee and takes into account the Personnel Committee's report on such matters before passing any resolution.

(5) Explanation of election and appointment/dismissal of individuals

The reason for appointment of Directors and Corporate Auditors is indicated on the Convocation Notice of the General Meeting of Shareholders.

#### **[Supplementary Principle 3.1.3 (Sustainability initiatives)]**

Disclosures based on this item are described in Our Approach and Efforts Concerning Sustainability (Supplemental Principle 3-1-3) at the end of this report.

#### **[Supplementary Principle 4.1.1 (Range of delegation to management by the Board of Directors)]**

In order to carry out efficient decision-making, the Board of Directors delegates decision-making of matters set forth in the Administrative Authority Criteria Table to the President, pursuant to Regulations for Kessai and Administrative Authority approved by the Board. To conduct detailed deliberations at Board meetings, we have established the Executive Management Council to deliberate over important issues among executive officers including the President in advance, clarify points at issue before submitting them to the Board, and contribute to appropriate and quick decision-making by the President.

#### **[Principle 4.8 (Effective Use of Independent Directors)]**

In order to establish a high level corporate governance system that demonstrates high management transparency and a strong management oversight function as well as to enhance corporate value, a minimum of one-third of the total number of directors is elected as Independent Outside Director candidates, in accordance with Standards for Independence of Outside Directors established by the Company and enhances management monitoring.

#### **[Principle 4.9 (Independence Standards and Qualification for Independent Directors)]**

The Company's standards for determining independence are provided in II.1. Relationship with Independent Directors of this Report. Outside Directors are appointed from persons with vast knowledge and experience in various fields in order to ensure diversity. Those who do not qualify as highly independent within the meaning of our “Standards for Independence of Outside Directors” are not appointed.

When appointing candidates for the position of Independent Outside Director, the Nominating Committee elects candidates after deliberating amongst the members from an objective standpoint and reports to the Board of Directors so that the Board is operated actively, constructively and strategically by diverse human resources and monitors and oversees from a neutral standpoint. On receiving the report from the Nominating Committee, the Board decides Independent Outside Directors through the Board's approval.

**[Supplementary Principle 4.10.1(Independence of the Nominating Committee and the Compensation Committee)]**

Outside Directors account for a majority of members of the Nominating Committee and the Compensation Committee respectively, and the committee chair is elected by vote by members of the committees.

The Nominating Committee has the authority and role to deliberate on candidates for Executive Officers (including Executive Officers and Directors) and report to the Board of Directors. The Compensation Committee has the authority and role to deliberate on inquiries from the Board of Directors concerning remuneration for Executive Officers (including Executive Officers and Directors) and report to the Board of Directors. When deliberating important matters concerning appointments and remuneration of Executive Officers (including Executive Officers and Directors), the committees engage in their roles and provide advice appropriately from practical and multilateral perspectives including diversity and skills.

Other details are provided in II-1. Establishment of Voluntary Committees and Supplementary Explanation of this Report.

**[Supplementary Principle 4.11.1 (Concept on balance of knowledge, experience and abilities in general, diversity and scale of the Board of Directors)]**

Candidates for Director are elected from among persons who have extensive experience, deep insight and specialized knowledge in various fields, with consideration to making board composition diverse in terms of gender, internationality, career, age and other variables. The Company aims to increase female Board appointments.

With regard to the specialized knowledge and experience that the Company's Directors and Audit and Supervisory Board Members should possess, the necessary skill set includes the basic corporate management skills of Management Experience, Finance & Accounting, Legal/Risk Management, Personnel Affairs/Talent Development, as well as Safety Management, which is particularly important given the business characteristics of the Company, and also Global Experience, CX/Marketing, DX/IT/Technology, and GX/Environment.

The Nominating Committee selects candidates for Director with reference to their experience and skills based on the above concept of Board composition, and additionally takes into account management experience in other companies when selecting candidates for Independent External Directors. After the Board of Directors receives a report from the Nominating Committee, candidates for Director are decided by a Board resolution. On receiving a report from the Nominating Committee, the Board decides Directors as resolved by the Board.

**[Supplementary Principle 4.11.2 (Status of concurrent duties of Directors and Corporate Auditors)]**

When a Director or Corporate Auditor performs concurrent duties as director of another listed company, it is reported to the Board, on confirming whether holding concurrent duties will affect duties as Director or Corporate Auditor of the Company. Persons who hold concurrent positions such as Director or Corporate Auditor in more than four listed companies excluding the Company are not elected either.

The status of concurrent duties of Directors and Corporate Auditors is provided on our website.

(<http://www.jal.com/en/outline/directors.html>)

**[Supplementary Principle 4.11.3 (Analysis and evaluation of effectiveness of the Board of Directors)]**

The Board of Directors has established a Corporate Governance Committee composed of the Chairperson of the Board and Outside Directors. Each year, it assesses the effectiveness of the Board and reviews operation, etc. appropriately, while referring to self-assessment by each Director, etc. An overview is carried on our corporate website. An analysis by a third-party organization is used to ensure an objective assessment.

(<https://www.jal.com/en/philosophy-vision/governance/#effectiveness>)

Other details are provided in II-2 under Board of Directors "Ensuring Effectiveness of the Board of Directors" of this report.

**[Supplementary Principle 4.14.2 (Policy on training for Directors and Corporate Auditors)]**

- (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, a tour of the Safety Promotion Center, and explanations on company history and the JAL Philosophy.  
(<https://www.jal.com/en/philosophy-vision/governance/#support>)

**[Principle 5.1 (Policy for Constructive Dialogue with Shareholders)]**

We are aware that the general meeting of shareholders is a venue for constructive dialogue with shareholders, secure and provide a period for them to sufficiently examine accurate information from their standpoint through the Convocation Notice of the General Shareholders' Meeting, etc.

Furthermore, we conduct IR (Investor Relations) activities to maintain positive interactive communication under the following policy, in which Representative Directors, the Finance and Accounting Director, etc.

Engage in active dialogue, and fairness, accuracy and continuity of management strategies, business strategies, financial information, and such are emphasized.

(<https://www.jal.com/en/philosophy-vision/governance/#dialogue>)

- (1) The Chief Financial Officer of the JAL Group, the Finance and Accounting Director, and the General Affairs Director are assigned as management to oversee dialogue with shareholders.
- (2) We assign a supervisor to oversee information gathering, management and disclosure, and also staff to implement these duties in the Finance Department, and disclose information in a timely, fair and appropriate manner in coordination with related departments.
- (3) We hold meetings to explain our financial results and management plan when announcing them, issue an integrated report, "JAL Report," etc., hold meetings for shareholders to explain other matters, and arrange tours of facilities, etc. to promote investment opportunities and improve information disclosure.
- (4) We feedback results of dialogue with shareholders to management, as necessary, so that management may share the shareholders' requests and opinions and an awareness of issues, and reflect their views in corporate management.
- (5) We establish and disclose a "silent period," during which we do not provide any replies or comments to inquiries or information on corporate status to prevent information leaks and ensure fairness. We conduct information management and control insider information.

**[Supplementary Principle 5.1.1 (Responder to the shareholders)]**

To strengthen constructive dialogue with shareholders, we organize meetings with Executive Officers in accordance with the wishes of shareholders and investors. We also offer opportunities for Outside Directors to engage in dialogue with investors on corporate governance to deepen their understanding of the Company from various perspectives.

Specific information on the status of dialogue with shareholders is provided below.

- Integrated Report 「JAL REPORT」 (<https://www.jal.com/en/sustainability/report/>)
- Our website (<https://www.jal.com/en/investor/library/ir-event/>)

**[Principle 5.2 (Establishing and Disclosing Business Strategies and Business Plans)]**

Our company have formulated the "Medium-term Management Plan Rolling Plan 2023 (Rolling Plan)" in order to shift from "recovery and stability" to "growth." In FY2023, we are on course to achieve EBIT of 100.0 billion yen, profit attributable to owners of parent of 55.0 billion yen, and interim and fiscal year-end dividends exceeding those of FY2022 by promoting the Medium Term Management Plan Rolling Plan 2023, and due to recovering passenger demand and improved profitability through business structure reforms. All employees will work together with a strong sense of mission to achieve this plan.

Going forward, we will make necessary revisions to the plan after evaluating changes in the environment and other various factors.

**[Supplementary Principle 5.2.1 (Business portfolio)]**

The FY2021-2025 JAL Group Medium Term Management Plan and Rolling Plan 2023, which were approved by the Board of Directors, describes strategies in each business area and our resource allocation policy for building a sustainable and resilient business portfolio. The FY2021-2025 JAL Group Medium Term Management Plan and Rolling Plan 2023 are provided on our website.

(<https://www.jal.com/en/investor/library/mid-term/>)

These strategies and policies will be periodically evaluated and reviewed in light of changes in the business environment.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	80,412,000	18.40
Custody Bank of Japan, Ltd. (Trust account)	27,266,200	6.23
KYOCERA Corporation	7,638,400	1.74
JPMorgan Securities Japan Co., Ltd.	5,107,711	1.16
Daiwa Securities Group Inc.	5,000,000	1.14
GOVERNMENT OF NORWAY	4,216,486	0.96
STATE STREET BANK WEST CLIENT - TREATY 505234	3,346,162	0.76
BBH BOSTON CUSTODIAN FOR BLACKROCK GLOBAL ALLOCATION FUND, INC. 620313	2,955,500	0.67
THE BANK OF NEW YORK 134088	2,673,100	0.61
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	2,532,209	0.57

Controlling Shareholder (except for Parent Company)	—
Parent Company	NONE

### Supplementary Explanation

[Status of major shareholders]

- Shareholding ratio is calculated with 136,327 shares of treasury stock excluded, rounded down to two decimal places
- The above number of shares held by shareholders may include shares relating to trustee or custodian operations.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Air Transportation
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

There are no special circumstances that may have a major impact on corporate governance.



## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson of the Company (except when concurrently serving as President)
Number of Directors	9
Number of Outside Directors	3
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
KOBAYASHI Eizo	From another company												
HATCHOJI Sonoko	From another company												
YANAGI Hiroyuki	From another company												

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
KOBAYASHI Eizo	○	NONE	Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a top management of a general trading company which develops businesses around the world, and gives advice to the Company's management and appropriately supervises the execution of operations from practical and diversified perspectives. For all of these reasons, he is believed to be the right person for the Company to achieve the continued improvement of corporate value, so the Company proposed that you elect him as Outside Director who meets the Independence Standards of External Officers stipulated by the Company.
YANAGI Hiroyuki	○	NONE	Mr. Yanagi has deep insight as a member of top management in a company pushing ahead with international expansion, as well as extensive experience in marketing and management strategy. The Company expects him to give advice to the Company's management and appropriately supervises the performance of duties from practical and diversified perspectives. For all of these reasons, he is believed to be the right person for the Company to achieve the continued improvement of corporate value, so the Company proposed that you elect him as Outside Director who meets the Independence Standards of External Officers stipulated by the Company.
MITSUYA Yuko	○	In fiscal year 2023, The Company provided services to and received compensation from the Japan Basketball Association, of which MITSUYA Yuko is the representative director, however, this amounted to less than 0.01 percent of the consolidated net sales of the JAL Group. In addition, The Company provided sponsorship to the Association, however, the total amount was less than 0.16 percent of the Association's ordinary revenues.	Ms. MITSUYA was selected as an External Auditor and Supervisory Board Member as she meets the Company's External Director Independence Standards with her invaluable experience and broad insight as a corporate executive, not to mention her first-hand and practical knowledge in human resource development.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation
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[Nominating Committee]

When submitting a proposal to the General Meeting of Shareholders concerning the appointment of candidates to the positions of Director and Corporate Auditor, the Nominating Committee will make comprehensive judgment of the personality, knowledge, ability, experience and performance, and the like, of the candidate based on an inquiry from the Board of Directors and will report back to the Board.

In addition, 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 discussed who to select as our President's successor. On January 17, 2024, the Committee decided on the new President and reported back to the Board of Directors.

If the business conduct of any member of top management is found questionable due to legal violations, harassment, negligence of the Board, to name a few, the Nominating Committee and/or Directors, excluding the person in question, will immediately investigate the situation based on a motion made by a Director at a Board meeting or other meetings, and the like, the Nominating Committee and/or Directors excluding the person in question will immediately investigate the situation based on a motion made by a Director at a Board meeting or other meetings. The Nominating Committee and/or Directors will report findings to the Board, which will then decide on an appropriate disciplinary penalty.

The Nominating Committee is comprised of the President and no more than four Directors elected by a resolution by the Board of Directors, and the majority of members shall be External Directors. The Chair shall be selected from among the Outside Directors by mutual vote of the committee members.

< In FY2024 >  
Chairperson: YANAGI Hiroyuki  
Board Member: TOTTORI Mitsuko, SAITO Yuji, KOBAYASHI Eizo, MITSUYA Yuko

< In FY2023 >  
Chairperson: YANAGI Hiroyuki  
Board Member: AKASAKA Yuji, SHIMIZU Shinichiro, KOBAYASHI Eizo, MITSUYA Yuko  
Number of meetings : 9 meetings attended by all the members  
Main activities : In addition to the matters to be reported to the Board of Directors, the committee discussed the requirements and processes related to the selection of candidates for Executive Officers for a change of

officers, the process for confirming the reappointment of the President, and future succession plans for management personnel. In regards to FY2023, a series of discussions were held particularly about the selection of the incoming President. Considering a management structure that promotes the steady implementation of the Medium Term Management Plan and creating customer value, the discussion resulted in selecting Ms. Tottori as a candidate for President and announced her candidacy on January 17, 2024.

[Compensation Committee]

The Compensation Committee discusses matters concerning the amount of compensation for Directors, Executive Officers and Corporate Auditors based on an inquiry from the Board of Directors and reports back to the Board. In addition, the committee reviews the remuneration system as appropriate to ensure that it provides sound incentives for sustainable growth.

The Compensation Committee is comprised of the President and no more than four Directors elected by a resolution by the Board, the majority of members being Outside Directors. The Chair shall be selected from among the Outside Directors by mutual vote of the committee members. As a result, transparency and fairness in the compensation determining process is secured.

< In FY2024 >

Chairperson: KOBAYASHI Eizo

Board Member : TOTTORI Mitsuko, SAITO Yuji, YANAGI Hiroyuki, MITSUYA Yuko

< In FY2023 >

Chairperson: KOBAYASHI Eizo

Board Member AKASAKA Yuji, SHIMIZU Shinichiro, YANAGI Hiroyuki, MITSUYA Yuko

Number of meetings : 4 meetings attended by all the members

Main activities : the Committee discussed matters to be reported to the Board of Directors, such as the requirements and processes for the selection of candidates for Executive Officers during the change of officers, the process for confirming the reappointment of the President, and future succession plans for management personnel, to name a few.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

[Status of cooperation among Audit & Supervisory Board Members and Accounting Auditors]

Audit & Supervisory Board Members receive reports from accounting auditors when establishing an audit plan and closing books and request reports as necessary,

[Status of cooperation among Audit & Supervisory Board Members and Internal Audit Departments]

Audit & Supervisory Board Members exchange opinions and information with internal audit departments regularly every quarter.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
KAMO Osamu	Lawyer													
KUBO Shinsuke	certified public accountant													
OKADA Joji	From another company													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
KAMO Osamu	○	NONE	Since registered as an attorney at law in April 1973, Mr. KAMO has provided guidance on compliance to government agencies and private companies and has served as a member of an investigative committee on corruption cases, thus he has a wealth of experience and insight into compliance and corporate governance. He conducts audits and provides advice to the Company on legal matters as an Audit and Supervisory Board Member. Based on the above, the Company has judged that he is an appropriate person for maintaining the soundness of our company and realizing the sustainable enhancement of corporate value, and has appointed him as an Outside Audit and Supervisory Board Member who meets the Standards for Independence of Outside Directors as stipulated by the Company.

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
KUBO Shinsuke	○	NONE	Since joining the Tokyo Marunouchi Office of the Sanwa Audit Corporation (currently Deloitte Touche Tohmatsu Limited), Mr. Kubo has undertaken a number of corporate audits, stock listings, corporate revitalization and M&A, and has abundant experience and a proven track record, as well as advanced knowledge of accounting. He provides auditing and advice on accounting matters as an Audit and Supervisory Board Member of the Company. Based on the above, the Company has judged that he is an appropriate person for maintaining the soundness of our company and realizing the sustainable enhancement of corporate value, and has appointed him as an Outside Audit and Supervisory Board Member who meets the Standards of Independence of Outside Director as stipulated by the Company.
OKADA Joji	○	NONE	Mr. Okada possesses rich experience, an established track record and expertise as an officer in the administration and the finance & accounting department of a general trading company. In addition, through his professional experience as a Full-time Audit & Supervisory Board Member of the general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association, he has significant insight into all aspects of audit work including governance and risk management. For these reasons, he is believed to be the right person in the role of auditor to achieve sustainable growth of the Company and medium- to long-term enhancement of the Company's corporate value, and has been appointed as an Outside Audit & Supervisory Board Member who meets the Independence Standards of Outside Directors stipulated by the Company.

**[Independent Directors/ Audit & Supervisory Board Members]**

Number of Independent Directors/ Audit & Supervisory Board Members	6
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Matters relating to Independent Directors/ Audit & Supervisory Board Members

All Outside Directors who qualify as independent are appointed as Independent Directors.

We have established the following standards to determine if an Outside Director qualifies as independent in order to establish a corporate governance system that results in high management transparency and strong management monitoring and to enhance corporate value. (Basically, persons who are not described as follows qualify as independent.)

1. A person who executes or has executed business in the Company or a consolidated subsidiary in the past 10 years
2. A person who is described by any of the items a ~ f in the past three years.

- a. a business counterpart or a person executing business of such business counterpart, whose transactions with the Company for one business year exceeded 1% of consolidated revenue of the Company or the business counterpart
  - b. a major shareholder of the Company or a person executing business of such shareholder holding an equity ratio of 5% or more in the Company
  - c. a major lender for the Company or a person executing business of such lender.
  - d. a person who receives over JPY 10 million in donations annually from the Company or a person belonging to an entity receiving such donations
  - e. a person receiving remuneration of over 10 million yen excluding director remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
  - f. a person executing business of the Company, who also executes business of another company as Outside Director
3. The spouse or relative within the second degree of kinship of an individual described in 1 and 2.

(Note) A person executing business refers to an executive director or executive officer.

Meetings comprising Independent Outside Directors and Independent Outside Audit & Supervisory Board Members and meetings attended by Outside Accounting Auditors and Independent Outside Directors are held regularly.

#### [Incentives]

Incentive Policies for Directors	Introduction of a performance-linked remuneration system
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Supplementary Explanation

It is described in [Director Remuneration] < Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods >

Recipients of Stock Options	—
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Supplementary Explanation

—

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

The total amount by type, such as remuneration of Director, Corporate Auditor and Outside Director and the number of applicable Directors are disclosed.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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**Fundamental policies**

- (1) The Company will encourage the performance of duties consistent with our Corporate Policy and management strategies and provide strong incentives for the achievement of specific management targets, with the aim of sustainable and steady growth of the Company and the Group, and of medium to long-term improvement in corporate value.
- (2) The Company will establish appropriate proportions for performance-linked bonus linked to fiscal year performance and, for the purpose of further promoting the aligning of interests with shareholders, 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 sound entrepreneurial spirit.
- (3) The Company will provide treatment that is appropriate to the management team of the Company, in accordance with the Company's business performance.

**Remuneration levels and remuneration composition ratios**

- (1) The Company will set appropriate remuneration levels with reference to objective market data on remuneration and based on the business conditions of the Company.
- (2) Taking into account factors including the content of the Company's business and the effectiveness of performance-linked remuneration, the Company sets the proportions of (1) amount of fixed basic remuneration\*, (2) amount of performance-linked bonus to be paid according to the degree of achievement against targets, and (3) amount of performance-linked share-based remuneration to be issued according to the degree of achievement against targets, as follows.

Guideline for the case of 100% achievement against targets: (1):(2):(3) = 50%:30%:20%

The above ratio is meant to be a guideline only, and changes may be made to reflect changes in the share price of the Company's shares or for another reason.

\* The amount excludes the amounts of allowances in cases in which an Executive Officer serves concurrently as Director, and the amounts of allowances when the Executive Officer has representative authority.

**Framework for performance-linked remuneration**

Performance indicators for performance-linked bonus and performance-linked share-based remuneration are reviewed as appropriate in accordance with changes in the business environment and the roles of each officer. We will review the performance indicators for performance-linked bonus and performance-linked share-based remuneration in order to powerfully drive, from FY2022, our finance strategy, business strategy and ESG strategy, which are the three pillars of management strategy in the Medium Term Management Plan.

There is no provision of performance-linked share-based remuneration for each of the periods which started in FY2019, FY2020 and FY2021, respectively, in light of our performance and other factors.

- (1) The amount of performance-linked bonus paid each fiscal year will range from 0 ~ 150 depending on the achievement level, on the basis that the amount to be paid when performance targets are achieved is 100. Performance indicators utilized are EBIT and Individual Performance Indicators for Each Officer (\* 1), taking into consideration the achievement level of aviation safety targets.
- (2) The number of shares to be granted each fiscal year as performance-linked share-based remuneration will range from 0 ~ 150 depending on the achievement level, on the basis that the number of shares to be granted when performance targets are achieved is 100 (\*2). The performance evaluation period (vesting period) is three fiscal years and performance over three consecutive three fiscal years will be evaluated each fiscal year. Performance indicators utilized are TSR (ratio to TOPIX including dividends), consolidated ROIC, the number of ESG stocks



selected, and carbon emissions per revenue ton-kilometers, which are priorities in the Medium-Term Management Plan.

(\*1) Individual Performance Indicators for Each Officer will not be set for the Chairperson or the President. Performance evaluation will be based on net profit attributable to owners of parent until FY2021 and EBIT from FY2022.

(\*2) The number of shares granted in the final fiscal year of the Medium-Term Management Plan will be adjusted, ranging between 0 ~ 200 depending on the achievement level of targets in the Medium Term Management Plan.

In view of the severe business environment, the Board of Directors has decided at the Boarding meeting on February 17, 2022 not to provide performance-linked bonuses for the performance evaluation period of FY2021. In addition, it has decided not to provide performance-linked share-based remuneration for the performance evaluation period of FY2019, FY2020 and FY2021 respectively in consideration of the company's business performance and other factors.

**Procedures for determination of remuneration, etc.**

Matters related to remuneration of Directors and Executive Officers will be decided by the Board of Directors, following deliberation and reporting within the Compensation Committee established by the Company. A majority of the members of the Compensation Committee will be Outside Directors, and the Chair will be appointed from among Outside Directors.

Performance-linked bonus for the performance evaluation period of FY2020 and performance-linked share-based remuneration for the performance evaluation period beginning in FY2018 have not been provided as explained above.

**[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

The Secretary Office assists Outside Directors regularly as secretary, such as checking schedules, conveying information, and providing materials. The Corporate Auditor Office or full-time Corporate Auditors depending on the matter directly contacts Outside Audit and Supervisory Board Members and assists them regularly in a similar manner.

The agenda of a Board meeting is sent to directors about one week before the meeting, and materials and necessary briefings are provided as necessary for individual questions and comments. We have established a system so that Outside Directors and Outside Audit and Supervisory Board Members can attend and present opinions at Executive Management Council meetings, where deliberations are conducted over important issues requiring a resolution of the Board and matters requiring approval by the President that need to be confirmed by the Executive Management Council before submitting them to the Board or to the President.

**[Situation of those who have retired from the representative directors, etc.]**

[Name of Corporate Counselor or Adviser who have retired from the representative directors, etc.]

Name	Position	Business outline	Work Condition	Retirement of the representative directors, etc.	Term
—	—	—	—	—	—

Number of the relevant person	—
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**[Other matters]**

The Company has regulations concerning “Special Directors” in place, prescribing that persons who have served as Chairperson, Vice-Chairperson and/or President shall be elected, after retiring as an executive director, as a Special

Director by a resolution of the board of directors (up to 2 years) . A Special Director will not be involved in the day-to-day management of the Company.

On the other hand, the Company requires the support of retiring executive directors in external activities such as activities of the Company in the business community. Therefore, compensation and benefits shall be provided commensurate with the work performed under this framework.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions

### (Overview of Current Corporate Governance System)

To expedite the decision-making process, we adopt the Executive Officer system. There are 9 Directors (including 2 female Directors) and 27 Executive Officers excluding concurrent Directors (including 7 female Executive Officers). In addition,

#### [Relationship with Shareholders]

##### (1) Ensuring shareholder rights

We conduct business for the joint benefit of the Company and shareholders, comply with provisions stipulated in the Companies Act and Civil Aeronautics Act and give sufficient consideration to ensure that shareholders can exercise their rights smoothly. Especially, we are aware that the general meeting of shareholders is a venue for constructive dialogue with shareholders, and have developed an environment in which they can exercise their rights appropriately from their perspective.

Furthermore, we emphasize fairness, accuracy and continuity, actively engage in IR (Investor Relations) activities to maintain interactive communication, and promote constructive dialogue with shareholders.

##### (2) Social responsibilities as a corporate citizen

The JAL Group has established the Basic CSR Policy, "The JAL Group will strive to meet the expectations of society, address social issues, and pass on a better society to future generations through its core air transport business as the 'Wings of Japan'." We aim to realize our Corporate Policy by collaborating with our shareholders and practicing JAL Philosophy.

#### [Board of Directors]

##### (1) 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 officer remuneration, and important decision-making.

To fulfill this role,

- a. 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.
- b. 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.
- c. In Fiscal 2021, we decided to increase female Director appointments.
- d. From fiscal 2021, Directors and Audit and Supervisory Board Members are required to basically attend at least 80% of all Board meetings.
- e. The Board transfers appropriate authority to the President to ensure efficient decision-making.

< In FY2024 >

Chairperson : AKASAKA Yuji

< In FY2023 >

Chairperson : UEKI Yoshiharu

Number of meetings : 16 meetings (Director UEKI attended 14 of the 16 meetings, President AKASAKA attended 15 of the 16 meetings, and other Directors and Audit and Supervisory Board Members attended all 16 meetings. Directors TOTTORI, SAITO, MITSUYA and Audit and Supervisory Board Member KIKUYAMA, who have been in office since June 2023, attended all of the 13 meetings.)

Main activities:

[Management Strategy]

- FY2021-2025 JAL Group Medium Term Management Plan Progress of Rolling Plan 2023

- Initiatives related to sustainability
- Progress in structural business reforms
- Promoting human resources strategies
- Promoting DX strategies
- Formulating the JAL Group Medium Term Management Plan Rolling Plan 2024 for FY2021 to FY2025

[Decision and Oversight of Other Important Business Executions]

- Establishment of an Executive Management Council
- Progress and confirmation of the renewed frequent flyer program system
- Selection of new mid-size aircrafts

[Financial Results and Finance]

- Each quarter financial results
- Financing
- Verification of cross shareholdings

[Governance and Risk Management]

- Board Effectiveness Assessment
- Committee reports and decisions on the appointment of new executives and their remuneration
- Development and evaluation of internal control
- Risk management related reports
- Measures towards the audit report submitted by the Audit and Supervisory Board Members
- Audit and Supervisory Board Member audit policies and results
- Policies of the Audit and Supervisory Board Members and their audit results
- Report on aircraft accidents
- Report on Administrative Guidances

[Dialogue with Stakeholders]

- Approval of proposals related to the General Meeting of Shareholders
- Operational status of shareholder benefit programs
- Initiatives to reinforce constructive dialogues with shareholders
- Feedback regarding IR orientation meeting
- Disclosure of information on Climate Change Based on TCFD

(2) Ensuring effectiveness of the Board of Directors

The Board of Directors evaluates board effectiveness with reference to a self-assessment by each Board member and Audit and Supervisory Board member, and appropriately reviews Board operations, in accordance with the Fundamental Policies of Corporate Governance.

a. Assessment process in 2022

- The Office of the Board of Directors conducted a survey and interviewed the directors and all Audit and Supervisory Board Members. Thereafter the Board of Directors evaluated the analysis results and discussed future initiatives. The questionnaire consisted of a five-point rating scale and open-ended questions on board composition, oversight, management strategies, dialogue with shareholders, board culture, and board operations.
  - Thereafter, the Corporate Governance Committee\*, comprised mainly of Independent External Directors and chaired by an Independent External Director, formulated proposals, of which the Board of Directors decided on the following necessary actions. External assessment is conducted approximately once every three years. The most recent assessment was conducted during the FY 2020 effectiveness evaluation.
- \*Independent External Directors were present.

b. Summary of the Results of the FY2022 Effectiveness Evaluation

We evaluated the following and identified the underlined issues that requires improvement.

[Evaluation of the Board of Directors Performances]

- The Board of Directors and Audit and Supervisory Board members are appointed in a balanced manner in terms of expertise and experience that is relevant to our business and their positions.

- Free and open discussions are held, and the opinions of Outside Directors are respected, while Audit and Supervisory Board members audit the execution of duties by Directors.
- The Company actively provides Outside Directors with information and accessibility to high-level information, whereby Outside Directors fulfil their roles appropriately.

On the other hand, we recognized the following issues.

- There is need to facilitate operational efforts to find time to engage in lively discussions and to stimulate active deliberations.

[Evaluation of Key Issues for the Fiscal Year]

- With regard to social issues related to sustainability, we confirmed that we are working steadily to reduce CO2 emissions and that we are making steady progress in addressing other issues. On the other hand, it is necessary to reconsider how sustainability initiatives are linked to increasing corporate value.
- As to structural business reforms, the progress in each business area was verified. In some business areas, initial plans have not been achieved due to the delayed market recovery and other factors. Thus, in these areas, it is necessary to conduct a quantitative review and discuss future actions.
- The issues and direction of efforts in human capital were verified. Going forward it will be necessary to take our initiatives more seriously.
- As to risk management, it was verified that external risks were grasped systematically and exhaustively. It was also confirmed that the PDCA cycle was practiced. Regarding the future expansion into non-airline domains, the need to strengthen the strategic risks in our management was reacknowledged.
- Regarding further constructive dialogue with shareholders, it was confirmed that the dissemination of information to individual shareholders was enhanced and that a communication platform to understand their needs was built. Going forward, we will continue to respond appropriately to the needs of individual shareholders.
- As for the DX strategy, it is necessary to visualize the efforts in each division and accelerate the promotion of the strategy across the company to realize our Medium Term Management Plan.

### (3) Directors

[Board diversity]

- a. Directors are selected from those with extensive experience in various fields and high insight and expertise, paying attention to ensuring diversity in terms of gender, international nature, work history, and age, among others. We also aim to have more than one female director from FY2021. In addition to the previous one outside director, we have now appointed one in-house director to realize a system with multiple female directors.
- b. The skills matrix for expertise and experience that directors should possess was developed in FY2021, and revised in FY2023, before being made public.  
(<https://www.jal.com/en/philosophy-vision/governance/#skillmatrix>)

[Outside Directors]

- a. Outside Directors shall provide advice on the Company's management from a practical and multifaceted perspective and appropriately supervise the execution of business operations.
- b. Outside Directors are appointed from persons with vast knowledge and experience in various fields in order to ensure diversity. Those who do not qualify as highly independent within the meaning of our “Standards for Independence of Outside Directors” are not appointed. In addition, we will not appoint any person who concurrently serves as a Director, Audit and Supervisory Board Member, etc. for more than four other listed companies.
- c. One Outside Director shall be appointed as Lead Independent Outside Director to improve coordination with Audit and Supervisory Board Members and internal divisions.

[Corporate Auditors and Audit and Supervisory Board]

#### (1) Audit and Supervisory Board

The Audit and Supervisory Board makes appropriate judgment from an independent objective standpoint, based on their fiduciary responsibilities to the shareholders, when fulfilling their role and responsibilities such as auditing the execution of Director’s duties, appointing or removing accounting auditors, and executing rights concerning auditor remuneration.

< In FY2024 >

Chairperson : KITADA Yuichi (Audit and Supervisory Board Member)

< In FY2023 >

Chairperson : KITADA Yuichi (Audit and Supervisory Board Member)

Number of meetings: 15 meetings (Audit and Supervisory Board Members KITADA, KAMO, KUBO, and OKADA attended all of the 15 meetings; Audit and Supervisory Board Member KIKUYAMA, who assumed office in June 2023, attended all of the 11 meetings.)

Main activities: In addition to decisions on audit policies and plans, consent to proposals for the appointment of Corporate Auditors, selection of full-time Corporate Auditors, determination of compensation for Corporate Auditors, appointment of an Accounting Auditor and consent to their compensation, and resolutions on routine matters such as the preparation of an audit report, the meeting reported and discussed matters such as prior understanding by the Accounting Auditor regarding non-guaranteed services, risk management, EMS audits, and confirmation of integrated reports. In addition, a questionnaire was administered to all corporate auditors to conduct a self-assessment of the status of audit activities.

## (2) Corporate Auditors

[Audits]

- a. 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.
- b. 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.
- c. 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.

[Candidate of Audit and Supervisory Board Members]

- a. 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.
- b. 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.

[Internal Audits]

In accordance with the annual audit plan established by the Audit Department based on the results of the risk analysis, we conduct audits focusing on risks that may hinder the achievement of JAL Vision 2030, such as the risk of serious losses, the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, and asset preservation. As for the reliability of financial reporting, we evaluate the internal control reporting system for financial reporting under the Financial Instruments and Exchange Act as an independent organization under the direct control of the President.

From the perspective of auditing, the Audit Department, as the third defense line in the Three Lines of Defense model, places emphasis on checking the second defense line, such as the General Affairs Department, Risk Management Department, Legal Affairs Department, IT Planning and Management Department, and Accounting Department, utilizing the expertise, to verify whether they are supporting and monitoring Group organizations properly.

Results of each internal audit are reported to the President and information on important matters concerning internal control is provided to the Audit and Supervisory Board Members and Accounting Auditor to promote mutual coordination. From FY2022, the Board of Directors is regularly informed of the auditing results.

The Corporate Safety and Security Division, Engineering and Maintenance Division, and Audit Department are responsible for safety audits and maintenance audits which are conducted in compliance with laws and regulations on the air transport business.

[Accounting Audits]

Accounting audits are conducted by KPMG AZSA LLC at our request, according to audits required under the Companies Act and the Financial Instruments and Exchange Act. In addition to periodic audits, accounting issues such as the establishment, amendment and abolition of laws, regulations and rules are checked as necessary to achieve appropriate accounting work.

[Establishment of Various 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.

(1) Corporate Governance Committee

The Corporate Governance Committee checks, whether activities comply with JAL Group Fundamental Policies of Corporate Governance, conducts analyses and evaluations and holds discussions to determine whether such activities contribute to sustainable growth and enhancement of medium- and long-term corporate value, and provides necessary findings, recommendations, and reports to the Board of Directors. The Corporate Governance Committee is comprised of the Board Chair and Outside Directors and is chaired by the Lead Independent Outside Director.

< In FY2024 >

Chairperson: KOBAYASHI Eizo

Board Member : AKASAKA Yuji, YANAGI Hiroyuki, MITSUYA Yuko

Observer : OKADA Joji (Independent Audit & Supervisory Board Member)

< In FY2023 >

Chairperson: KOBAYASHI Eizo

Board Member : UEKI Yoshiharu, YANAGI Hiroyuki, MITSUYA Yuko

Observer : OKADA Joji (Independent Audit & Supervisory Board Member)

Number of meetings : 4 meetings attended by all the members

Main activities : In regards to FY2023, other than reviewing the questionnaire in the Board Effectiveness Assessment, the Committee made a number of recommendations to improve the objectivity of the assessment, including the appointment, selection, and scope of use of external organizations.

(2) Nominating Committee

The description of the Nominating Committee is provided in II-1. Establishment of Voluntary Committees and Supplementary Explanation.

(3) Compensation Committee

The description of the Compensation Committee is provided in II-1. Establishment of Voluntary Committees and Supplementary Explanation.

(4) Personnel Committee

The Company discusses matters to be consulted by the Board of Directors regarding the appointment and dismissal of executive officers and reports the results to the Board of Directors. The Personnel Committee is comprised of the President and no more than four Directors elected by a resolution by the Board, the majority of members being Outside Directors. The President serves as Chair.

< In FY2024 >

Chairperson: TOTTORI Mitsuko

Board Member : SAITO Yuji, KOBAYASHI Eizo, YANAGI Hiroyuki, MITSUYA Yuko

< In FY2023 >

Chairperson: AKASAKA Yuji

Board Member SHIMIZU Shinichiro, KOBAYASHI Eizo, YANAGI Hiroyuki, MITSUYA Yuko

Number of meetings : 1 meetings attended by all the members

Main activities: the committee discussed matters to be reported to the Board of Directors, and the training of candidates for Executive Officer positions and the ideal new execution structure. It also prepared a list of Executive Officer candidates.

(5) Officers Disciplinary Committee

When taking disciplinary action against Directors and Executive Officers, the Officers Disciplinary Committee makes decisions. The Officers Disciplinary Committee is comprised of the President and no more than four Directors elected by a resolution by the Board, the majority of members being Outside Directors.

The Chair is elected from among Outside Directors. Any submission of proposals to the general meeting of shareholders concerning the dismissal of a Director requires the approval of the Board of Directors.

< In FY2024 >

Chairperson: YANAGI Hiroyuki

Board Member : TOTTORI Mitsuko, SAITO Yuji, KOBAYASHI Eizo, MITSUYA Yuko

< In FY2023 >

Chairperson: YANAGI Hiroyuki

Board Member : AKASAKA Yuji, SHIMIZU Shinichiro, KOBAYASHI Eizo, MITSUYA Yuko

Number of meetings : 0

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.

[Information Disclosure]

In order to remain a company trusted by society, the JAL Group strives to enhance and improve the quality of disclosures to achieve transparency and better dialogue with a wide range of stakeholders.

When making disclosures, we strive to provide complete information and engage in constructive dialogue with shareholders, investors and other stakeholders.

For this purpose, in order to make the JAL Group's corporate stance easily accessible, various information is available on the JAL website, including JAL REPORT, an integrated report on finance and ESG, JAL Group Safety Report, which summarizes JAL Group's stance and initiatives on safety, and information on the corporate philosophy, company profile, safety and quality, sustainability and investor relations. We also make disclosures about our business plans and financial results in a timely, fair and appropriate manner.

(<https://www.jal.com/en/sustainability/governance/information-disclosure/>)

[JAL Philosophy Education]

The President conducts JAL Philosophy Education for JAL Group Directors including the President, and employees in order to penetrate JAL Philosophy into JAL Group.

[Bodies directly controlled by the President]

We have established the following organs concerning governance.

(Executive Management Council)

The Executive Management Council is an organ established by the Company for the purpose of contributing to appropriate and flexible decision-making by the Board of Directors and the President. The committee will deliberate over important issues requiring a resolution of the Board of Directors and matters requiring approval by the President that need to be confirmed by the Executive Management Council before presenting these issues to the Board or to the President.

< In FY2023 >

Number of meetings : 37 meetings

Main activities: Discussed important management issues to be submitted to the Board of Directors.

(Group Safety Enhancement Council)

To secure flight safety and promote safety management of the entire JAL Group, the Group Safety Enhancement Council makes decisions on important safety management policies, confirms the status of and regularly reviews the Safety Management System, and decides actions to be taken concerning safety in daily operations, etc., according to the JAL Group Corporate Policy and company policies to secure flight safety and promote safety management of the entire JAL Group.

< In FY2023 >

Number of meetings : 12 meetings

Main activities: Discussed the JAL Group's policy on flight safety, understanding the current status of its safety management system, and responding to aviation accidents and other incidents that occurred during

the fiscal year, to name a few. Aircraft accidents and major incidents are promptly reported to the Board of Directors.

(Group Risk Management Council)

To conduct overall risk management and achieve stable JAL Group management, the Risk Management Council establishes the fundamental policy on risk management, conducts regular risk assessment, establishes countermeasures, and manages business continuity, etc.

< In FY2023 >

Number of meetings : 2 meetings

Main activities: Discussions include a review of priority risks, the state of response to priority risks, and priority issues such as cybersecurity and geopolitical risks. A total of two meetings were held in FY 2023, and the reports were submitted to the Board of Directors.

(Sustainability Promotion Council)

The Sustainability Promotion Council reviews progress management of important issues and annual targets, management of risks and opportunities of climate change, the environmental management system, and human rights due diligence in order to promote ESG management for achieving the SDGs, build a better future where everyone can feel fulfilled and hopeful as stated in JAL Vision, and work with society to achieve sustainable development.

< In FY2023 >

Number of meetings : 4 meetings

Main activities: Disclosure on TCFD/TNFD, DJSI assessment results and review, ESG assessment summary, recap of key issues, efforts to create relationships and societal connections through air transportation, and addition/revision of goals were discussed and reported to the Board of Directors a total of four times in FY2023.

(Customer Value Creation Council)

Aiming at resolving important issues related to customer value for all customers and society, the initiatives and communications of each business with customer value as the starting point will be monitored. Discussings will take place to reach decisions that will resolve the issues.

< In FY2023 >

Number of meetings : 2 meetings

Main activities: Discussions included confirmation of the purpose of setting up the meeting, specific initiatives to view customers as partners, future steps toward creating customer value, and setting up monitoring items.

(JAL Philosophy Council)

The JAL Philosophy Council establishes the fundamental policy, and draws up, enforces, and manages progress of measures to promote penetration of the JAL Philosophy.

< In FY2023 >

Number of meetings : 1 meetings

(Group Business Performance Reporting Meeting)

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

< In FY2023 >

Number of meetings : 12 meetings

(Group Management Council)

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



< In FY2023 >

Number of meetings : 14 meetings

[Overview of liability limitation agreement]

In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with each Outside Director and Audit & Supervisory Board Member, by which they are bound to be liable for damages specified in Article 423, Paragraph (1) of the Companies Act, to the extent of the amount of the minimum liability specified in Article 425, Paragraph (1) of the said Act.

### 3. Reasons for Adoption of Current Corporate Governance System

We have established a system to establish corporate governance that results in high management transparency and high management monitoring, while at the same time engaging in speedy and appropriate management decision making, and enhance corporate value and achieve accountability.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	A convocation notice is sent three weeks before the meeting in order to provide shareholders with sufficient time to examine the agenda.
Scheduling AGMs Avoiding the Peak Day	The meeting is scheduled to avoid dates that other companies hold shareholder meetings to enable as many shareholders to attend.
Allowing Electronic Exercise of Voting Rights	We provide Internet Voting.
Participation in Electronic Voting Platform	We participate in electronic voting platform for institutional investors.
Providing Convocation Notice in English	The convocation notice is prepared in English and posted on our website to enable shareholders to exercise their voting rights smoothly.

### 2. IR Activities

	Supplementary Explanations
Prepare and publish the Disclosure Policy	The Disclosure Policy was prepared and posted on our website. ( <a href="https://www.jal.com/en/sustainability/governance/information-disclosure/">https://www.jal.com/en/sustainability/governance/information-disclosure/</a> )
Regular Investor Briefings for Individual Investors	We report the Company's financial results to individual shareholders with attendance of the IR Director, and arrange tours of our facilities several times a year.
Regular Investor Briefings for Analysts and Institutional Investors	We hold investor briefings by the Representative Directors and IR Director in a venue accommodating 300 people when announcing our quarterly results and management plan. *Currently Held online due to COVID-19
Regular Investor Briefings for Overseas Investors	We report the Company's financial results to overseas investors with attendance of the Representative Directors and IR Director several times a year.
Posting of IR Materials on Website	We post a summary of financial results, securities report, and material for analysts and institutional investors on our website. ( <a href="http://www.jal.com/en/investor/library/">http://www.jal.com/en/investor/library/</a> )
Establishment of Department and/or Manager in Charge of IR	Director in charge: SAITO yuji, Executive Managing Director YUMISAKI masao, Senior Vice President, Finance & Accounting Division Department in charge: Finance Department

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As required by laws and ordinances, all our employees are familiar with the JAL Group Corporate Policy, JAL Philosophy, and the JAL Group Code of Conduct 'Commitment to Society.' Furthermore, our website publishes safety initiatives, press releases, various results, etc. We will continuously build a relationship of trust, while valuing dialogue with shareholders.
Implementation of Environmental Activities, CSR Activities etc.	<p>“JAL Group Basic CSR Policy”</p> <p>The JAL Group will strive to meet the expectations of society, address social issues, and pass on a better society to future generations through its core air transport business as the 'Wings of Japan'. Our CSR activities will be promoted through the implementation of JAL Philosophy in order to realize the JAL Group Corporate Policy. (<a href="https://www.jal.com/en/sustainability/policy/">https://www.jal.com/en/sustainability/policy/</a>)</p> <p>“JAL Group Environmental Guidelines (excerpts)”</p> <p>The environment must be protected to justify existence in all living being on Earth. To realize their Commitment to Society by Passing on the Precious Earth to the Next Generation as stated in their Code of Conduct, JAL Group has configured a promotion plan under the below policy to engage in environmental conservation as a member of society and to prevent any events that should occur. (<a href="https://www.jal.com/en/sustainability/environment/environment-management/policy/">https://www.jal.com/en/sustainability/environment/environment-management/policy/</a>)</p> <ul style="list-style-type: none"> <li>-Regulatory Compliance</li> <li>-Efforts to Reduce Environmental Impact <ul style="list-style-type: none"> <li>(a) Address to climate change</li> <li>(b) Effective use of limited resources</li> <li>(c) Prevention of environmental pollution</li> <li>(d) Noise Reduction</li> <li>(e) Biodiversity conservation</li> </ul> </li> <li>-Development of Environmental Technology</li> <li>-Raise Awareness</li> <li>-Disclose Information</li> <li>-Continuous Improvement Policy</li> </ul> <p>We pledge the JAL Group Environmental Policy based on identified critical items to resolve environmental issues. Based on the environmental policy, we will set environmental goals from a medium- to long-term perspective and work together with various stakeholders to achieve them. We also promote appropriate education and training for our employees to help them understand the impact of their business activities on the environment. (<a href="https://www.jal.com/en/sustainability/environment/environment-management/">https://www.jal.com/en/sustainability/environment/environment-management/</a>)</p>
Development of Policies on Information Provision to Stakeholders	To enable our stakeholders to easily access the Company's basic stance, various information such as the Fundamental Policies of Corporate Governance, Corporate Policy, management strategies, and management plan, is posted on our website. We also issue an integrated report, “JAL Report,” each year. We will continue to further improve disclosures in quantity and quality to realize constructive dialogue with markets and investors.
Other	In FY2023, the JAL Group was ranked No. 1 in the transport sector for Excellence in Corporate Disclosure for the fifth time in the past six years since 2018, in recognition of our stance on disclosure by the Securities

## Supplementary Explanations

Analysts Association of Japan.

Furthermore, JAL Group's Integrated Report, JAL Report 2023, received an award for excellence at the Nikkei Integrated Reporting Awards 2023 hosted by Nikkei Inc. in recognition of its advanced disclosure. This is the third consecutive year that the report received the award, following the Grand Prix E (Environment) Award in FY2022.

In addition, for the second year in a row, the JAL Group was selected as an Environmentally Sustainable Company at the 5th ESG Finance Awards Japan, sponsored by the Ministry of the Environment, on the grounds that the level of disclosure met certain standards.

“Efforts to Improve Corporate Value and Create a Sustainable Society”

In JAL Vision 2030, the JAL Group pledged to "create a future where everyone can feel abundance and hope" in order to enhance corporate value and realize a sustainable society.

With a view to achieving the SDGs in 2030 and carbon neutral in 2050, the Group will identify issues in the 4 areas of the environment, People, communities, and governance, resolve social issues through business activities, and aim to realize a sustainable society.

In addition, in promoting ESG management, JAL Group Code of Conduct "Commitment to Society" is constantly educating all employees to ensure that ESG management is thoroughly understood and complied with.

### (a) Environment

In order to pass on the rich Earth to the next generation, we will promote environmental preservation initiatives for each of the following issues.

- Address to Climate Change
- Effective Use of Limited Resources
- Prevention of Environmental Pollution
- Noise Reduction
- Biodiversity Conservation

Details of initiatives related to the Environment are disclosed on the JAL website.

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

### (b) People

In order to contribute to the creation of a society where everyone can shine safely, securely and lively, we will promote initiatives for each of the following issues.

- Pursuit of Customer Satisfaction
- Respect for Human Rights
- Human Resources Development
- Diversity, Equity & Inclusion
- Workstyle Innovation
- Wellness
- Accessibility
- Preventing the Infection Spread

Details of initiatives related to People are disclosed on the JAL website.

(<https://www.jal.com/en/sustainability/human/>)

### (c) Communities

In order to contribute to the development of local communities as social infrastructure, we will promote initiatives for each of the following issues.

- Route Network Expansion

	Supplementary Explanations
	<ul style="list-style-type: none"> <li>- Promotion of Inbound Tourism</li> <li>- Regional Revitalization</li> <li>- Convenience in Mobility and Daily Life</li> <li>- Disaster Restoration Assistance</li> <li>- Community Relations</li> </ul> <p>Details of initiatives related to Communities are disclosed on the JAL website. (<a href="https://www.jal.com/en/sustainability/community/">https://www.jal.com/en/sustainability/community/</a>)</p> <p>(d) Governance In order to implement highly transparent management, we will promote initiatives for each of the following issues.</p> <ul style="list-style-type: none"> <li>- Robust Risk Management (strengthening BCM)</li> <li>- Fair Business Practices (compliance)</li> <li>- Responsible Procurement</li> <li>- Disclosure</li> </ul> <p>Details of initiatives related to Governance are disclosed on the JAL website. (<a href="https://www.jal.com/en/sustainability/governance/">https://www.jal.com/en/sustainability/governance/</a>)</p>

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

###### [Development of the Internal Controls System (Fundamental Policies)]

To provide unparalleled service to the customers, increase corporate value, and contribute to the betterment of society, the JAL Group has established the Fundamental Policies of Corporate Governance. To increase its effectiveness, we have established rules and organizations concerning the following systems and matters, and ensure that business operations are conducted appropriately in accordance with the Companies Act and Companies Act Enforcement Regulations. We evaluate and verify development and operation of the internal control system and implement corrective action when correction is required.

01. We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of directors.

1. We have established JAL Philosophy as behavioral guidelines of the Company. Directors and employees are encouraged to abide by these practices.

2. The Board of Directors decides the Fundamental Policies on the Internal Controls System and the General Affairs Department promotes development of the internal control system.

3. The Risk Management Department supervises compliance operations and monitors development and operation of relevant company regulations.

4. We have developed an audit system to ensure the duties of directors and employees are executed in compliance with applicable laws and regulations.

02. We have developed a system concerning the preservation and management of information concerning the execution of the duties of directors.

We preserve and manage information concerning the execution of duties of directors in compliance with applicable laws and regulations and company regulations.

03. We have developed regulations and other systems for loss control.

In order to manage risks to the JAL Group, we have established the Group Safety Enhancement Council, the Group Risk Management Council, and other committees and appropriately manage risks and proactively prevent loss. Further, we have established Guidance for Internal Control and other guidelines and the General Affairs Department continuously monitors the appropriateness of duties.

04. We have developed a system to ensure that the duties of directors are executed efficiently.

1. We hold ordinary Board of Directors meetings once a month and extraordinary meetings when it is necessary to make important decisions regarding group management policies and plans. In addition, to ensure the duties of directors are executed efficiently, we have established meeting structures such as the Executive Management Council and the Group Earnings Announcement Session.

2. We have defined administrative authority, authority of managerial posts, division of duties, etc. in accordance with company regulations, and have segregated authority in order to ensure that duties are executed efficiently.

05. We have developed a system to ensure that duties in the Company are executed appropriately.

1. We have established JAL Group Business Management Regulations to ensure that each subsidiary has established a system to carry out management in a fair and efficient manner in accordance with JAL Philosophy. The General Affairs Department has also established Guidance for JAL Group Internal Control and continuously monitors the appropriateness of duties.

2. We have developed a system to report matters concerning the execution of the duties of directors of subsidiaries, etc. to the Company.

3. We have developed regulations and other systems for risk management of losses of subsidiaries.

4. We have developed a system to ensure the duties of directors of subsidiaries, etc. are executed efficiently.

5. We have developed a system to ensure that directors, etc., and employees of subsidiaries execute duties in compliance with applicable laws, regulations and the Articles of Incorporation.

06. We have developed a system concerning employees in case corporate auditors require the assignment of employees to support their duties, a system concerning independence of such employees from directors, and a system to ensure that instructions by corporate auditors to those employees are effective.

07. We have developed a reporting system to Corporate Auditors

1. We have developed a reporting system to Corporate Auditors for Directors and employees.

2. We have developed a reporting system to Corporate Auditors for Directors, Corporate Auditors, employees or any persons receiving a report from them.

3. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.

08. We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Corporate Auditors and the policy for processing of costs or liabilities arising from the execution of other duties.

09. We have developed other systems to ensure that audits by the Audit and Supervisory Board or Corporate Auditors are executed effectively.

[Operation of the Internal Controls System]

01. We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of directors and employees.

1. We established the JAL Philosophy and the JAL Group Code of Conduct, "Commitment to Society," and permeated and put them into action throughout the Group through education and other means.

2. We established Fundamental Policies on the Internal Controls System and Guidance for JAL Group Internal Control, and develop, operate and evaluate internal controls in accordance with the Companies Act and Financial Instruments and Exchange Act.

3. We established our hotline for whistleblowers for public interest including a hotline accessible in both Japanese and English (for internal and external use), which operates 24 hours a day, 365 days a year, and put in place a system that enables early detection of and quick response to incidents etc., related to compliance by regularly providing employees with information on the hotline. In FY2022, in light of the revised Whistleblower Protection Act, we have been working to improve the environment related to whistleblowing and strengthen systems to detect risks before they occur.

4. We inspect attributes of new business partner candidates and conduct a review every three years as a regular inspection to verify whether there are any changes in attributes and/or information.

5. We explain legal considerations to Directors to ensure that they are aware of their duties, authorities, and responsibilities including the fiduciary duty of loyalty and the duty of care as a prudent manager. We provide education courses for employees, etc. to ensure that they acquire the necessary knowledge to perform their duties.

6. The Audit Department inspects the development and operation of the internal controls system stipulated by Guidance for JAL Group Internal Control according to the fiscal year plan, reports audit results of each audit to management, and regularly reports progress of audits and audit results to Audit and Supervisory Board Members. From FY2022, the Audit Department has been regularly reporting audit results to the Board of Directors.

7. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations, and internal rules.

8. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations regarding by management by attending Group Safety Enhancement Council meetings and checking materials submitted to the meetings.

02. We have developed a system concerning the preservation and management of information concerning the execution of the duties of directors.

Information related to decision-making (documents and minutes) of Board meetings and other important meetings and Ringi documents are prepared, stored and managed in accordance with laws, regulations, and internal rules.

03. We have developed regulations and other systems concerning risk management of losses.

1. In order to prevent the risk of losses from occurring, we operate and implement the PDCA cycle of preventive risk management. The results of these efforts are reported to the Group Risk Management Council and the Board of Directors for management evaluation.

2. To improve the effectiveness of our business continuity plan, we established a branch office of the Operations Control Center in Osaka, and have been utilizing the knowledge of outside experts in expanding the plan and conducting training in preparation for contingencies such as an earthquake directly hitting the Tokyo area. In addition, we conduct periodic training as well as regular JAL group wide reporting drills to raise awareness of risk management and check the situation of staff quickly using a safety confirmation system.

3. We continuously train care givers who take care of victims and bereaved families, and Accident Command Board members to conduct risk management quickly and accurately in case of an aircraft accident or incident.

04. We have developed a system to ensure that the duties of directors are executed efficiently.

Through processes such as evaluation of effectiveness of the Board of Directors, we review administrative authorities and board operation methods and develop an environment for strategic discussions to achieve sustainable growth. In order to make appropriate and quick management decisions, we established the Management Committee and Group Earnings Announcement Sessions directly under the President. In addition, to advance ESG management toward achieving the SDGs, we established the Sustainability Promotion Council chaired by the President.

05. We have developed a system to ensure that duties in the Company are executed appropriately.

1. We have established JAL Group Corporate Management Regulations and Guidance on JAL Group Internal Control, with the General Affairs Department monitoring the appropriateness of business operations.

2. Implementation of initiatives aimed at achieving targets are monitored through expanded Business Performance Reporting Meetings, and guidance and support are provided.

3. We coordinate with the General Affairs Department of each JAL Group company daily and regularly, share information, and provide guidance and support, which contribute to strengthening the risk management system.

4. A basic agreement is signed between the Company and each Group company to clarify the basic relationship between the two companies with regard to business operations.

5. We guide directors and others involved in the management of group companies to reaffirm their own responsibilities and roles and to ensure fair and efficient management.

6. The Audit Department conducts appropriate audits of group companies, and since FY2022, the Board of Directors has been regularly informed of the results of these audits.

7. The Maintenance Audit Department conducts inspections at each subsidiary to verify that maintenance work is performed according to laws, regulations, and internal rules.

8. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations by management by attending Group Safety Enhancement Council meetings in accordance with the Safety Audit Plan and checking materials submitted to the meetings. It also conducts internal audits of production divisions, the Corporate Safety and Security Division, and airports.

06. We have developed a system concerning employees in case Audit & Supervisory Board Members require the assistance of employees, a system concerning independence of such employees from directors, and a system to ensure that instructions by Audit & Supervisory Board Members to those employees are effective.

We established an organization independent from directors and assign employees to serve as Audit & Supervisory Board Members to increase effectiveness of audits by Audit & Supervisory Board Members and execute audit duties smoothly. They receive work instructions and orders from and are appointed with the consent of Audit & Supervisory Board Members.

07. We have developed a system concerning reports, etc. to Audit & Supervisory Board Members.

1. Audit and Supervisory Board Members attend Board meetings and other important meetings, read Ring documents requiring approval by executive officers and directors, and audits the status of execution of duties relating to our company through interviews with the President, hearings with related departments, and visits to internal departments. Issues identified through audits are reported to the Audit and Supervisory Board and the Board of Directors twice a year, and ensuing action is confirmed."

2. Audit & Supervisory Board Members exchange opinions and information regularly with Audit & Supervisory Board Members of Group companies and visit them.

3. Audit & Supervisory Board Members check the development of systems to ensure that persons who have reported to them do not receive disadvantageous treatment for making such reports.

08. We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit & Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.

Necessary expenses for audits by Audit & Supervisory Board Members are paid for appropriately.

09. We have developed other systems to ensure that audits by the Audit & Supervisory Board or Audit & Supervisory Board Members are executed effectively.

Audit & Supervisory Board Members exchange opinions and information regularly with the Audit Department and auditing company and increase effectiveness of audits.

## 2. Basic Views on Eliminating Anti-Social Forces

The JAL Group and its special interest groups, shareholders, business partners, etc. have no relations whatsoever with anti-social forces. We respect the "Manual for Implementing Charter of Corporate Code" announced by Nippon Keidanren (Japan Business Federation)(revised April 2007), "Guideline for How Companies Prevent Damage from Anti-Social Forces" (agreed upon at a meeting in June 2007 of cabinet ministers responsible for anti-crime measures) and Organized Crime Exclusion Ordinances established based on these guidelines (enforced in all prefectures in October 2011) as our fundamental principle, and have built and operate a system to exclude anti-social forces accordingly. JAL Group's policy, standards, etc. are established according to Company Policy & Regulations for Correspondence to Anti-social Forces,



which is repeatedly disseminated and reinforced at major internal meetings and staff training. We have distributed Guidelines for Correspondence to Anti-social Forces to every JAL Group company and every department to disseminate information on excluding anti-social forces. Furthermore, we have posted information on ways to deal with anti-social forces on our Intranet to enable employees to respond appropriately when approached by them. We screen business parties with whom we start new business deals prior to the signing of a contract to confirm that no anti-social forces are involved. An “article on exclusion of anti-social forces” is included in agreements and we continuously screen business partners even after the commencement of business. Through such measures, our employees are aware that continuous efforts to exclude anti-social forces are extremely important.

V. Other

1. Adoption of Anti-Takeover Measures

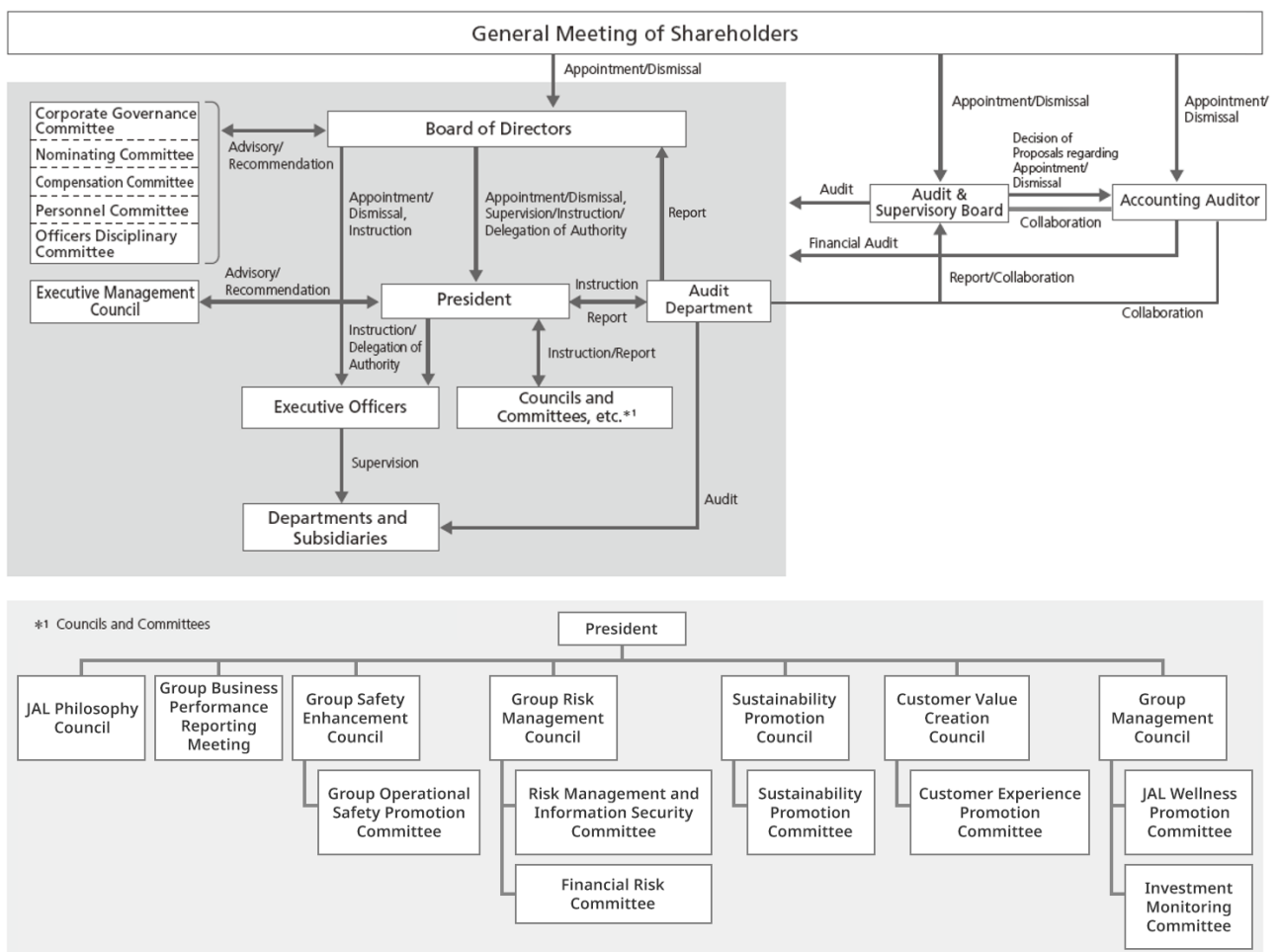
Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

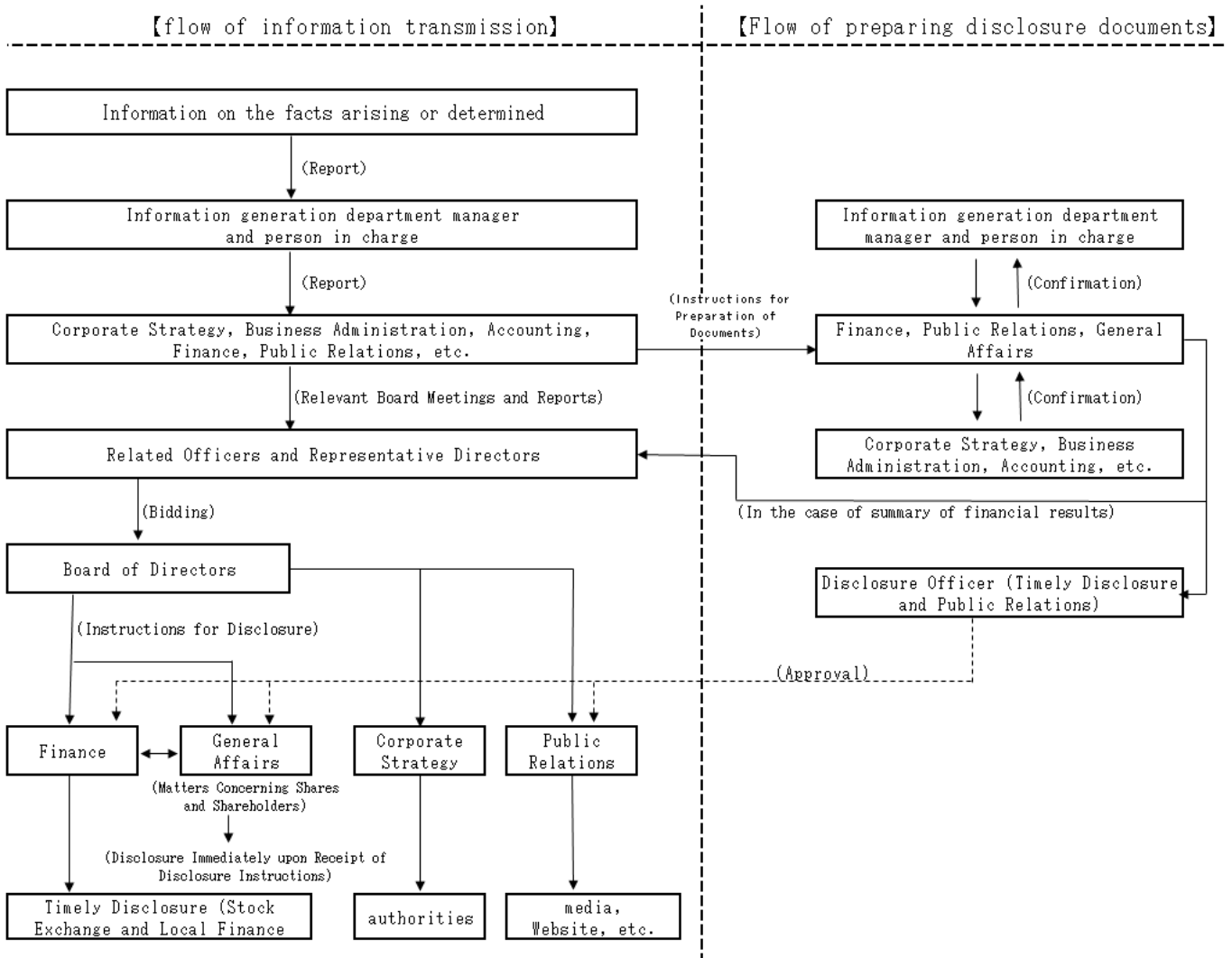
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2. Other Matters Concerning to Corporate Governance System

We have established a system to ensure speedy information disclosure under our fundamental policy to disclose appropriate information to our shareholders and investors in a timely manner through proactive IR activities.



# 【Timely Disclosure System】



**(Attachment)**

**Initiatives and Approach to Sustainability (Supplemental Principle 3-1-3)**

The Group's approach to sustainability and its initiatives are as follows

(1) Overall Approach to Sustainability

① Governance

The JAL Group Board of Directors deliberates and decides important sustainability-related matters. The Sustainability Promotion Council, chaired by the President, mainly conducts a management review on the following items before delivering the topics to the Board of Directors.

- Decide major issues and annual targets for sustainability initiatives, and monitor and evaluate progress
- Decide actions to address climate change, risks and opportunities
- Monitor and evaluate the Environmental Management System
- Monitor and evaluate human rights due diligence

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

② Strategy

In May 2021, the JAL Group formulated and announced JAL Vision 2030 with safety and peace of mind, and sustainability as keywords, and set up the JAL Group Medium Term Management Plan for FY2021-2025 to realize this vision. In addition, on May 2, 2023, JAL formulated the Medium Term Management Plan-Rolling Plan (MRP) 2023, positioning ESG strategies as the top-level strategy based on the value creation story. On the premise of reducing environmental impact, we aim at creating a sustainable flow of people, commodities and logistics and related populations. We also aim at resolving social issues such as the decline of regional areas and the deterioration of well-being with the vigor of air transportation and societal connections which are being reviewed after the COVID-19 pandemic. In addition, through the promotion of this ESG strategy, we will enhance our social and economic value and achieve an increase in our corporate value.

③ Risk Management

The JAL Group defines risk as an event or action that impedes the achievement of an organization's mission, objectives or targets. We conduct semiannual risk surveys and assessments. Items evaluated as having a particularly large impact are identified as priority risks, and deliberations and decisions are made by the Group Risk Management Council, chaired by the President, and its subcommittee, the Risk Management and Information Security Committee.

#### ④ Indicators and Targets

The JAL Group has established medium-term targets in each of the four areas and 22 issues with the aim to build a sustainable society through our business operations by promoting ESG management to achieve SDGs.

In particular, the following indicators are management targets for sustainability in the JAL Group Medium Term Management Plan for FY2021-2025.

- Environment: Reduction of CO2 emissions (total emissions less than 9.09 million tons), reduction of single-use plastics (eliminate petroleum-derived products in cabins and lounges; change to 100 percent environmentally-friendly materials in airports and cargo)
- Community: Increase domestic passenger and cargo traffic by 10 percent compared to FY2019
- People: Promotion of DEI (proportion of women managers in the Group: 30 percent)

Sustainability indicators and targets other than those listed above are disclosed on the Company's website.

([https://www.jal.com/en/sustainability/initiatives\\_sdgs/](https://www.jal.com/en/sustainability/initiatives_sdgs/))

## (2) Addressing Climate Change

### ① Governance

The Board of Directors deliberates and decides JAL Group policies and important matters to combat climate change. Important targets and initiatives are discussed and decided by the Sustainability Promotion Council, chaired by the President, and are periodically reported to the Board of Directors. To achieve concrete objectives, we launched the Group-wide Net Zero Emissions (NEZ) Project in June 2021. Initiatives to achieve specific targets go through the PDCA cycle in the Environmental Management System (EMS) and results are reported to the Sustainability Promotion Council. In addition, external ESG evaluations and CO2 emission reduction targets are reflected in officer remuneration as indicators.

### ② Strategy

As the JAL Group recognizes that addressing climate change is an important issue for the sustainability of our society. 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 Ministry of the Environment. The sustainable society in 2030 was predicted by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) based on two scenarios of keeping global warming below 4°C (RCP8.5\*1) and below 2°C (RCP2.6\*2) by the end of the century.

In addition, to steadily promote carbon reduction initiatives, among others, and fulfill our responsibility as an air transport operator, we declared in June 2020 the target of achieving net zero CO2 emissions (net zero emissions) by 2050.

Subsequently, we created a concrete road map, taking into account risks and opportunities based on IEA SDS\*3 and other factors, which we reflected in the Medium Term Management Plan 2021 and Rolling Plan 2022.

Furthermore, in the Rolling Plan for 2023, we formulated the GX Strategy based on the premise that we aim to achieve a world with a 1.5°C scenario toward carbon neutrality by 2050.

In addition to the above, in February 2021 we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and in March 2022, we expressed our support for the Science Based Target (SBT) Initiative, as part of our efforts to disclose information in a global framework.

In 2022, the General Assembly of the International Civil Aviation Organization (ICAO) adopted long-term targets for the international aviation sector to become carbon neutral by 2050 and a revision of CORSIA (Note 4), a framework for reducing CO2 emissions. Thus it is possible that CO2 emission regulations imposed on international aviation are likely to advance further in the future.

In this environment, we will accelerate our existing efforts to achieve our reduction targets through fuel-efficient aircraft renewal, ingenuity in daily operations, namely JAL Green Operations, and use of sustainable aviation fuel (SAF). In addition, we will add the use of emissions trading as an initiative to offset obligations under CORSIA, and in the mid- to long-term, we will promote collaboration with suppliers and partners who have new technologies such as synthetic fuel and negative emissions (CO2 capture, among others), which is being developed globally, and promote the use of new technologies.

(Note)

\*1 RCP8.5 scenario: A scenario with the highest emissions in the IPCC Fifth Assessment Report (a pathway with the highest greenhouse gas emissions in 2100)

\*2 RCP2.6 scenario: A scenario with the lowest emissions to stabilize global warming in the IPCC Fifth Assessment Report (limit the increase of global mean temperature to 2°C )

\*3 IEA SDS: Sustainable Development Scenario of the International Energy Agency (IEA), a path toward complete achievement of the SDGs

\*4 Carbon Offsetting and Reduction Scheme for International Aviation: The scheme imposes offsetting obligations on airlines from participating countries to share the excess emissions for international flights of the entire airline industry. From 2024 onwards, the baseline was revised from "not to exceed 2019 emissions" to "not to exceed 85 percent of 2019 levels" and the baseline was deepened by 15 percent.

### ③ Risk Management

As risks associated with climate change are recognized as material risks, each climate risk is identified in the PDCA cycle through the Environmental Management System (EMS). The

risks are managed, taking into account global climate change trends in legislation and policy. Details are reported to the Board of Directors for discussion and evaluation.

④ Indicators and Targets

Due to the nature of the air transport business, 99 percent of CO<sub>2</sub> emissions are directly from aircrafts. Thus CO<sub>2</sub> emissions from aircrafts will be addressed as top priority. High targets for CO<sub>2</sub> emissions from ground equipment have been set and efforts are being made to achieve them.

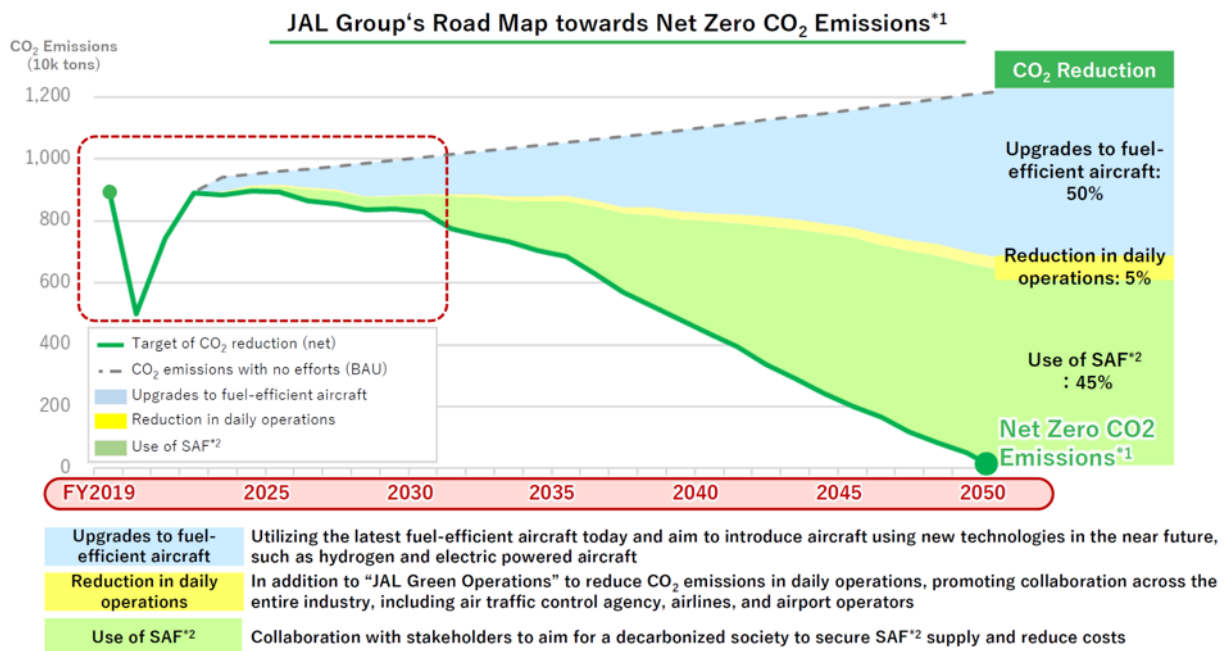
While strengthening our collaborations and cooperation with various stakeholders in and out of Japan, we will continue to stand at the forefront to support the aviation industry in reducing CO<sub>2</sub> emissions, in line with the Japanese government’s Clean Energy Strategy.

To reduce CO<sub>2</sub> emissions from JAL Group aircraft, we will study the CO<sub>2</sub> emission reduction scenario and discuss future issues and measures, while referring to the latest scenario such as the latest reference materials from ICAO and IATA based on the 1.5°C pathway and the Air Transport Action Group (ATAG) (Note 5) Waypoint 2050.

In creating scenarios, we determined the growth of Revenue Ton-Kilometers (RTK) based on total international and domestic passenger demand respectively, calculated the total volume of CO<sub>2</sub> emissions up to 2050, and reflected the impact in each initiative.

(Note)

\*5 Air Transport Action Group (ATAG): An international coalition of organizations and companies in the air transport industry that promotes sustainability in the aviation industry.

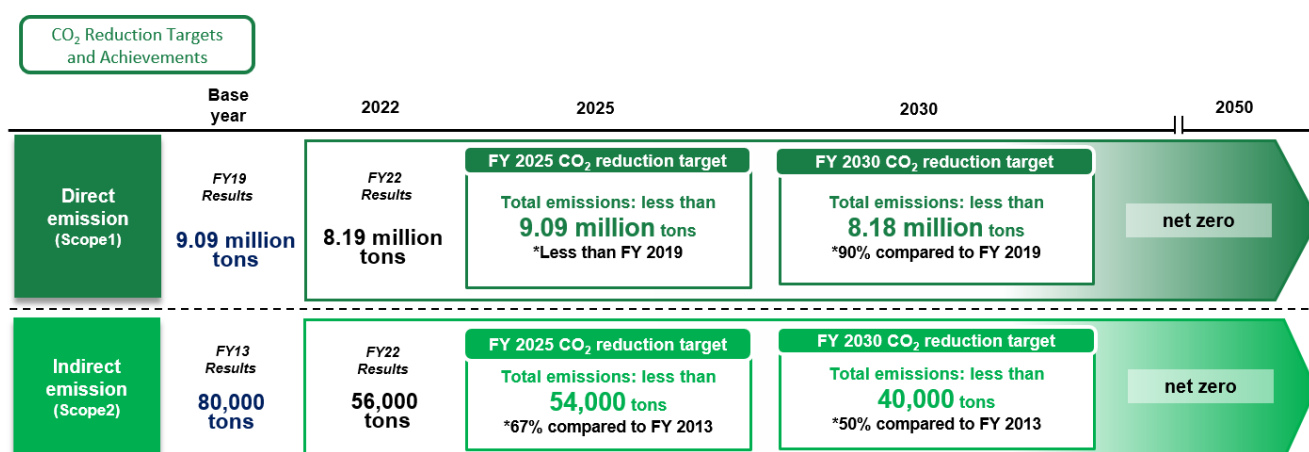


\*1 : Achieving a balance between the amount of carbon emissions actually generated by business activities and the amount of reduction achieved through measures= Net Zero Emission (including emissions trading and CCS (CO<sub>2</sub> absorption technology))  
 \*2 : Sustainable Aviation Fuel

In May 2021, the JAL Group became the first Japanese airline to set a specific target for FY2030 (10 percent reduction in total emissions compared to FY2019). We took the lead in promoting the decarbonization of the global airline industry through joint SAF procurement in alliances and the use of ESG finance when renewing aircraft.

We will boldly take on this challenge through such initiatives as upgrades to fuel-efficient aircraft based on a stable financial base, the steady implementation of JAL Green Operations, and strategic procurement of SAF on setting specific SAF replacement targets.

Moves to produce SAF and build supply chains are accelerating overseas. The Japanese government has clearly stated its intention to promote the production and distribution of SAF in its Basic Policy on Economic and Fiscal Management and Reform 2022 and Grand Design and the Action Plan for a New Form of Capitalism. To achieve our ambitious target of replacing 10 percent of all fuel on board with SAF by 2030, the JAL Group will actively work to commercialize SAF through public-private partnerships and cooperation with domestic and international stakeholders.



### (3) Human Resource Initiatives

#### ① Strategy

##### ■ Policy on Human Resource Development and Internal Environmental Improvement

In FY2022, in preparation for a full-scale shift from defense to offense due to a recovery in demand, we have focused on the ESG strategy as one of the three pillars of our management strategy. This is aimed to accelerate and promote solutions to social issues and business structure reforms through our business activities. Based on the recognition that the most important element supporting such a sustainable corporate value enhancement story is human resources, we have formulated a human resources strategy.



a. Human Resource Development Policy

The below measures were introduced to diversify our business areas and contribute to sustainable growth and development of the JAL Group. We will hire human resources with diverse knowledge, and enhance employee capabilities and employee engagement through active human resource investments.

Specifically, we will hire midcareer and experienced professionals throughout the year and people with skills for specific jobs. We will also provide practical experience through internships and internal and external secondments, and increase internal and external training opportunities to diversify their knowledge and experience.

b. Internal Environmental Improvement Policy

We have established the following three policies to improve our internal environment for the purpose of maximizing the use of human capital, and we have been working on them.

[Business Process Reform]

We have been reducing man-hours and improved productivity while increasing sales through our business process reform. In the production expansion phase during the demand recovery from the COVID pandemic, measures will be taken to consolidate the overlapping work in the business support departments in the JAL Group, improve FSC business efficiency with digital technology, and minimize input. At the same time, a regional office system will be introduced to convert the conventional airline ticket sales to a solution sales construction to solve comprehensive regional issues. Proactive human investments will carried out aimed at maximizing the output of each employees capabilities.

[Assign Human Resources in Growing Business Areas]

We have been establishing a human resources system to expand growing businesses such as LCC and Mileage to realize a diversified revenue source. We will shift employees from FSC to growing business areas. In FY2025, an additional 3,500 employees (vs FY2019) will be positioned in growing businesses with expectations of revenue increase. We will continue to expand job offerings and promotions in growth areas to motivate employees and introduce a performance-based remuneration system for posts requiring advanced expertise, creativity, and autonomy.

(Note) \*6 DEI = Diversity Equity Inclusion

② Indicators and Targets

	Category	KPI	Target (FY25)	Results (FY22)
Human Resource Development Policy	Recruit diverse human resources and provide employees with growth opportunities	Percentage of highly engaged employees *7	+10pt (vs. FY19)	-2.7pt (vs. FY19)
Internal Environment Development Policy	Key Initiatives: DEI and DX	Ratio of Female Managers	30%	22.8%
	Business Process Reform	Expansion of Sales per Employee	+15% (vs. FY19)	-2% (vs. FY19)
	Assign Human Resources in Growing Business Areas	Assign Human Resources in Growing Business Areas	+3,500 (vs. FY19)	+2,200 (vs. FY19)

(Note) \*7 Percentage of employees who responded positively to the employee awareness survey