

# ANA Group Strengths

The ANA Group is celebrating our 69th year in business. No matter how severe the environment, we have always united in our efforts, overcoming obstacles and refining our unique strengths in the process. We demonstrated the strengths we have cultivated, even during the COVID-19 pandemic, every element interacting and amplifying to drive our value creation.



## A Spirit of Challenge, Never-Ending Pursuit of the Best

To meet the latent needs of society and create new value, we continue to introduce better products and services, always brave in the face of change. During the COVID-19 pandemic, we have been engaging in *Business Structure Reform* to adapt quickly to declining passenger demand and changing customer needs. We are striving to overcome difficulties through the spirit of endeavor in the DNA passed down to us as we aim for a return to growth in the post-COVID-19 era.

Pursuing the  
Needs of  
Our Customers



## Strong Relationships with Our Stakeholders

To fulfill our responsibilities as social and transportation infrastructure, we maintained our passenger flight network to the greatest extent possible, even in times of slow demand. In addition, we operated extra cargo flights to meet the strong demand during the COVID-19 pandemic. The ANA Group supports the interchange of people, goods, and culture, contributing to the revitalization of economy and trade as we play an important role together with our stakeholders in the sustainable advancement of society.



## Comprehensive Capabilities, Working Together to Achieve Our Goals

In January 2020, we operated charter flights from Wuhan to Haneda for customers who had difficulty returning to Japan due to the spread of COVID-19. Despite the real risk of infection, all ANA Group companies worked together to bring a total of 828 customers home to Japan. We have an ingrained culture of Team Spirit. Every department brings its own expertise and cooperates across organizational boundaries to achieve our goals.

Obsessed with  
Exceeding  
Expectations



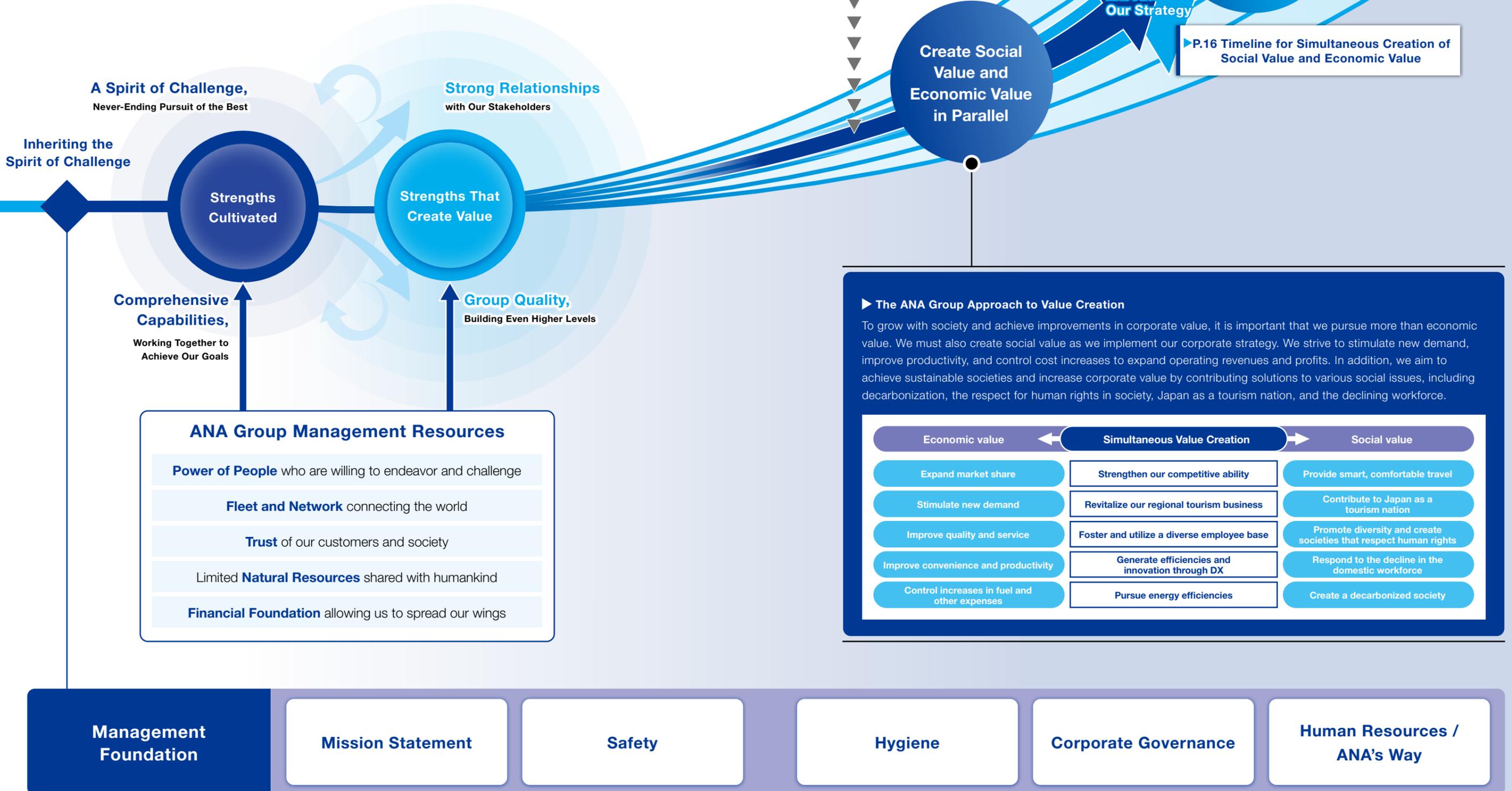
## Group Quality, Building Even Higher Levels

We endeavor to see from the customer's point of view, aiming to improve quality and service by ensuring safety and pursuing on-time operations relentlessly. In response to the growing need for hygiene and cleanliness, we are creating environments to inspire passenger confidence in our aircraft through initiatives such as the *ANA Care Promise*. As a result of our efforts, ANA was awarded the highest rating of 5-STARS in the COVID-19 Airline Safety Rating by SKYTRAX in the UK.



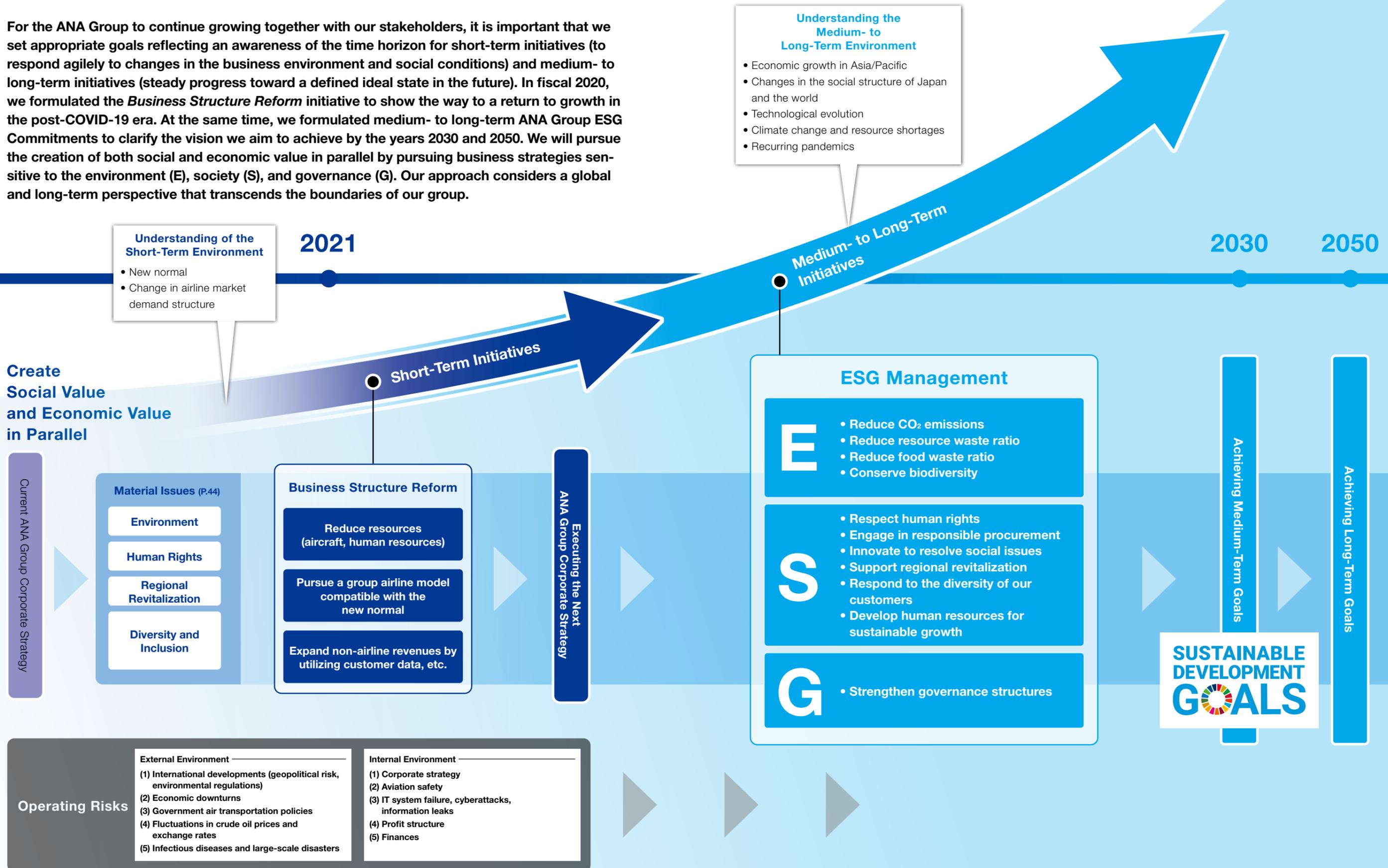
# The Value Creation Process

We maximize the cycle of four strengths that drive value creation through widespread communications of the philosophy inherited by the ANA Group, the appropriate investment and allocation of management resources. At the same time, we maintain a solid management foundation built on safety and human resources, etc. By executing our strategy, we will create social value and economic value simultaneously. As we do so, we aim to improve corporate value and contribute to the Sustainable Development Goals (SDGs).



# Timeline for Simultaneous Creation of Social Value and Economic Value

For the ANA Group to continue growing together with our stakeholders, it is important that we set appropriate goals reflecting an awareness of the time horizon for short-term initiatives (to respond agilely to changes in the business environment and social conditions) and medium- to long-term initiatives (steady progress toward a defined ideal state in the future). In fiscal 2020, we formulated the *Business Structure Reform* initiative to show the way to a return to growth in the post-COVID-19 era. At the same time, we formulated medium- to long-term ANA Group ESG Commitments to clarify the vision we aim to achieve by the years 2030 and 2050. We will pursue the creation of both social and economic value in parallel by pursuing business strategies sensitive to the environment (E), society (S), and governance (G). Our approach considers a global and long-term perspective that transcends the boundaries of our group.



# What Must Change, What Must Never Change

Message from the Independent Outside Directors



**The ANA Group pursues *Business Structure Reform* in response to the changes in our environment, aiming to achieve a steady return to growth in the post-COVID-19 era. We asked outside directors Mr. YAMAMOTO Ado, Ms. KOBAYASHI Izumi, and Mr. KATSU Eijiro for their opinions on what the ANA Group should change boldly, without being bound by convention, and what the ANA Group should never change, even in this time of reform.**



**Remaining committed to the absolute mission of *Safety*, while nurturing business through new concepts and an eye to the changes of the next generation**

**YAMAMOTO Ado**  
Independent Outside Director

COVID-19 has had a major impact on the ANA Group. But I commend the group on the agile implementation of a number of key measures including controlling capacity to meet demand, emergency cost reductions, and securing cash on hand in a flexible manner. Even in a rapidly changing external environment that requires nimble management decisions in all aspect of business, we in the transportation industry know that we must commit to *Safety* at all costs.

To ensure *Safety*, we must have a safety-focused mindset at all times. In addition to regular checks, special campaigns and other educational activities are effective in this respect. Moving forward, it will be important to utilize AI and IoT to create deeper systems that detect hazards in advance. For example, such systems will be able to sense a small event occurring in an aircraft engine, extrapolating likely risks and allowing for appropriate measures in advance. In this and other ways, I expect technological innovation will raise safety to new heights.

Environmental initiatives are another extremely important issue for the airline industry. The ANA Group set a goal to reduce CO<sub>2</sub> emissions to net zero by fiscal 2050. We recognize that this is a very high hurdle. In addition to the introduction of fuel-efficient aircraft and Sustainable Aviation Fuel (SAF), it is important to think flexibly and actively seek new technologies. Hydrogen engines, fuel cells, and other next-generation power sources could be used on domestic routes, for example. The environment is a global issue, so we must engage with governments, industries, and other companies if we are to achieve our goals.

*Business Structure Reform* will require brand new concepts. The core of the ANA Group is the Air Transportation Business. The group develops Travel Services, Trade and Retail, and other companies around this core, but the COVID-19 pandemic has exposed the high degree of risk in the linkage with air transportation. In the recent past, ANA X Inc. and ANA NEO, Inc. have engaged in ambitious efforts to create new businesses. And the group should consider more non-air businesses that generate profits, looking to the coming changes of the next generation.

The ANA Group is making steady progress in preparing for the post-COVID-19 era, setting targets for resource reductions as of the end of fiscal 2020. But management must show a certain level of preparedness, having taken measures related to personnel expenses and having asked employees to cooperate in terms of compensation packages. I worked tirelessly toward restructuring between my time serving as director in charge of human resources and president at Nagoya Railroad Co., Ltd. At the time, I took the opportunity to speak with as many employees as possible, carefully explaining in my own words the current situation and management policies. The ANA Group is taking a proactive stance in holding town meetings under the leadership of top management. I expect that these dialogues will deepen an understanding related to management policies, helping employees find hope and align in the same direction to overcome this crisis.

## What Must Change, What Must Never Change

Message from the Independent Outside Directors

### To be an organization in which every individual demonstrates a sense of ownership in shaping the future, inheriting the philosophy and values handed down from earlier generations

In January 2020, ANA operated a charter flight for passengers wishing to return home to Japan from Wuhan. When the actual situation of COVID-19 was still unclear, ANA made the commendable choice to benefit society, despite an awareness of the risks. The ability to take immediate action in hygiene measures and financing showed the strengths of the group.

At the same time, I believe the group could have taken even more effective action by examining potential future developments in greater depth. If the group imagined the impact of major cancellations and passenger flight reductions on the air cargo market, it perhaps could have maximized cargo business capacity more quickly and decisively.

The airline industry is at a major turning point. To date, the group focused on expanding business. Going forward, the group must rebuild its portfolio as quickly as possible. The group should not ever change the philosophy that has been handed down since its founding and the values it has cherished. But this is an opportunity to discuss in detail, without being tied to the past, what businesses truly utilize the strengths of the group, and what sort of value the group can provide to society and stakeholders. In this way, I believe the group can discover its ideal portfolio.

To overcome the crisis that lies ahead and survive the next generation, the ANA Group must find human resources who take the responsibility to solve problems. The employees who joined the group after the business had become relatively stable have come up under the protection of a large organization.



**KOBAYASHI Izumi**  
Independent Outside Director

Now, these employees must be brave and seek out challenging environments, experiencing successes while solving problems within their scope of authority. The group must change its personnel systems and on-the-job mentorships in a flexible manner to allow every employee to work with a sense of ownership and the determination to rebuild the company. Creating a wider range of opportunities for free dialogue with upper management could be effective, as well.

The board of directors is also placing more importance on internal dialogues, visiting the front lines more often than ever before. The group can strengthen governance further by gathering information from a wide variety of sources beyond what is shared in board of director meetings. In so doing, the group will gain a better understanding of the front lines and stakeholder expectations, applying this information in management.

As individual values are changing dramatically, the pursuit of diversity has become even more important. This is a topic that is attracting much attention from society. There is still room for improvement, not only with regard to women, but also with regard to the number of outside directors and diversity among internal directors. Rather than superficial measures to adjust numbers, I believe the group must consider the essence of the demands of Japan's Corporate Governance Code, seeking deeper discussions and taking into account objective perspectives from third-party evaluations and other sources.



### Creating an environment in which every employee has a sense of purpose and all work toward the same goal

**KATSU Eijiro**  
Independent Outside Director

When I was appointed outside director a year ago, the COVID-19 pandemic was just emerging. Although the situation was extremely difficult, I appreciated the strong leadership of top management, who continued to share corporate messages to employees. Informing employees of targets, clarifying specific measures, and inspiring hope during difficult times is an extremely meaningful approach in terms of maintaining motivation.

The COVID-19 pandemic has caused a shift in personal values. I believe needs for airline services will polarize in the future. Some customers will continue to expect the same 5-Star level of service quality, while others may demand contactless and self-service options. Even when offering the latter options, it shouldn't allow airlines to sacrifice service quality. The group must carefully examine and determine what the customer wants.

Some say that the group should speed up the process of dealing with these issues. Of course, the group can embark on digitalization and other measures as soon as possible, and many other measures also require speed. However, we are in the midst of ongoing change, and I do not believe there is a need to rush to conclusions about changing customer preferences and the future. The ANA Group must engage in deeper discussions about what to maintain and what to change in the future, including universal themes.

I hope every employee maintains the pride of being a member of a global top-tier airline group that has a rich history of approximately 70 years. This pride will lead to personal growth and self-actualization, as each person maintains a high level of awareness, working while thinking about the meaning of the company and how they contribute to the world, their country, their organizations, and society. There is something that I always say to the employees in my company. I tell them, "You spend hours of your precious time in your organizations every day. How you spend that time will make all the difference in the rest of your life."

Dialogue is important to enhance and sustain motivation for employees. The ANA Group conducts frequent town meetings between executives and employees, and the group should continue to be active in this respect. Of course, management must gain an understanding of the front lines through dialogue. But now that the external environment is changing so drastically, it is also important to create an environment in which employees have their own clear goals, established based on an understanding and clear communication of management policy, aligning every employee in the same direction.