

[REFERENCE TRANSLATION]

Please note that this translation is to be used solely as reference.

In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.



May 14, 2025

Company Name	Japan Airlines Co., Ltd.
Representative	Mitsuko Tottori, President
Stock Listing	Tokyo Stock Exchange
Code No.	9201
Contact	Shuei Nishizawa, General Manager, Finance
Phone	+81-3-5460-3121

Notice Opinion of the Board of Directors on the Shareholder Proposal

Japan Airlines Co., Ltd (hereafter “the Company”) announced on April 14, 2025 that the Company received a letter from LIM Japan Event Master Fund, a shareholder of the Company, stating to exercise its right to make a shareholder proposal regarding an agenda item at our 76th Ordinary General Meeting of Shareholders to be held on June 24, 2025. The Company hereby announces as follows to oppose the proposal, which was resolved at a meeting of its Board of Directors held today.

NOTE

1. Shareholder Proposal Agenda

(1) Partial amendment to the Articles of Incorporation (Prohibition of revolving door, namely executives of parent companies retiring to listed subsidiaries or affiliates)

(2) Partial amendment to the Articles of Incorporation (Disclosure of joint ownership)

*The details of the proposal are as described in the Attachment.

2. Opinion of our Board of Directors

(1) Partial amendment to the Articles of Incorporation (Prohibition of revolving door, namely executives of parent companies retiring to listed subsidiaries or affiliates)

The Board of Directors is opposed to the Shareholder Proposal based on the below perspectives in (i) and (ii).

Reasons for opposing the proposal:

1. The Company exercises its right to vote directors of listed affiliates after determining whether the candidates can contribute to the further enhancement of the corporate value of the listed affiliates.

With respect to proposals for the election of directors of listed affiliates, the Company exercises its voting rights, taking into consideration the interests of minority shareholders and the composition of the board of directors, while determining whether the candidates have a wealth of experience, advanced knowledge and skills that will contribute to the further enhancement of the corporate value of the listed affiliates. We believe that setting provisions limiting the content of the exercise of voting rights and preventing the appointment of suitable candidates solely because they are

from our Group may impede the improvement of the corporate value of listed affiliates, and ultimately our Group.

2. In addition, in view that the Articles of Incorporation are the fundamental principles of the Company's organization and operation, we believe that it is not appropriate to stipulate fixed articles in the Articles of Incorporation that sets forth individual specific details that belong to future business execution, as this would restrict making appropriate management decisions in a timely manner.

We would like to supplement our views on the proposer's statements as follows.

- The nomination process for director candidates at Airport Facilities Co., Ltd. ("AFC") is as follows: the AFC Nominating Committee conducts interviews and deliberates based on the Skill Matrix, reports to the Board of Directors, and after the Board of Directors confirms that the interests of minority shareholders are not harmed, the nominees are proposed as director candidates at the general shareholders meeting. The AFC Nominating Committee is chaired by an independent outside director and consists of a majority of independent outside directors and independent outside audit and supervisory board members, ensuring a high degree of independence. Therefore, we believe that the AFC director candidates are selected through an appropriate election process, and that they are independent of the Group, under an appropriate, transparent, and strong governance system, and that they are capable of contributing to the common interests of the AFC shareholders, and enhances the AFC corporate value.
- In response to the request for recommendation of a management personnel with broad and accurate knowledge and experience in the airline industry, with the aim of securing personnel, who can contribute to enhancing corporate value, we have recommended suitable candidates for AFC directors. We will continue to discuss and deepen our consideration with AFC, including the necessity of future nominations.
- The nominated directors from the Group, who have been appointed to the AFC Board of Directors, participate in the decision-making process in the best interest of AFC, based on their duty of care. The Group is not the controlling shareholder of AFC, and we are not involved in the AFC decision-making process.
- The proposal for the election (or reappointment) of a director candidate from the Group at last year's AFC general shareholder meeting was permitted with a high approval rate of over 97 percent and was approved by the majority of shareholders other than the Group.

Reference: The Company discloses below its policy on the exercise of voting rights to listed affiliates.

Corporate Governance Report

<https://www.jal.com/en/philosophy-vision/governance/>

(2) Partial amendment to the Articles of Incorporation (Disclosure of joint ownership)

The Board of Directors is opposed to the Shareholder Proposal based on the below perspectives in (i) and (ii).

Reasons for opposing the proposal:

- (i) The Company maintains an appropriate system, aligns with the laws and regulations as well as the regulations of the Tokyo Stock Exchange, and discloses information that is useful to society in an accurate and fair manner.

With regard to compliance, we have established Commitment to Society, the JAL Group Code of Conduct, as a guideline to be observed, which stipulates that we act with integrity and comply with laws, regulations, and other rules as a corporate member truly trusted by society in order to ensure a fair business conduct. In addition, we have established a Compliance Control Division and a compliance promotion system.

In accordance with the Disclosure Policy, the JAL Group appropriately discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the rules on timely disclosure of corporate information set forth by the Tokyo Stock Exchange. In accordance with the JAL Group Code of Conduct, we disclose information that is useful to society in an accurate and fair manner on a case-by-case basis to ensure trust among our stakeholders.

There was no prior agreement between the company and other shareholders of Airport Facilities Co., Ltd. (hereinafter

referred to as "AFC") regarding the exercise of voting rights in relation to the proposal of the directors election at the 54th Ordinary General Meeting of Shareholders in June 2023. Therefore, no special disclosure is made because there is no reason to submit a large shareholding report as a joint holder with other shareholders.

- (ii) In addition, in view that the Articles of Incorporation are the fundamental principles of the Group's organization and operation, we believe that it is not appropriate to stipulate fixed articles in the Articles of Incorporation that sets forth individual specific details that belong to future business execution.

Reference: The following disclosures are made with regard to compliance and disclosure.

Commitment to Society, the JAL Group Code of Conduct

<https://www.jal.com/en/philosophy-vision/codeofconduct/>

End

Details of the shareholder Proposals

1. Partial amendment to the Articles of Incorporation (Prohibition of revolving door, namely executives of parent companies retiring to listed subsidiaries or affiliates)

(1) Outline of Proposition

The following chapter and article are hereby added to the Articles of Incorporation of the JAL Group. If any formal adjustment (including, but not limited to, correction of misplaced article numbers) is necessary to the articles described in this proposal due to the passage of any other proposal (including proposals made by the JAL Group) at this Ordinary General Meeting of Shareholders, the articles described in this proposal shall be adjusted as necessary after such adjustment.

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Change
(Newly established)	<u>Chapter 8 Ban on Revolving Door to Listed Subsidiaries or Listed Affiliates</u> <u>(Ban on Revolving Door to Listed Subsidiaries or Listed Affiliates)</u> <u>Article 47 The JAL Group will not vote in favor of any proposal for the election of directors at a General Meeting of Shareholders of any listed subsidiary or listed affiliate of the Group if such proposal is made by the Group's listed subsidiary or listed affiliate, which proposes candidates for Executive Officers or employees of the Group or its subsidiaries or affiliates who have served as such for at least five years.</u>

(2) Reasons for proposal

In the JAL Group, two companies, Airport Ground Power (AGP) and Airport Facilities Co., Ltd. (AFC) Office, are equity method affiliates listed on the Tokyo Stock Exchange. Although JAL Group and ANA Holdings Inc. (ANA), which together own approximately 42 percent of AFC and effectively control AFC as parent companies, the price-to-book ratio (P/B ratio) of AFC has been below 1x, the dissolution value, since 2013, it has been only about 0.5x most recently, which has been a hindrance to increase the corporate and shareholder value of the JAL Group.

However, NISHIO Tadao, our former executive, who was sent to AFC as Representative Director, Executive Vice President and Executive Officer, is not an expert in capital allocation, which is essential to improving the valuation of AFC, and it is highly doubtful that he has any knowledge of the real estate investment business, where it has been questioned whether the AFC is investing more than its cost of capital.

Thus, the revolving door of people from the JAL Group, who are not experts in the business developed by the listed subsidiary or listed affiliates, is not an appropriate selection from the perspective of enhancing the corporate and shareholder value of the investee. This is why the value of the shares of AFC held by the JAL Group has been in a prolonged state of being significantly discounted in terms of P/B ratio and other stock price and financial positions. As a result, the corporate and shareholder value of the JAL Group, the major shareholder of AFC, has been dishonored. The media has also reported about the revolving door by the JAL Group in the past regarding AGP.

In the first place, a revolving door to a listed Group company is likely to result in what economists call "deadweight loss". If management resources within the Group are misallocated, the economic efficiency of both the parent and child companies will be marred by the damage to the corporate and shareholder value of the JAL Group, who are appointing the revolving door executives, not to mention the interests of minority shareholders of the listed Group company, which is required to have its own capital cost and human resource allocation.

Therefore, it is proposed that a provision in the Articles of Incorporation be established to prevent a person, who has served as an officer or employee of the JAL Group or its subsidiaries or affiliates for more than five years, from being appointed as a director of a listed group company, such as AFC.

2. Partial Amendment to the Articles of Incorporation (Disclosure of Joint Ownership)

(1) Outline of Proposition

The following chapter and article are hereby added to the Articles of Incorporation of the JAL Group. In addition, if other proposals (including proposals proposed by the JAL Group) are passed at this Ordinary General Meeting of Shareholders, the chapters and articles listed as this proposal shall be formally adjusted (including, but not limited to, the correction of misalignment of article numbers).

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Change
(Newly established)	<u>Chapter 9 Disclosure of Joint Ownership</u> <u>(Disclosure of Joint Ownership)</u> <u>Article 48 In the event that the JAL Group, as a shareholder of a listed company, has agreed with other shareholders of such listed companies to exercise voting rights and other rights jointly with such other shareholders, the JAL Group shall submit the trade name of the listed company, the name or names of the other party to such agreement and the details of such agreement shall be disclosed on the corporate governance report, which will be submitted to the Tokyo Stock Exchange.</u>

(2) Reasons for proposal

At the 54th Ordinary General Meeting of Shareholders held in June 2023 by AFC, a group company of the JAL Group, there was evidence that the JAL Group and ANA exercised their voting rights at approximately the same time in the afternoon of the day before the meeting. It is clear from media reports and other sources that both companies voted against the proposal to reappoint the then Representative Director, President and Executive Officer of AFC.

In fact, on June 27, 2023, two days before the AFC 54th Ordinary General Meeting of Shareholders, an AFC staff member belonging to the General Affairs Department spoke with an ANA representative. The ANA representative later said that "Japan Airlines will vote electronically the following afternoon on the 28th, and ANA will also vote electronically thereafter. It is known from the testimonies of the persons concerned that a staff member of the General Affairs Department reported this to a senior executive of AFC. Therefore, AFC had prior knowledge not only that the JAL Group and ANA would cast the same negative vote on the proposal to reappoint the then Representative Director President and Executive Officer, but also the timing of the electronic voting by both companies. Based on the above telephone calls, it is presumed that the AFC General Affairs staff was in a position to know whether or not the two companies had reached an agreement on the voting.

If the JAL Group and ANA had agreed to jointly exercise their voting rights as shareholders of AFC, both companies would be obliged to submit a large shareholding report as joint holders (Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law), but in order to ensure compliance with the Financial Instruments and Exchange Law, the JAL Group would be required to make necessary disclosures under its own responsibility.

According to the 75th Annual Securities Report, as of March 31, 2024, the JAL Group holds policy stock in 10 companies with a market value of approximately 55.9 billion yen. If there is an agreement with other shareholders on matters related to the management of a listed company in which we have policy shareholdings, such agreement may have a significant impact on the management of the listed company, whether it is an agreement on the exercise of voting rights or any other agreement, and consequently on the value of our policy shareholdings as well as the corporate and shareholder value of our company as an investment source. Therefore, if the JAL Group has entered into such an agreement, the name of the listed company, the other party to the agreement, the content of the agreement, and the details of the agreement should naturally be disclosed from the perspective of protecting the minority shareholders of the JAL Group.

Company Note: The "Subject of the Propositions," "Outline of the Propositions," and "Reasons for the Propositions" in the contents of the above Attachment are English translations of the relevant sections of the the documents submitted by the shareholders translated by the Company.