

# LATAM AIRLINES DJSI SUPPORTING DOCUMENT 2022

Note: The information disclosed in this document corresponds to the 2021 period.

## ECONOMIC DIMENSION

### 1.1 Corporate Governance

#### 1.1.6 Board Average Tenure

The average tenure of LATAM's board members is four years.

#### 1.1.8 CEO Compensation - Success Metrics

The CEO compensation depends on certain financial metrics of the company, including EBIT (gross margin). Since in LATAM Airlines, the majority of the assets are already set for the next year (more than 90% of the assets are related to fleet and engines), the definition of the EBIT includes, by definition, the Return of Assets as a financial metric.

### 1.4 Risk & Crisis Management

#### 1.3.3 Emerging Risks

Name	Description	Impact	Mitigating Actions
<p>Political instability in major oil-exporting countries which cause fluctuations in jet fuel.</p>	<p>Both the cost and availability of fuel are subject to many economic and political factors and events that we can neither control nor predict, including international political and economic circumstances such as the political instability in major oil-exporting countries. Any future fuel supply shortage, a disruption of oil imports, or supply disruptions (i.e. conflict in Ukraine) or other events could result in higher fuel prices or reductions in scheduled airline services. We cannot ensure that we would be able to offset any increases in the price. In addition, lower fuel prices may result in lower fares through the reduction or elimination of fuel surcharges.</p>	<p>Higher fuel prices: Higher jet fuel prices could have a materially adverse effect on our business, financial condition and results of operations *i.e. Reductions in scheduled airline services. // Lower fuel prices: may result in lower fares through the reduction or elimination of fuel surcharges.</p>	<p>LATAM carries out hedges on NYMEX Heating Oil, whose underlying asset is included in the Fuel Risk Hedging Policy, given its high correlation with Jet Fuel 54. The Fuel Hedging Policy sets a minimum and a maximum hedging range for the group's fuel consumption, based on the capacity to pass through fuel price variations to airfares, anticipated sales, and the competitive scenario. Moreover, this Policy sets hedging zones, a premiums budget, and other strategic restrictions that are assessed and presented periodically before the LATAM Finance Committee. With regard to fuel hedging instruments, the Policy makes it possible to contract combined Swaps and Options only for hedging purposes, and does not allow the net sale of options.</p>
<p>Regulatory restrictions associated with new technologies</p>	<p>Rapid technological advancements and digitalization could generate risks in implementation and regulatory control. Globally, there have been large advances in processes of digitization and technological innovation, some of them as a result of the COVID-19 pandemic. These new technologies could generate new risks in their implementation that could impact us directly or indirectly.</p>	<p>These could generate restrictions in our operation generating schedule disruptions, and could also impact our strategic projects related with digital experience for our customers. As an example, the implementation of 5G in the United States had a temporary impact on operations at certain airports and generated a review</p>	<p>The company have different fronts to monitor and mitigate this risk. The Technology Department has a specific internal program that undergoes regular updates. In the governance structure, there is a CISO (Chief Information Security Officer) responsible for the Technology Risk Management. Related to operational or safety risk, the Safety &amp; Security Department has a Security Management System (SMS), whose interaction allows to track your performance in all areas, identify risk situations in</p>

Name	Description	Impact	Mitigating Actions
		by the FAA on the specific requirements for its implementation.	advance, and make decisions to mitigate them in a coordinated and rapid manner.

## 1.4 Business Ethics

### 1.4.4 Corruption & Bribery

The company does not use political and/or charitable contributions as a means of bribery and corruption.

## 1.5 Policy Influence

### 1.5.1 Contributions & Other Spending

Annual total monetary contribution in US Dollars (USD).

Data coverage for each year considers 100% of total operations

	2018	2019	2020	2021
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns, organizations, candidates	0	0	0	0
Trade associations	1,600,000	1,700,000	2,013,238	1,044,795
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0

LATAM Airlines does not contribute to political campaigns, political, lobby or commercial organizations or any other tax-exempt groups.

### 1.5.2 Largest Contributions & Expenditures

Name of organization	Contribution 2021 [USD]
ABEAR (Asociacao Brasileira das Empresas Aereas - Brasil) - Brazilian Association of Airlines	750,000
SOFOFA (Sociedad Fomento Fabril - Chile) - Manufacturing Development Society	53,200

AETAI (Asociación de Empresas de Transporte Aéreo Internacional, Perú) - Association of International Air Transport Companies	51,324
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## 1.6 Supply Chain Management

### 1.6.2 Critical Supplier Identification

#### Critical Supplier Definition:

We consider as critical suppliers (1) those that are difficult to replace and (2) those whose interruption in supply could affect operations. In addition, we include Third Party Intermediaries, which have representation on our behalf with public entities. We also have a classification of strategic suppliers, which corresponds to suppliers whose spend is greater than 1 million USD.

### 1.6.6 Supply Chain Transparency & Reporting

KPI	Target	Target Year
Critical suppliers Mapped	100%	2021
% TPI suppliers reviewed for sustainability risks	100%	2021
Supplier contracts terminated for non-compliance	0 contracts terminated	2021

## 1.8 Efficiency & Reliability

### 1.8.1 Delays exceeding 15 minutes

Arrival delays of LATAM flights in the last fiscal year:

Route	Route Definition	Percentage of flights with more than 15 minutes delay FY 2021
Short-haul	Short flights are those on domestic routes: flights within the same country. In other words, within Brazil, Chile, Peru, Argentina, Ecuador, or Colombia.	7.9%
Long-haul	Long flights are those on international routes	14.9%

Note: 2021 was a year marked by a slight recovery of our operation. We began to recover some routes, but the sanitary restrictions continued. Despite everything, we managed to have outstanding punctuality.

## ENVIRONMENTAL DIMENSION

### 2.2 Environmental Policy & Management Systems

#### 2.2.4 Return on Environmental Investments (USD)

Information for each year considers 100% RTK

USD	2018	2019	2020	2021
Capital Investments (USD)	1,880,000	1,770,000	3,000,000	1,399,041
Operating Expenses (USD)	2,625,684	2,951,274	1,145,000	2,442,000
TOTAL Expenses (USD)	4,505,684	4,721,274	4,145,000	3,841,041
Cost Savings (USD)	150,632,408	145,440,000	63,800,000	35,028,476

#### 2.2.5 Environmental Violations

We have not paid any significant fines (> USD \$10,000) related to environmental or ecological issues in the past four fiscal years.

## 2.4 Biodiversity

### 2.4.1 Biodiversity Commitment & 2.4.2 No deforestation Commitment

Even though LATAM's operation does not have a significant impact on biodiversity, the company promotes sustainable development in South America and works to preserve the culture and biodiversity of its areas of influence, which are known for their natural wealth.

We have made public commitments regarding Biodiversity and No-Deforestation available in <https://www.latamairlines.com/cl/es/sostenibilidad/cambio-climatico>, which considers a number of alliances that will allow us not only to purchase carbon credits for compensation but also actively participate in the conservation and restoration strategies of projects that generate these credits.

In 2022, we also committed to signing the United for Wildlife Transport Taskforce Buckingham Palace Declaration by 2023. The signatories to the declaration commit to not knowingly facilitate or tolerate the carriage of wildlife products and agree to implement and evaluate the impacts of the Commitments, as part of our intention to tackle this issue and bring an end to illegal wildlife trade.

## 2.5 Climate Strategy

### 2.5.1 TCFD Disclosure

LATAM Airlines hasn't applied the TCFD framework in the management of climate-related risks and opportunities but is planning on doing so by 2023.

### 2.5.4 Financial Risks of Climate Change & Financial Opportunities Arising from Climate Change

LATAM assesses risks and opportunities in a world moving towards a low-carbon economy. One of the most important risks is the adoption of restrictive laws and regulations in the countries where the group operates, with the implementation of taxes for organizations that cannot compensate for their greenhouse gas emissions (GHG), as is already the case in Colombia. In 2020, LATAM Airlines Colombia neutralized 100% of the emissions of its domestic aviation operations, guaranteeing exemption from the US\$5 charge per ton of CO<sub>2</sub> emitted. In Europe, some countries are already taxing the emission of gasses that affect the ozone layer, such as NO<sub>x</sub> (nitrogen oxide), whereas in Latin America, Brazil and Chile are making progress in the discussions regarding the matter.

Another mapped risk is extreme weather phenomena, such as cyclones and hurricanes, caused by the increase in the Earth's temperature. Those events can cause flight cancellations, temporary interruptions of operations and, in the medium term, a decrease in demand for flights to the affected region.

On the outlook regarding opportunities, the group's performance in the face of climate change may represent a competitive advantage impacting passengers' preference, new investments in the

companies that manage the ESG aspects, as well as fostering a sense of pride and belonging in people.

## 2.5.8 Physical Climate Risk Adaptation

### Action plan - Physical risks of Climate Change

LATAM has a rigorous flight planning system that can anticipate weather changes during and before the flight and thus improve routes, achieving more efficient and safer trajectories.

The company's Operations Manual and the manufacturer's manual define the operation policies in adverse weather conditions (some references to the manual applied by our crews can be found in the Annex).

The dispatch center and our meteorologist make the route analysis and the recommended destination alternatives in each case.

LATAM has the majority of its fleet certified in RNP AR operations, which means that it can count on satellite approach procedures to airports that, due to their geographical complexity or certain turbulent or wind shear conditions, can be avoided with this type of navigation. This makes a difference with our competitors since it allows us not only to reduce the carbon footprint in many cases but also to provide better operational continuity.

Furthermore, in the short term, LATAM will also be developing a detailed impact assessment against the physical risks associated with climate change, following the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. After the assessment, action plans will be developed.

### Annex: References Operations Manual (OM)

Chapters:

- A9.3.18 - Adverse and Potentially Hazardous Atmospheric Conditions
- A9.3.18.1 - Storms

The procedures indicated in the FCOM must be followed.

#### 6.1.4.1 - Dispatch in Adverse Weather Conditions

Special attention will be paid to the analysis of weather conditions, when these may affect the operation, eventually making it advisable to delay or even cancel a flight to an airport, or overflight due to an area where severe conditions are forecast or reported, such as:

- i) Hurricanes or Tropical Storms
- ii) Thunderstorms, Hail, Windshear or Squall Lines
- iii) Cordillera Crossing / Mountain Wave:

To prevent an aircraft from being dispatched along a route with convective activity or an electrical storm, the SCL Flight Control Center will be responsible for evaluating weather conditions, including reports of planes that have flown in the area before.

#### A2.4.11 - Meteorologist

Dependency: Reports directly to the Head of Flight Control Operations.

Substitution: In the event of his/her absence, his/her responsibilities and functions will be assumed by the Flight Control Systems Supervisor or CCV Executive on duty.

Objectives: Develop analysis, alerts and meteorological reports that facilitate operations planning.

Functions: Periodically carry out analyses and reports on mountain range crossings, presence of Zonda wind, hurricane monitoring, tropical storms, and weather conditions at stations. Height winds related to flight times and dispersion of volcanic ash.  
Raise alerts of these phenomena and advise the teams on the correct operations planning.

## 2.6 Food loss & Waste – 2.8 Packaging

### 2.6.1 Food Loss and Waste Commitment & 2.8.1 Packaging Commitment

Programs and initiatives to reduce single-use plastic and achieve the goal of zero waste to landfills by 2027.

We want to be a zero-waste group in landfills by 2027. To do this, we will eliminate single-use plastics by 2023, migrating to more sustainable materials in our operations. We will expand our onboard recycling program, which separates paper, aluminum, glass, and plastic, to all our domestic flights and ensure the recycling and use of waste.

- Use of reusable packaging: within the framework of its circular economy strategy, LATAM implements several initiatives to include reusable packaging in its processes. These initiatives are transversal to the entire company and are in the process of being implemented. Below are some examples:
  - Corporate buildings: eliminate plastic cups and change to reusable containers for employees.
  - Maintenance and warehouse:
    - According to its technical feasibility, efforts are made to reuse the packaging of the components, especially for sending materials to secondary stations.
    - Use of reusable pallets, particularly in the storage of chemical substances.
    - Use of reusable containers for storage.
  - Cargo: developing pilot projects for the change to reusable packaging to protect cargo.
- Use of recyclable packaging: intending to eliminate single-use plastics and bring zero waste to landfills by 2027, the LATAM group designed a program for the change of materiality to more sustainable materials, which implies migrating to products developed from raw materials from sustainable, reusable, recyclable, compostable natural sources, or that involve recycled material, among others. Along these lines, the group is going forward with the change in materiality and prioritizing using recyclable materials. Some examples and results are detailed below:
  - Use of recyclable materials in on-board operations and implementation of the recycle your Trip program: given the high amount of recyclable material used in on-board services, LATAM implemented this program that seeks to separate waste in flight or on the ground and then deliver it to an authorized manager for recycling, the program is currently active in the markets of Chile, Colombia, Ecuador, and Peru.



- Recycling program in corporate offices and operational areas: In the LATAM group's facilities, waste management programs are implemented focused on ensuring waste recycling and its proper treatment.
- Use of the recycled materials in the products used in the operations: In the process of changing materials developed by the company, one of the key elements is its source, where products that involve recycled material as raw materials will be prioritized, considering the evaluation of the life cycle and progressively increasing the percentage of recycled materials.

Use of recycled materials:

- Business class travel kit: socks and eye cover made from recycled plastic.
- Our commitment to food loss and waste: In addition to the materials used in our operation, food management plays a fundamental role in the on-board service provided by the company. Aligned with the group's goals in Circular Economy and the Sustainable Development Goals (SDGs), LATAM seeks to reduce the food waste generated in the processes through operational improvements and innovation.
  - Innovation to reduce food waste on board: LATAM implemented a catering service request optimization system for international and domestic flights. By transmitting information in real-time to the catering provider, this system allows the food order request to be captured and adjusted according to the actual flight reservation.

Management of the food waste generated on international flights: according to the health regulations applied in most operations, it is required to incinerate waste from international flights.

- Food waste management LATAM facilities: In partnership with food services providers, initiatives are implemented to reduce food waste, such as control over rotation and inventory management and adjustment according to historical records. In addition, in facilities where it is technically feasible to implement composting processes, food waste is consolidated in a differentiated manner for use as fertilizer.

## 2.8.2 Packaging Materials

Packaging Materials	Coverage (% of cost of goods sold)	Total Weight (metric tonnes)	Recycled and/or Certified Material (% of total weight)
Wood/Paper fiber packaging	100	2.470	22%
Metal (e.g. aluminum or steel) packaging	100	397	0.03%
Glass packaging	100	998	0.08%

Cargo Operations: The amount of wood packaging provided corresponds to the 2 cities that concentrate most of the cargo operations (SCL and MIA) and Brazilian main cities.

## 2.8.3 Plastics

Coverage information: 100% of costs of goods sold. Data consists of packaging material only managed by LATAM, this includes the warehouse, cargo operations, in-flight sale service and catering supplies. The packaging managed by third parties is not included.

	2018	2019	2020	2021
A. Total weight (tonnes) of all plastic packaging	129637	170104	156122	4035
B. Percentage of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	0.03	0.34	0.4	0.6
C. Percentage of compostable plastic packaging (as a % of the total weight of all plastic packaging)	0	0	0	0
D. Percentage of recycled content within your plastic packaging (as a % of the total weight of all plastic packaging)	0.01	0.01	0.01	0.05

## SOCIAL DIMENSION

### 3.2 Labor Practice Indicators

#### 3.2.2 Workforce Breakdown: Gender

Our target: The LATAM group will work so that gender distribution in executives is between 40-60% by 2025.

This information covers >75% of LATAM's employees.

Diversity Indicator	Percentage (%)
Share of women in total workforce (as % of total workforce)	38.6%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	34.4%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	53.9%

Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	12.7%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	68.5%
Share of women in STEM-related positions (as % of total STEM positions)	28%

### 3.2.3 Workforce Breakdown: Nationality

This information covers >75% of LATAM's employees.

Nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Brazilian	54%	35%
Chilean	22%	31%
Peruvian	9%	5%
Colombian	6%	5%
Argentinean	1%	3%
Ecuadorian	1%	2%

## 3.3 Human Rights

### 3.3.1 Human Rights Commitment

Our Human Rights Commitment is publicly available on our website:

<https://www.latamairlinesgroup.net/static-files/f1880d8e-42be-4765-af81-c73fd4a4497f>.

This document (henceforth, the Declaration) applies to all of LATAM Group's Employees and Collaborators, and crucial groups that are part of our value chain, as are our suppliers and partners.

Also, this policy will be made known to the people, third parties, TPIs, and/or institutions that, for some reason of business, interact with Grupo LATAM.

### 3.3.2 Human Rights Due Diligence Process

Throughout the year, LATAM evaluated human rights-related risks throughout its operation and classified them into a matrix that considers potential impact and probability of occurrence. We do a systematic periodic review of the risk mapping of potential issues in our own operations and in our value chain and are committed to expanding this risk identification in potential new business relations, considering mergers, acquisitions, joint ventures and/or other crucial institutions that, for the reason of business, interact with Grupo LATAM.

Actual or potential human rights issues identified in our process were: Forced Labor, Child Labor, Freedom of association, Right to collective bargaining, equal remuneration, discrimination, Healthy and Safety environment, Environmental Regulatory Compliance and Harassment or violence.

Groups at risk of human rights issues identified in LATAM Human Rights Due Diligence:

We recognize that some groups within our employees, clients, third parties, and society are more vulnerable to potentially facing the impact on their human rights, as are women, people with disabilities, and migrants. Therefore, they represent a priority stakeholder, and our processes and policies consider them particularly.

## 3.5 Talent Attraction & Retention

### 3.5.6 Employee Support Programs

Part-time working options	Working-from-home arrangements	Flexible working hours	Childcare facilities of contributions	Breast-feeding/lactation facilities of benefits
For some specific roles we have part-time contracts, which allow our	All LATAM employees have the possibility to work in hybrid mode, which consists of two days	For certain countries and specific job positions LATAM gives the option of flexible working	<u>Childcare facilities:</u> According to each country's regulations, we grant childcare facilities to working women to take care of their children after the postnatal period, and	We have dedicated lactation rooms in our workplaces. This spaces offer privacy, comfort, storage and hygiene to new

employees to work less hours per week instead of the traditional full-time contracts. This support program is available in different countries, according to their national regulation.	working in the office and three days working-from-home. Also, some specific roles work 100% from-home due to their functions, as is IT and our Contact Center teams. LATAM grants some expenses derived from hybrid work, such as food and internet costs, according to the regulations of each country.	hours, according to national regulation. This implies a flexible schedule which allows employees to decide when to start and/or finish their workday according to their individual needs and within the time range defined by the companies where it applies.	childcare contributions, as an alternative for parents who work on shifts or whose child has health incompatibility to be in the childcare facilities.	mothers can breast-feed or breast-pump for their newborn child. This support program is available in different countries, according to their national regulation.
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### 3.5.7 Employee Turnover Rate

Data coverage: 100% of all LATAM FTEs globally.

	2018	2019	2020	2021
Total employee turnover rate	14.2	13.7	53.7	22.5
Voluntary employee turnover rate	4.2	4.2	2.5	5.1

## 3.6 Corporate Citizenship & Philanthropy

### 3.6.3 Philanthropic Contributions

Type of Contribution	USD \$
Cash Contributions	0
Time: employee volunteering during paid working hours	0
In-kind giving: product or services donations, projects/partnerships or similar	2,000,000

Management overheads	370,534
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## 3.8 Customer Relationship Management

### 3.8.2 Customer Satisfaction Measurement

Systematically, LATAM measures clients' levels of perception about the operation and service through the Net Promoter Score (NPS), which enables it to understand strengths, weaknesses, and generate improvements in its processes with clients in mind. Passenger operation has specific measurements related to Digital Experience, Flight Experience and Contact Center.

Satisfaction Measurement	Unit	FY 2018	FY 2019	FY 2020	FY 2021
NPS	NPS: % Promoters (9 y 10) – % Detractors (0-6)	25	33	40	51
Data coverage	Pax surveyed (Respondents/Non respondents)/ total pax flown	34%	49%	47%	58%