

Targets of Material Issues

Material Issue 1	
	Vitalising Japan's local communities Declining populations in local communities will lead to a decline in demand for air transportation, and therefore a decline in our profits from domestic flights.
Long-term target	Increase sales of tickets for domestic flights purchased outside Japan, and maintaining FY2016 levels for sales of domestic tickets as a result.
Target year	FY2022
Progress	Our passenger revenues from domestic routes grew by 2.7% in FY2018 compared with FY2016. The number of passengers grew by 3.2% . The growth of the number of domestic flight tickets purchased outside Japan grew 17% in FY2018.
Material Issue 2	
	Diversity and Inclusion If we are unable to foster a corporate culture of diversity, and provide a service that gives consideration to the diverse backgrounds of our customers, our customers will not support us, and we will not be able to grow our revenues for international flights.
Long-term target	15% women in management positions.
Target year	FY2020
Progress	14.6% as of the end of March, 2019
Material Issue 3	
	Climate Change If we do not take the lead and deliver policies relating to climate change- especially in light of the IATA's GHG 2020 and COP 21 agreements - expanding our international flights business will require incurring heavy costs for the likes of emissions credits.
Long-term target	20% reduction of CO2 emissions (tonnes/kg) for fare-paying transport compared to FY 2006 levels. Fuel efficient aircraft making up over 75% share of fleet. Provision of commercial flights using biofuels.
Target year	FY2020
Progress	23% as of the end of March, 2019

Environmental Key Performance Indicators

KPI 1	
Target	Reduction in CO2 emissions relating to aviation fuel Domestic/international flights total: 20% ton/kilometre reduction for paid transport against a 2005 baseline. Domestic: limit volume of CO2 emissions to an average of 4,400,000 tonnes per year between now and 2020.
Target year	FY2020
Progress	(Years ended March) 2017 2018 2019 Reduction in CO2 emissions % 19.9 23.0 23.0
KPI 2	
Target	Reduction in total energy consumption intensity 1% per year reduction in total energy consumption volume
Target year	FY2020
Progress	(Years ended March) 2017 2018 2019 Reduction in energy consumption % 3.9 4.7 3.9
KPI 3	
Target	Introduction of low-emission vehicles in Tokyo area Introduction ratio of low-emission vehicles (general vehicle) in Tokyo area: 15%
Target year	FY2020
Progress	(Years ended March) 2017 2018 2019 Introduction of low-emission vehicles % 5.9 16.7 19.3

Social Key Performance Indicators

KPI 1	
Target	Number of Japan's prefectures we have distributed information on 47 prefectures We have divided the country of Japan into eight regions, and will further closely examine each region for six months to introduce the culinary specialties and hidden gems across Japan.
Target year	FY2021
Progress	(Years ended March) 2018 2019 Number of Japan's prefectures prefectures 1 16
KPI 2	
Target	Percentage of women in management positions 15% women in management positions.
Target year	FY2020
Progress	(Years ended March) 2017 2018 2019 Women in management positions % 13.3 13.9 14.6
KPI 3	
Target	Number of aircraft accidents/serious incidents 0. Through this is a continuous target, our mid-term corporate strategy applies until FY2022, so we have set the target year as FY2022.
Target year	FY2022
Progress	(Years ended March) 2017 2018 2019 Number of aircraft accidents/serious incidents 0 0 0

Emerging Risk

Emerging risk 1	Climate change risks, about which international consensus is rapidly building.
Business impact	Increasing costs, from, for example, the purchase of credit, as we look to expand our international routes.
Mitigating actions	Promotion of joint programmes with fuselage/engine makers aimed at the aggressive introduction of new air craft with high environmental performance, and the development of new technology; as well as support for (including investment in) venture companies developing bio fuels from microalgae.

Emerging risk 2	The risk of hijacks, as acts of terrorism take place all around the world, tension in North Korea is getting high, while our international business is growing.
Business impact	Drop in customers' trust/reputation in society, as well as mid-long term decline in demand for air transportation.
Mitigating actions	Installing Emergency Response Manuals(ERMs), timely and practical/training for hijacks.

Reporting on breaches

Breaches of customer privacy	In FY 2018, we have 1 case that apologized to the customer after confirming the facts and reported it to the regulatory authorities.
------------------------------	---

Reporting on breaches

Compliance breaches	In FY 2018, we had 95 cases reported to our anonymous internal helpline. More than 50% of the reports were consultations concerning dissatisfaction and/or trouble with superiors or working environment; a small number of reports contained suspicion of compliance violation.
---------------------	---

Contributions and Other Spending

Contributions and Other Spending		FY2014	FY2015	FY2016	FY2017	FY2018
Political organizations	million yen	11.0	11.0	11.0	11.0	11.0
Liberal Democratic Party	million yen	11.0	11.0	11.0	11.0	11.0
Trade associations	million yen	-	-	44.0	43.6	42.2
Some destinations						
Sustainable Aviation Fuel users Group	million yen	-	-	-	0.1	0.1
Air Transport Action Group	million yen	-	-	-	0.1	0.1
Total amount	million yen	-	-	55.0	54.6	53.2

Supply Chain Risk

Description of supply chain			
Number of critical suppliers			284
tier 1			221
non-tier 1			63
Ratio of assessed suppliers in 3 years	%		88.7
Number of sustainability high-risk suppliers			
tier 1			125
non-tier 1			27
Ratio of assessed suppliers in 3 years	%		100.0
Ratio of corrective action	%		100.0
Definition of critical suppliers			
Owing to the nature of our business, the majority of our costs are taken up by the purchasing of aircraft and fuel. Moreover, we also consider partner companies for systems, maintenance, etc. as critical suppliers, from the perspective of their irreplaceability. Since we are in the service industry, where brand is highly important, the customer's perspective is a key factor; therefore, we also consider our partners in handling (while operating and on the ground) and catering to be critical suppliers.			
Supply chain risk management measures			
Every year, or every time we begin a contract, we conduct, in line with the ANA Group Procurement Policy, a CSR questionnaire survey that covers all the items in the CSR Guidelines. Furthermore, in the part of our survey for domestic companies (those within Japan), we use information from Tokyo Shoko Research Ltd. We also consider human rights as an important sustainability risk area; we therefore use human rights due diligence as a key method of identifying risks in the supply chain.			
Potential sustainability risks			
The biggest risk facing our business is the safety of our passengers. We will incur significant negative economic impact if any problem develops in flight operation or maintenance. In terms of flight operation, we also carry significant environmental risk. Next, the Group has a strong brand, particularly in Japan, as a result of our high quality service. Therefore, if any issues develop relating to our service, our brand will suffer, and we will incur significant negative economic impacts. For this reason, our employees involved in ground handling and catering also face high risk. Moreover, these jobs also carry human rights risks, since they are labour-intensive. Therefore, we directly assess our employees involved in flight operation, maintenance, ground handling, and catering, who are deemed to be vulnerable to the above risks. In the results of this assessment, we define any party that is found to have even a small issue in the aforementioned areas to be 'sustainability high-risk'.			

Supplier Selection

ESG factors for supplier selection			
We decide to select/continue with suppliers in line with our Supplier Management Policy (in the ANA Group Procurement Policy), which includes ESG particularly regarding the environment and security.			
Applied ESG assessment	%		100
Weight of ESG factors			22

Supply Chain Management KPI

KPI 1		Annual assessment coverage for suppliers with high sustainability risk (% of suppliers assessed)			
Target					
Target year		100%			
Progress			FY2016	FY2017	FY2018
	%		100	100	100
KPI 2		% of suppliers who speedily (within one year of assessment) correct their practices in response to being instructed to do so.			
Target		100%			
Target year		FY2020			
Progress			FY2016	FY2017	FY2017
	%		94.9	99.3	98.7
KPI 3		Cumulative total of employees who have received education on supply chain management			
Target		Cumulative total of 150,000 starting from FY 2016			
Target year		FY2020			
Progress			FY2016	FY2017	FY2018
	Total number of people		35,496	70,297	110,734

Reporting on breaches

Breach of laws and regulations	
	We have never received fines or punishments relating to environmental laws in FY2018.

Return on Environmental Investments

Return on Environmental Investments		FY2014	FY2015	FY2016	FY2017	FY2018
Total Environmental expense	million yen	73.1	43.4	73.8	90.8	128.4
Capital investment	million yen	56.0	27.5	45.0	50.5	63.6
Operating expense		17.1	15.9	28.8	40.3	64.8
Cost saving effect	million yen	28.8	61.1	6.6	38.3	92.5
	Data coverage	90	90	90	90	90

Greenhouse Gas Emissions

GHG emissions		FY2014	FY2015	FY2016	FY2017	FY2018
Direct GHG emissions (Scope1)	ton	10,209,000	10,653,000	11,180,000	11,520,000	11,470,000
Indirect GHG emissions (Scope2)		98,000	83,000	83,000	92,000	85,000
Data coverage	%	100	100	100	100	100
External assurance						yes

NOx Emissions

Aircraft NOx emissions		FY2014	FY2015	FY2016	FY2017	FY2018
NOx emissions for passenger transport	Grams/PKT (passenger kilometers transported)	0.102	0.088	0.086	0.083	0.080
NOx emissions for cargo transport	Grams/TKT (ton kilometers transported)	0.557	0.564	0.441	0.415	0.400
Data coverage	%	100	100	100	100	100
External assurance						yes

Energy Consumption

Energy consumption		FY2014	FY2015	FY2016	FY2017	FY2018
Total non-renewable energy consumption	MWh	704,844	580,670	583,027	686,672	670,319
Non-renewable fuels purchased and consumed (nuclear fuels/coal/oil/natural gas, etc.)		219,876	133,188	144,290	180,011	174,403
Electricity purchased	MWh	426,544	404,459	394,732	456,224	445,717
Other energy purchased (Steam/heating/cooling, etc.)		58,424	43,023	44,005	50,437	50,199
Total renewable-energy purchased or generated (wind/solar/biomass/hydroelectric, etc.)	MWh	201	197	190	198	195
Total non-renewable energy sold	MWh	0	0	0	0	0
Data coverage	%	90	90	90	90	90
External assurance						yes

Aircraft fuel consumption		FY2014	FY2015	FY2016	FY2017	FY2018
Fuel consumption for passenger transport	Liters/100 passenger- kilometers	5.54	5.42	5.31	5.20	5.09
Fuel consumption for cargo transport	Liters/TKT (ton kilometers transported)	0.320	0.347	0.321	0.305	0.297
Data coverage	%	100	100	100	100	100
External assurance						yes

Water Consumption

Water consumption		FY2014	FY2015	FY2016	FY2017	FY2018
Total net fresh water consumption	million m3	1.208	1.156	1.300	1.418	1.182
Total municipal water supplies		0.604	0.578	0.650	0.709	0.591
Fresh surface water	million m3	0.538	0.515	0.578	0.614	0.515
Fresh ground water		0.069	0.063	0.072	0.095	0.076
Water returned to the source of extraction	million m3	0	0	0	0	0
Data coverage	%	100	100	100	100	100
External assurance						yes

Waste Disposed

Waste disposed		FY2015	FY2016	FY2017	FY2018
Total waste disposed	metric tonnes	28,900	36,800	32,100	34,300
Total waste generated	metric tonnes	29,449	37,499	32,710	34,953
Total waste used/recycled/sold		549	699	610	653
Data coverage	%	90	90	90	90
External assurance					yes

Diversity

Employee data		2015	2016	2017	2018	2019
Number of employees ^{*1}	people	12,360	12,859	13,518	13,928	14,242
Ratio of male	%	45.1	43.3	42.0	41.2	40.4
Ratio of female	%	54.9	56.7	58.0	58.8	59.6
Number of employees hired overseas ^{*1}	people	1,214	1,269	1,340	1,363	1,442
Average age of employees ^{*1}	years	36.0	36.0	37.4	37.4	37.5
Average years worked ^{*1}	years	10.0	10.0	13.3	13.8	14.2
Ratio of female managers ^{*2}	%	10.9	12.2	13.3	13.9	14.6
Ratio of female directors	%	9.7	10.5	10.0	10.0	11.9
Employment of people with disabilities ^{*3}	%	2.10	2.32	2.38	2.49	2.57
Data coverage	%	100	100	100	100	100
External assurance						no

*1 As of the end of each fiscal year

*2 As of April 1 of each year

*3 As of June 1 of each year

Freedom of Association

Labor union		FY2014	FY2015	FY2016	FY2017	FY2018
Rate of unionization	%	-	73.0	70.8	80.6	81.9
Data coverage	%	-	100	100	100	100
External assurance						no

Priorities of Corporate Citizenship Activities

Priority 1	<p>Environmental conservation (building a better planet)</p> <p>Relevance to business From the fact that we emit a large amount of CO2 in our operations, and from the perspective of improving our corporate image, it is the ANA Group's imperative to engage in environmental conservation activities. Meaningful environmental conservation activities can lead to improvement of our brand image with vis a vis the environment, and an increased number of environmentally conscious customers choosing to fly with us. Furthermore, the protection of beautiful sceneries has a positive impact on the tourist industry.</p> <p>Business benefit KPI Number of environment support miles donated: In our environment month held in June every year, we receive mile donations from ANA Mileage Club members for our Coastal Forest Restoration and Coral Regeneration projects. In FY 2018, we received 3,087,000 JP Yen worth of donations. Corporate brand environmental recognition and general strengthening: Through activities such as mile donations, as well as broadcasting of our many activities by television channels and newspapers, we came 39th in FY 2018 in the Nikkei Environmental Brand Survey of companies in all industries (our score increased by 0.1 points compared to last year). Furthermore, we ranked 1st in a recent popularity among students ranking, and such evaluations can lead to our securing of talented human resources.</p> <p>Social benefit KPI Sustained activities: Through volunteering, we have sustained our project to re-plant coral – a key tourism resource of Okinawa – four times a year, every year since 2004. Furthermore, we have borrowed up 10 acres of forest in Minami Sanriku, Miyagi prefecture, and designated it the ANA Hearty Forest, and sustained forest conservation activities, such as periodic thinning, by volunteers since 2011. Number of coral plants planted: Through our coral planting activities, we have planted 10,992 coral plants in total by the end of 2018.</p>
Priority 2	<p>Regional Vitality</p> <p>Relevance to business In the face of headwinds presented by a rapidly declining birth rate and the concentration of the population into urban areas, we are looking to reclaim and spread information about the charms of Japan's regional communities; by increasing predominantly overseas demand for tourism to these regions in this way, and facilitating ease of travel to regional communities, we will arrest the decline in revenues from our domestic flights.</p> <p>Business benefit KPI Growth rate for overseas sales of tickets for domestic flights: By identifying and developing of regional charms through collaboration with local governments, and proactive overseas advertising, the number of tickets for domestic flights sold overseas (number of customers who are overseas residents) increased by 117% compared to the previous financial year. By increasing the number of foreign travelers to Japan who visit Japan's regions, we increased our overall revenues from domestic flights compared to the previous financial year (1% increase in sales compared to the previous financial year).</p> <p>Social benefit KPI Number of local governments with whom we have assistance contracts: Through our ANA Strategic Research Institute, established in 2006, we have signed a local revitalization agreement for 19 local governments. Further, to revitalize regional communities, ANA HOLDINGS INC. is making comprehensive partnership agreements with 9 prefectures. We have actually dispatched employees, and, using the ANA Group's know-how, which has been built up over many years, we have provided support for the identification and development of tourism resources, and planning tours, development of personnel, and promotion.</p>
Priority 3	<p>Education of the next generation</p> <p>Relevance to business The ANA Group's management philosophy (Mission Statement) is to fulfill the hopes and dreams of an interconnected world. Fuelling these dreams through education and cultural activities, we look to widen the future airline market, and increase ANA's fan base in the process, predominantly among the next generation (children).</p> <p>Business benefit KPI Number of children participating in aviation classes in Japan: Particularly in FY 2018, we have been active in our holding of aviation classes in Japan – a region that is concerns about the impact of the declining birth rate and aging population. As a result, 2846 children participated in 33 prefectures. We believe that by sustaining this activity into the future, we will not only widen the future market, but also secure talented human resources. Furthermore, media such as TV and newspaper visited a total of 119 times at this event held all over Japan. This event contributed to the further enhancement of the ANA brand value through Report by them.</p> <p>Social benefit KPI Number of aviation classes aimed at educating the next generation held: We held 39 throughout Japan in FY 2018. Number of scholars accepted from all Asian countries through the Okazaki Kaheita International Scholarship Foundation: We accepted 14 in FY 2018. Number of ANA Scholarship (supporting young people who have potential in the opera and ballet world) trainees: We started supporting 10 new trainees in FY 2018.</p>

Corporate citizenship / philanthropic contributions

Type of Contribution	(Total amount)	FY2018
Cash contributions	million yen	125.7
Time: employee volunteering during paid working hours	million yen	3.6
Management overheads	million yen	64.8

Description of safety management system						
Our SMS is split into four categories – ‘flight operation,’ ‘corporate staff,’ ‘customers,’ and ‘security.’ For each category, we analyse/evaluate actual and potential risk events. Countermeasures are considered/implemented by the relevant work site for low risks (Level A/B), and by the board for high risks (Level C/D); they then monitor the results of these countermeasures and the extent to which the risk level is diminishing. The structure of the SMS is set in accordance with Japan’s safety management regulations, and has been reported to the Minister of Land, Infrastructure, and Transportation. In addition, it has been IATA Operation Safety Audit (IOSA) certified – certification is renewed every other year. In terms of our safety record, we publish an annual ‘ANA Group Safety Report’ (only in Japanese) on our website.						
		FY2014	FY2015	FY2016	FY2017	FY2018
Number of safety risks and hazardous situations				22	34	18
mitigated risks and situations	%			43	54	77
Harmonized accident rate per million secto	%	0	0	0	0	0
Number of governmental enforcement actions		0	0	1	0	1

» Management of four major safety risks

In pursuing safety within the ANA Group, we believe that what is needed is a “peace of mind relay”, in which each and every employee, as well as other workers involved with ANA flights, personally feels peace of mind and then conveys this to customers. We will go beyond the existing workplace inspections pertaining to worker safety and will engage in employee (worker) risk management as a preventative approach, accompanied by analysis and countermeasures.

We have also been enhancing our customer risk and security risk management from 2014 with an eye on summit meetings and the Olympic/Paralympic Games, and we will be pursuing safety by managing the four major safety risks, with flight operation risk conventionally being one of these.



01 Keyword Preventive safety risk management

In the vast majority of cases we have at present, we are responding and implementing measures after close calls occur or unsafe conditions arise. However, everyone feels that risk management requires managing risks to stop them occurring in future. So why has this not been done?

Some of the key reasons for this are that knowledge is scattered and not shared/utilized; that the conditions themselves are thought to be on par with the risks/countermeasures; that minor situations are not being (sufficiently) analyzed; and that responsibility for such management is unclear.

