

Fundamental Policy on Corporate Governance

1. Purpose

The purpose of this Fundamental Policy, as established by ANA HOLDINGS INC. (“the Company”), is to lay out the fundamental principles pertaining to corporate governance in the ANA Group. (“the Group”)

2. Basic Approach to Corporate Governance

The ANA Group implements management that contributes to value creation for various stakeholders in accordance with the ANA Group Mission Statement. In addition, the Group has adopted a holding company structure whereby each group company carries out swift decision-making and the Company supervises and monitors the implementation of group company operations to realize sustainable growth of group companies and the enhancement of medium- to long-term corporate value.

The Company has created a corporate governance system in accordance with this Fundamental Policy and continues to improve upon it. Under this system, the Company plays a leadership role in the Group management and establishes management policies and goals for the Group overall. In addition, the Company supervises and monitors management of group companies, and conducting transparent, fair, and definitive decisions.

<Mission Statement>

Built on a foundation of security and trust, “the wings within ourselves” help to fulfill the hopes and dreams of an interconnected world.

“Security and Trust” is the Group's unwavering promise to our customers. It defines the core of our entire operation and is our solemn responsibility. “The wings within ourselves” are our desire to continually rise to new challenges, contribute to the strong rebirth of our organization and always be there for our customers. The Group, with the air transportation as business pledges to transcend generations in support of developing our global community and fulfilling the hopes and dreams of current and future generations.

3. Directors and the Board of Directors

(1) Roles

The Board of Directors determines important management agenda such as corporate strategies, and supervises and monitors the execution of duties by directors and corporate executive officers in accordance with laws and regulations, and the Company’s Articles of Incorporation and related internal rules.

Directors contribute to the Company’s sustainable growth and the medium- to long-term accurately and fairly executing corporate management.

From the standpoint that Outside Directors bring a different and diverse set of knowledge and experience to the Company which can potentially contribute to the achievement of sustainable growth and improvement in corporate value in the medium- to long-term, Outside Directors are included in the decision-making process for important fundamental management policies, including corporate strategies, and provide advice, supervision and monitoring of business execution.

(2) Structure

The total number of directors is to be no more than 20 as stipulated by the Articles of Incorporation. The Board of Directors is to be adequately composed of members that are diverse in various ways, including experience, knowledge, and expertise and gender, to facilitate ample discussion, swift and rational decision-making and the supervision and monitoring of business execution.

Several Outside Directors are selected from among candidates that are independent from the Company to further strengthen proper decision-making and supervising and monitoring functions of the Board of Directors.

(3) Selection or Dismissal and Term of Directors

Directors are selected from candidates inside and outside the company that have the potential to strengthen appropriate policy-making, decision-making and befitting supervision and monitor befitting as “an airline group operating diverse global businesses mainly in air transportation”. Potential candidates are honest in character, possess vast experience, deep insight and an advanced-level of expertise. The selection is made within the scope of relevant laws such as the Civil Aeronautics Act, and regardless of factors such as gender or nationality.

Candidates are decided by the Board of Directors, taking into the reports by the Personnel Advisory Committee, which is an advisory committee to the Board of Directors. The majority of members on this committee are Outside Directors. In order to ensure transparency and fairness in the selection, the Personnel Advisory Committee discusses the candidates for directors before the Board of Directors makes its resolution.

In accordance with the Articles of Incorporation, the term of office for directors runs until the close of the Ordinary General Meeting of Shareholders for the most recent fiscal year within one year after selection, and does not preclude reappointment.

However, in the event that circumstances arise where a director has violated laws and regulations or the Articles of Incorporation, or when it is otherwise deemed difficult for a director to execute his or her duties, deliberations will be conducted in the Personnel Advisory Committee, and after receiving a report on these deliberations, the Board of Directors will decide whether to submit a proposal to the Ordinary General Meeting of Shareholders concerning the dismissal of such director.

(i) Internal Directors

In addition to the Chairman who chairs the Board of Directors, the President and CEO, and the CFO, internal directors are selected from candidates that include the President and CEO of ALL NIPPON AIRWAYS CO.,LTD the core company of the Group, corporate executive officers responsible for managing overall Group operations, and group companies' directors that are familiar with Group businesses.

(ii) Outside Directors

Several Outside Directors are selected from among candidates that possess a practical viewpoint based on their vast experience in corporate management or from among candidates that have a global or community-oriented viewpoint owing to a high level of knowledge about social and economic trends, an objective and expert outlook, and who are independent from the Company (based on separately established “Independence Guidelines”).

(4) Operations

As a general rule, the Board of Directors meets every month. Swift decisions are made on important agenda for the Group overall. In addition, advice is gleaned appropriately from the Outside Directors. Furthermore, prior to each Board of Directors meeting, Outside Directors and Outside Audit and Supervisory Board Members are briefed beforehand, mainly on important agenda, to ensure that constructive and extensive discussions are carried out during the Board meeting and that the Board is fully functioning.

(5) Evaluation of Effectiveness

The Board of Directors meeting conducts an analysis and evaluation of its own overall effectiveness every year.

4. Audit and Supervisory Board Members and the Audit and Supervisory Board

(1) Roles

The Audit and Supervisory Board is independent from the Board of Directors. This organization formulates auditing standards, policies and processes, and conducts audits.

Audit and Supervisory Board Members audit the business operations and financial status of the Company and its group companies in accordance with laws and regulations by exercising the authority given to them, including requesting business reports from the Company and its subsidiaries, and to examining operations and assets, and appointing and dismissing accounting auditors.

In addition to implementing operational and accounting audits to assess legal compliance, Audit and Supervisory Board Members also aim to provide appropriate opinions at meetings, including the Board of Directors meeting, in part from the perspective of avoiding the impairment of corporate value.

(2) Structure

The number of Audit and Supervisory Board Members is to be no more than five as stipulated by the Articles of Incorporation. In accordance with the Companies Act, the majority of Audit and Supervisory Board Members shall be outside Audit and Supervisory Board Members. .

(3) Selection and Term of Audit and Supervisory Board Members

Audit and Supervisory Board Members are selected from several candidates inside and outside the ANA Group that possesses the vast experience and high level of expertise required to conduct audits to ensure the achievement of healthy development and to bolster the trust society has in the ANA Group. Selection of candidates is made regardless of gender, nationality, or other factors. Note that a minimum of one person with adequate knowledge of finance, accounting and legal affairs is also selected.

In accordance with the Companies Act, the term of office for an Audit and Supervisory Board Member runs up to the close of the Ordinary General Meeting of Shareholders for the most recent fiscal year, within four years of selection, and does not preclude reappointment.

(i) Internal Audit and Supervisory Board Members

Internal Audit and Supervisory Board Members are selected from among candidates with knowledge and experience in areas including corporate management, finance, accounting, legal affairs, risk management, and the operation of the airline business, and who are capable of gathering information from inside the Group.

(ii) Outside Audit and Supervisory Board Members

Outside Audit and Supervisory Board Members are selected from candidates that are independent from the Company (based on separately established “Independence Guidelines”) and who possess a high level of knowledge in various areas, including vast experience in corporate management, a strong insight into areas such as social and economic trends, and adequate knowledge of finance, accounting and legal affairs.

(4) Operation

As a general rule, the Audit and Supervisory Board meets every month.

5. Remuneration

(1) Policy

The basic policy for determining Director remuneration is as follows:

- (i) Remuneration standards shall be commensurate with a director’s roles and responsibilities to ensure transparency, fairness and objectivity;
- (ii) A performance-based remuneration system that reflects corporate strategies shall be introduced to reinforce incentives for achieving management goals; and
- (iii) The remuneration scheme shall enable the Company to share profits with its shareholders to improve corporate value in the medium- to long-term.

(2) Procedures

The Board of Directors decides on individual director remuneration, taking into account reports by the Remuneration Advisory Committee. The total amount of director remuneration shall be within the scope of the amount approved at the Ordinary General Meeting of Shareholders.

The Remuneration Advisory Committee is an advisory committee to the Board of Directors. The majority of members on this committee are Outside Directors and experts. This committee establishes the remuneration system and standards for director remuneration taking into account remuneration levels at other companies based on the findings of a third-party research institute employed by the Company.

(3) Remuneration System

In addition to a fixed “basic remuneration”, the remuneration for directors (excluding Outside Directors) consists of a performance-linked “bonus” and long-term incentive “share remuneration plan” as a means of providing healthy incentives to ensure the Company’s sustainable growth.

The remuneration for Outside Directors and Outside Audit and Supervisory Board Members consists of a fixed remuneration only given their role to supervise, monitor and audit the company from an independent stance.

6. Relationship with Shareholders

(1) Ensuring the Rights and Equality of Shareholders

The Company shall establish an environment that effectively secures the rights and equality of shareholders. Furthermore, it also establishes systems for constructive dialogue with shareholders through means other than the Ordinary General Meeting of Shareholders to contribute to sustainable growth and medium- to long-term corporate value.

(2) Dialogue with Shareholders

The Company believes that constructive and consistent dialogue with investors, including shareholders, is important to sustain growth and improve corporate value in the medium- to long-term. A director is appointed to be in charge of handling this dialogue, and works with relevant departments, mainly the IR department, to communicate information and gather shareholder opinions. A major prerequisite for constructive dialogue with shareholders (including implementation plans concerning the allocation of corporate resources that take into account capital costs and the like, in addition to corporate strategies and the numerical targets of operating income margins, ROA, ROE, etc.) and investors naturally is disclosure in accordance with laws and regulations. Information deemed crucial for investors, including non-financial information, is actively disclosed. In addition, consideration is taken to ensure the fair disclosure of information in accordance with the Company's "Rules on the Prevention of Insider Trading."

The IR division is responsible for dialogue with institutional investors including shareholders. In addition to conducting regular meetings with institutional investors in Japan and overseas, the division also offers various opportunities for dialogue, including briefing sessions, which cover important agenda, such as corporate strategies, as well as earnings performance. Efforts are also made to improve the content of these sessions. Furthermore, to a reasonable extent, direct dialogue is carried out with the President and CEO and other directors, including the director in charge of the IR division, and ample feedback is given to the Management Committee on the dialogue carried out at briefings and other sessions. The opinions of shareholders and investors shall be utilized in the Company's management.

The General Administration division is responsible for dialogue with private shareholders. The division publishes "ANA VISION" (Japanese-only), a quarterly shareholder newsletter that explains management topics and financial results information. In addition, information is provided on the "ANA Shareholders' Web Site" (Japanese-only). Furthermore, briefings are conducted for private investors—potential shareholders—on corporate strategies and financial results.

7. Relationships with Stakeholders

The Company aims to build good relations and appropriately cooperate with stakeholders, including shareholders, investors, customers, business partners, employees, the government, and local communities, to sustain growth and enhance corporate value in the medium- to long-term.

8. Disclosure

The Company discloses important facts in a timely and appropriate manner in accordance with laws, regulations and the Securities Listing Regulations set forth by the Tokyo Stock Exchange. The Company also aims to fairly and actively disclose useful information to stakeholders, including shareholders, investors, society and customers.

9. Changes

Changes to this fundamental policy are executed in accordance with resolutions by the Board of Directors.

End

(Enacted November 30, 2015)

(Revised March 28, 2017)

(Revised November 30, 2018)

Independence Guidelines

The following requirements shall not apply to an Outside Director or outside audit and supervisory board member (“Outside Officers”) in order for the Outside Officer to be deemed as independent.

1. A person for whom the Group is a key business partner (*1), or an executive officer thereof
2. A person who is a key business partner of the Group (*1), or an executive officer thereof
3. A person who is a key lender of the Group (*2), or an executive officer thereof
4. A major shareholder of the Company (*3), or an executive officer thereof
5. An attorney, certified public accountant, consultant or other expert who receives, apart from remuneration as a director or Audit and Supervisory Board Member, a significant monetary compensation or other economic benefit (*4) from the Group
6. A certified public accountant who is a member of the auditing firm that is the Company's accounting auditor
7. A person who has received a large donation (*5) from the Group
8. A person who is a close relative (*6) of a director, Audit and Supervisory Board Member, Corporate Executive Officer or key employee of the Company or a consolidated subsidiary
9. A person whose close relative comes under any of 1 through 7 above
10. A person who came under any of 1 through 8 above in the past three years
11. In addition to the preceding items, a person who has a special reason for not being able to fulfill his/her duties as an independent Outside Officer, including a conflict of interest with the Company

Note that even in the event that any one of the items 1 through 11 above apply, the Outside Officer is effectively independent as long as the reason is explained and disclosed at the time of selection as an Outside Officer.

- *1. A person for whom the Group is a key business partner is defined as a business partner that accounts for more than 2% of consolidated net sales.
A person who is a key business partner of the Group is defined as a business partner who accounts for more than 2% of consolidated net sales of the Group.
- *2. A person who is a key lender is a financial institution from whom outstanding loans of the Group exceed 2% of the total consolidated assets of the Company at the end of the most recent fiscal year.
- *3. A major shareholder is a shareholder who holds 10% or more of voting rights directly or in another name at the end of the most recent fiscal year, or an executive officer thereof if the shareholder is a corporation.
- *4. A large sum of money or other economic benefit is a benefit exceeding an average of 10 million yen per year over the past three fiscal years.
- *5. A large donation is a donation that exceeds an average of the higher of 10 million yen or 2% of the consolidated sales of the recipient from the Group over the past three fiscal years.
- *6. A close relative is a spouse or a relative within two degrees of kinship.