



# volaris

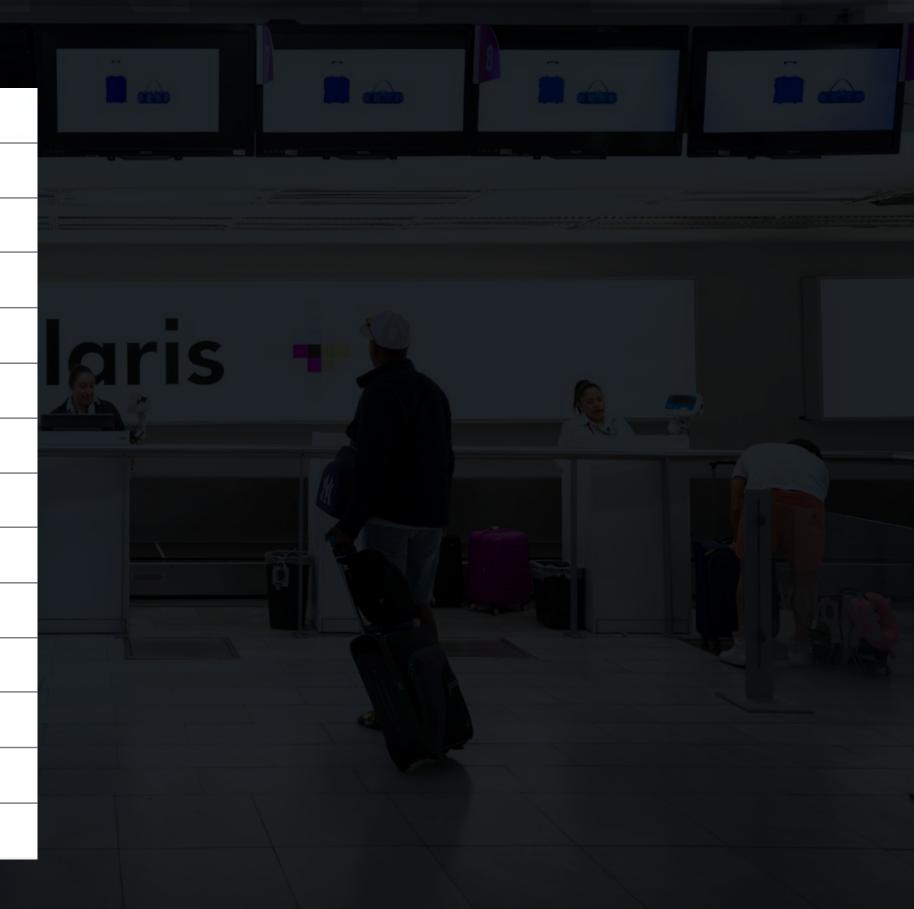
2018 Social Responsibility Report

We Fly Differently





## CONTENTS



CERTIFICATION IN
ENVIRONMENTAL AND QUALITY
MANAGEMENT SYSTEMS
ISO 14001:2015 & ISO 9001:2016



31,589 CERTIFIED CARBON CREDITS
PROCURED SINCE 2015



TRANSPORT OF 256
ORGANS & TISSUES 2009



2,362,500
INVESTED TO DONATE 606 PLANE TICKET



COLLECTION OF 2\$4,750,032 THROUGH OUR #FORACLEANSKY CAMPAIGN SINCE 2011



177 FULFILLED DREAMS
FOR GIRLS, BOYS AND
TEENAGERS WITH CHRONIC OR
ADVANCED ILLNESSES



5,126 VOLUNTEERING HOURS WITH 1,822 VOLUNTEERS PARTICIPATING IN 104 ACTIVITIES





SOCIALLY RESPONSIBLE
COMPANY (ESR) DISTINCTION
FOR THE
CONSECUTIVE
VEAR



TOP MEMBER IN THE IMPLEMENTATION OF THE CODE (ECPAT) FOR THE 6TH CONSECUTIVE YEAR

## CONVERSATION WITH OUR CEO GRI 201: 103-1, 103-2 GRI 102-14, 102-15

### Dear shareholders,

Since Volaris was founded in 2005-2006 in Mexico, we decided to go behind the airline market and change the way to fly. Flying differently means offering what customers really value and need. This strategy has generated an additional value for

our Company, and I am very proud to share with you our outstanding 2018 results.

We decided to give Customers what they needed and nothing else. All additional services had to be sold sep-

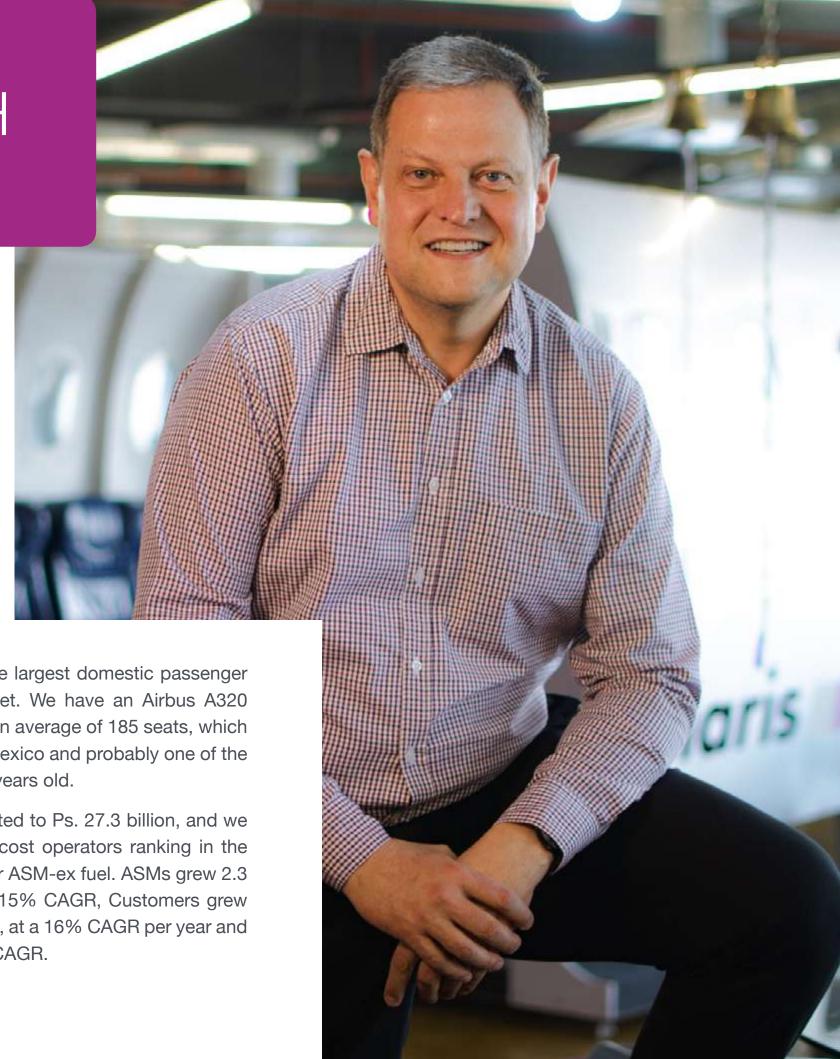
Flying differently means offering what customers really value and need

arately, because fares had to compete with buses and some services were not valuable for them. ¡Low fares! The solution was to design fares that were so low that would mobilize them and get them out of town... in a plane of course.

More than 12 years later, Volaris has 187 routes to 69 destinations plus the 50 Frontier codeshare destinations and we have transported over 100 million Customers. Last year alone, we transported more than 18 million Customers, a 12% increase; but 10% of them claim they are first time travelers. Our bus switching campaign still has a huge impact, to the extent that today, still 15% of our domestic routes do not have direct air competition. Currently, we are the largest ultra-low-cost

carrier in Latin America and the largest domestic passenger operator in the Mexican market. We have an Airbus A320 family fleet of 77 aircraft, with an average of 185 seats, which today is the youngest fleet in Mexico and probably one of the youngest in the continent: 4.6 years old.

This year, our revenues amounted to Ps. 27.3 billion, and we got into the three lowest unit cost operators ranking in the world at 4.3 US dollar cents per ASM-ex fuel. ASMs grew 2.3 times from 2012 to 2018 at a 15% CAGR, Customers grew up 2.5 times in the same period, at a 16% CAGR per year and revenues at 1.5 times or 16% CAGR.



When in 2009 we decided to unbundle prices and start selling ancillaries, we created a revolution, not because Customers opposed it, but because of the way we launched it. We called it "You decide" and emphasized the fact that we were more trans-

# OAG recognized Volaris as one of the top five most punctual ULCC airlines worldwide.

parent with our Customers than traditional carriers, since we allowed customers to decide where to spend their money. Today, 32% of our revenues are driven by ancillaries. They grow at a pace of 36% CAGR and we are now charging almost US \$30.00 per Customer. User experience and dynamic pricing improvements are two main forces for growth. In the development of ancillaries, we maintain a customer-centric approach that has clearly paid off.

Air trips per capita went up from 0.25 in 2007 to 0.36 in 2018, growing the domestic market from 24 million passengers per year to 44 million passengers per year. 48% of the market growth in Mexico is attributed to Volaris. Traffic volume in the domestic market continues to rise, in line with an emerging market economy, in which the middle class evolves and requires more seats and air travel options. This trend explains part of Volaris' traffic behavior; we believe that domestic demand of Visiting Friends and Families traffic is growing at a higher pace. An ideal fit for the ultra-low-cost model in this economy and population.

Costs continue to be a challenge. In 2018, we had fuel costs go up dramatically. Our all in all costs are so low that the

fuel line represents 37% of our revenues. The new aircraft and engine technology are key to managing fuel costs. We were the first NEO operator in North America and by now we have substituted 20% of our actual fleet to NEO's. By 2022, 56% of the fleet will be substituted with engines that burn less fuel, plus have sharklets to further reduce fuel and CO2 emissions. On the whole, an 18% lower fuel burn in favor of our low-cost strategy.

Our on-time performance has been recognized several times. We operate at 82% on time performance: arrival +15 minutes. OAG recognized Volaris as one of the top five most punctual ULCC airlines worldwide. Schedule completion is at 99.3% and we operate on average 13.4 hours a day, giving the fleet one of the highest utilization rates in the market.

Volaris market share is now 28% in the domestic market. We use market share to measure market penetration of the new model, since we drive our decision model based on costs and profitability. Volaris stimulation in the markets is typically better than the market growth, resulting from a model that continuously measures elasticity of demand.



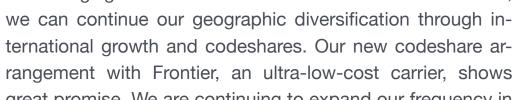
On the second semester of 2017, we started another certificate of operations in Costa Rica. Central America is again an overpriced market that, as 12 years ago in Mexico, is strangulating volume growth. Today a very small portion of our ASMs are operated in that area. At the end of 2018, about 3.5% of our capacity is flying within Central America and from there to three destinations in the United States.

Labor wise Volaris, cannot achieve these great accomplishments without our people, our Ambassadors<sup>1</sup>. Our Volaris family is comprised of over 4,600 direct employees with an industry labor union, 60 full time equivalents per aircraft. These Ambassadors generate four times more indirect employment. So concisely, Volaris generates more than 25 thousand jobs in our territories.

We have great opportunities going forward. We were strong supporters of the new United States-Mexico open skies agreement, and we know that, despite the ups and downs of the air service market between the United States and Mexico, the agreement provides a strong foundation for growth and the expansion of the relationship between our two countries.

Furthermore, we are able to maintain our growth in an attractive emerging air travel market in Mexico and Central America; great promise. We are continuing to expand our frequency in very elastic markets; we do have a great upside in ancillary revenues; we have a flexible fleet plan and high utilization; we manage ourselves in a very rational capacity deployment and we still think we can improve Volaris to the lowest cost operator in the world. Volaris has built a strong and diverse network with minimal concentration and overlap with other carriers. Our diversified network will continue to allow us to work around the infrastructural gaps to grow consistently in significant untapped opportunities throughout the Americas.

My sincerest gratitude for your continued confidence and support.



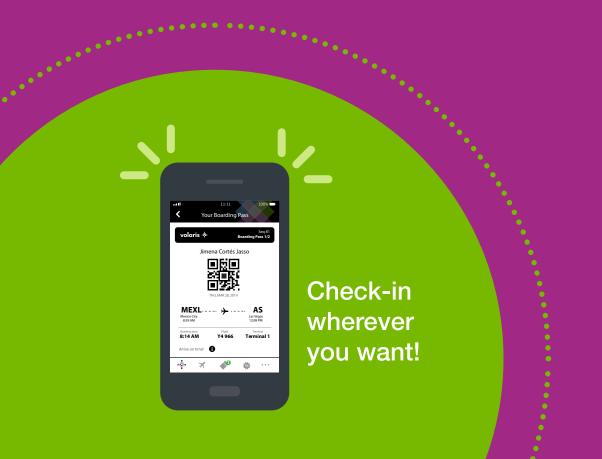




<sup>&</sup>lt;sup>1</sup> Ambassadors: men and women who are part of Volaris.

<sup>\*</sup> All reported figures as of December 31st, 2018.

# WE FLY DIFFERENTLY BECAUSE...





"The launch of code-sharing sales marks an important milestone in the history of our operations. Our Customers and those of Frontier can purchase their tickets with the shared promise of maintaining the lowest rates, the best Customer service and the highest standards of safety and quality."

Enrique Beltranena, President and CEO



## **New Destinations for our Customers with Codeshare**

GRI 102-10

We began our Codeshare operations with Frontier. Through it, our Customers can visit new destinations in the United States beyond our current ones, and Frontier customers will gain first-time access to new cities in Mexico.

During 2019, we plan to enhance our codeshare initiatives, such as increase the number of connecting airports and explore cost synergies at certain United States and Mexican airports to increase our already strong connectivity potential.

## WE MAKE FLYING EASIER

GRI 102-1, 102-2, 102-4, 102-6, 102-7, 102-10, 201-1







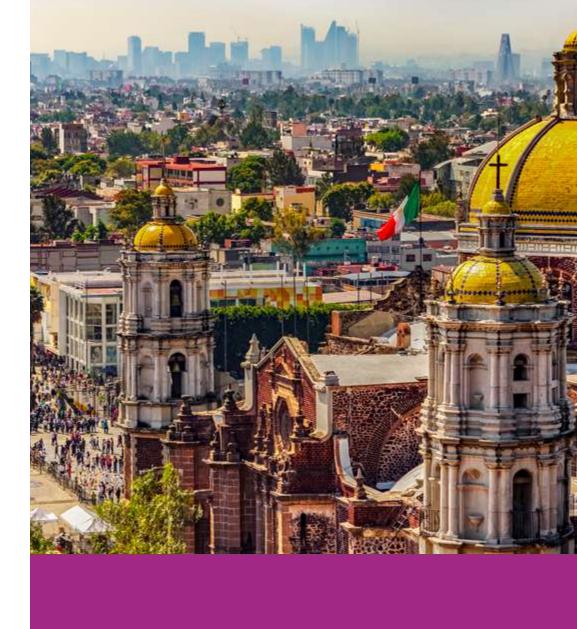




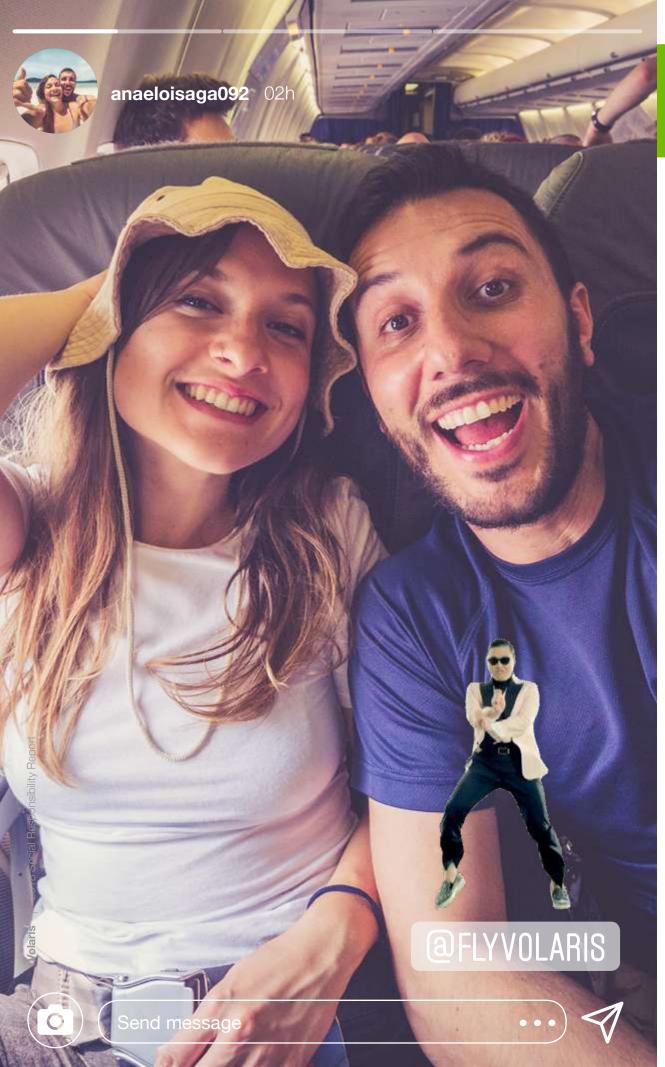








Volaris is an ultra-low cost, point-to-point service airline operating in Mexico, the United **States and Central** America.



## **2018** ROUTES

#### **MEXICO**

- 1. ACAPULCO
- 2. AGUASCALIENTES
- 3. CANCUN
- 4. CHETUMAL
- 5. CHIHUAHUA 6. CIUDAD DE MEXICO
- 7. CIUDAD JUAREZ
- 8. CIUDAD OBREGON
- 9. COLIMA
- 10. COZUMEL 11. CULIACAN
- 12. DURANGO
- 13. GUADALAJARA
- 14. HERMOSILLO
- 15. HUATULCO
- 16. IXTAPA / ZIHUATANEJO **17.** LA PAZ
- **18.** LEON
- 19. LOS CABOS
- 20. LOS MOCHIS
- 21. MAZATLAN
- 22. MEXICALI
- 23. MONTERREY
- 24. MORELIA
- **UNITED STATES**
- 41. AUSTIN
- **42.** ALBUQUERQUE 43. ATLANTA
- 44. BIRMINGHAM, AL
- 45. BISMARCK
- 46. BOISE 47. BOZEMAN
- 48. BRANSON
- 49. BUFALO 50. CEDAR RAPIDS
- 51. CHARLESTON, SC
- 52. CHARLOTTE
- 53. CHICAGO (MIDWAY)
- 54. CHICAGO (O'HARE)
- 55. CINCINNATI
- 56. CLEVELAND 57. COLORADO SPRINGS
- **58.** COLUMBUS
- 59. ORANGE COUNTY
- 60. DALLAS-FORT WORTH
- 61. DENVER
- 62. DES MOINES 63. DETROIT

64. EL PASO

25. MERIDA

26. OAXACA

28. PUERTO ESCONDIDO

29. PUERTO VALLARTA 30. QUERETARO

**36.** TUXTLA GUTIERREZ

31. SAN LUIS POTOSI 32. TAPACHULA

27. PUEBLA

33. TEPIC

**34.** TIJUANA

**35.** TORREON

**37.** URUAPAN

**38.** VERACRUZ

40. ZACATECAS

39. VILLAHERMOSA

- **65.** FARGO 66. FILADELFIA
- 67. FORT MYERS
- 68. FRESNO 69. GRAND RAPIDS
- 70. GREENVILLE 71. HOUSTON
- 72. HUNTSVILLE 73. INDIANAPOLIS
- **74.** ISLIP 75. JACKSON
- 76. JACKSONVILLE 77. LAFAYETTE (LUISIANA)
- 78. LA GUARDIA (NEW YORK) **79.** LAS VEGAS
- 80. LITTLE ROCK 81. LOS ANGELES
- 82. LOUISVILLE
- 83. MADISON 84. MEMPHIS
- 85. MIAMI
- 86. MILWAUKEE 87. MINEAPOLIS

- - 90. NORFOLK
  - 99. PENSACOLA
  - 101. PITTSBURGH
  - 105. RENO 106. SACRAMENTO
  - 107. SALT LAKE CITY 108. SAN ANTONIO
  - 109. SAN DIEGO 110. SAN FRANCISCO
- 124. SAN JOSE, COSTA RICA

88 MISSOULA 111. SAN JOSE, CALIFORNIA 89. NASHVILLE 112. ST. LOUIS 113. SEATTLE 91. NUEVA ORLEANS 114. SIOUX FALL (SOUTH DAKOTA) 92. NUEVA YORK (JFK) 115. SPOKANE 93. OAKLAND 116. SYRACUSE 94. OKLAHOMA CITY **117.** TAMPA **95.** OMAHA 118. TRENTON 96. ONTARIO, CA 119. TULSA 97. ORLANDO 120. WASHINGTON D.C. 98. PALM SPRINGS 121. WICHITA **CENTRAL AMERICA** 100. PHOENIX 122. GUATEMALA, GUATEMALA 102. PORTLAND 123. SAN SALVADOR, 103. PROVIDENCE 104. RALEIGH-DURHAM **EL SALVADOR** 

\*Includes Frontier destinations.

## WE REDUCE COSTS SO MORE PEOPLE TRAVEL, WELL!

GRI 102-2, 102-7, 102-10

We continued strengthening our "Clean Base Fare"; currently our Customers have the option of traveling without checked baggage throughout all our route network, if they decide so. Furthermore, we improved their experience with our "You decide" strategy, through which Customers may supplement their flight with the additional services they need.

In line with our continuous renovation and improvement strategy, we maintain our focus on three strategic goals: the lowest fares, excellent Customer service and punctuality. Therefore, we have simplified and enhanced our services to offer more payment methods during reservations, even in monthly payments for our United States Customers.

2018 was a year filled with achievements; and we are proud to report we are among the top 10 most punctual airlines worldwide in the Official Airline Guide (OAG) monthly ranking, June 2018 edition. In addition, Volaris Mexico and Volaris Costa Rica were among the Top 100 of the Punctuality League, with a five-star review.

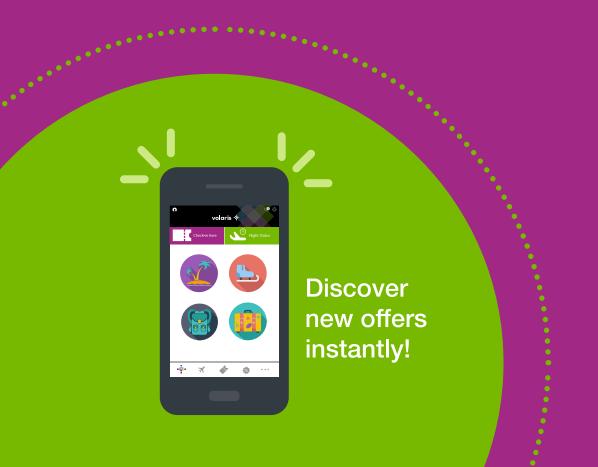


Our V.pass subscription seeks that our frequent Customers become subscribers who travel once a month.

We increased the discounts offered by our V.club subscription to additional services, including checked baggage and carry ons so our Customers can access the lowest fares.

# WE CREATE EXPERIENCES WITH VALUE

GRI 102-16, 102-20, 102-26, 102-29, 102-40







For the ninth consecutive year, we obtained the Socially Responsible Company (ESR) distinction.

## Value













## Who?

















How?



Model





Integrity











## What?









**Profitability** 



## Why?







## Why?



#### MISSION

With the best people and low costs, we enable more people to travel... well!



#### VISION

Transcend by creating and living the best travel. experiences.

## What?



#### CONNECTIVITY

Development of a diversified and flexible point-to-point route network in order to connect Customers who visit friends and relatives (VFR) and attract bus travelers.



#### **CLEAN BASE FARE**

The lowest prices with additional optional services so everyone can fly.



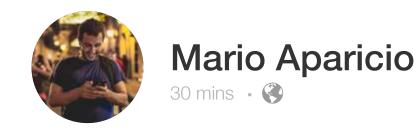
#### **QUALITY**

The highest quality to provide the best travel experiences.

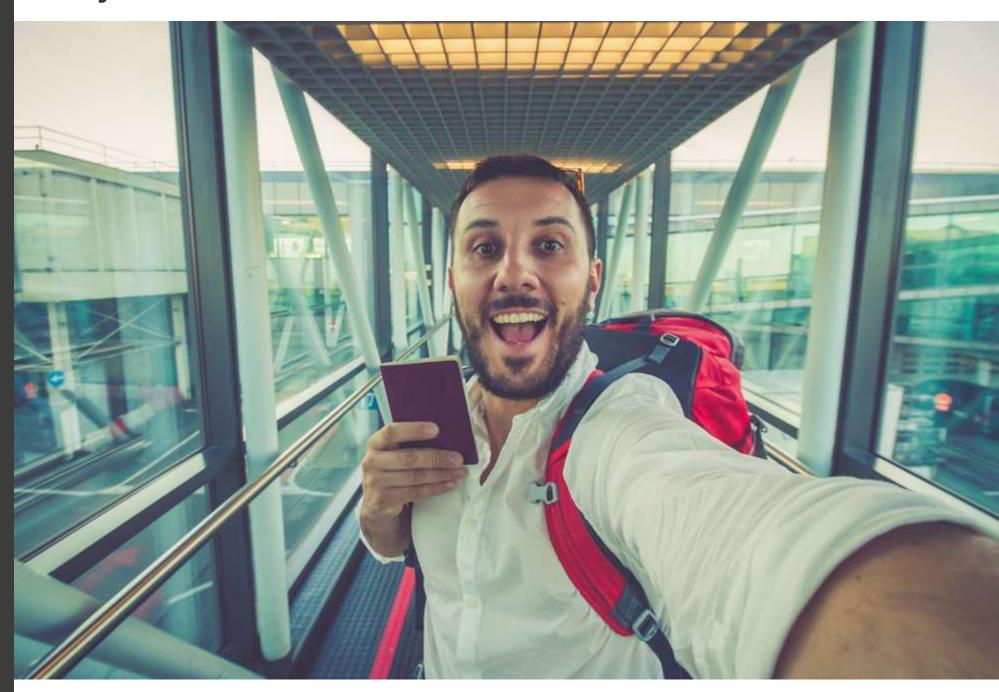


### **EFFICIENT AND SUSTAINABLE OPERATIONS**

Efficient operations to preserve the environmental and reduce our environmental footprint.



Ready for a new adventure... #flyvolaris









## How?



#### **CUSTOMER SERVICE**

Ambassadors in constant training to offer the best attention and experience to all our Customers.



### SAFETY

Focus on Customers and Ambassadors' safety.



### SUSTAINED PROFITABILITY

Efficient and ideal use of resources, in every sense.



### **ETHICS AND INTEGRITY**

Person-centered Culture, characterized by ethical values and behaviors, as well as Human Rights protection.

### **Volaris' Conducts:**

- Credibility
- Respect
- Fairness
- Camaraderie
- Pride



#### **BUSINESS MODEL**

Ultra-low-cost model with best-in-class cost structure within the aviation market.





### SUSTAINABILITY MODEL

Assurance of our commitment with society, the environment and the communities where we operate, aligned to our Business Model.

• "Let's Fly Together" Social Responsibility permanent campaign with four action principles: Leadership, Health and Life, Sustainability and Corporate Volunteering.

1 NO POVERTY  8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS



**Sustainable Development Goals** 









Open and continuous communication channels to obtain feedback and meet their expectations

## Value



#### **ECONOMIC**

- Market share increase
- Cost reduction
- Revenue increase
- Higher return on investment



#### SOCIAL

- Social and economic development in communities
- Support of marginalized populations
- Donations and volunteering
- Contribution to the UN's 2030 Agenda through the Sustainable Development Goals (SDG)



#### HUMAN

- Creation of an inclusive and suitable work environment for personal and professional development
- Qualified and trained Ambassadors
- Diversity and Human Right's defense
- Safe working conditions



#### **ENVIRONMENTAL**

- Operations' environmental footprint reduction
- Contribution to the UN's 2030 Agenda through the Sustainable Development Goals (SDG)



#### BRAND

- Positive reputation increase
- Customers' loyalty
- Guarantee of the best travel experience



We were part of the Sustainability Index of the Mexican Stock Exchange during 2018.

For more information about our Sustainability Model and Social Responsibility actions, please visit:

https://cms.volaris.com/es/sobre-volaris/responsabilidad-social/volemos-juntos/volemos-juntos/

#### **Sustainable Development Goals**



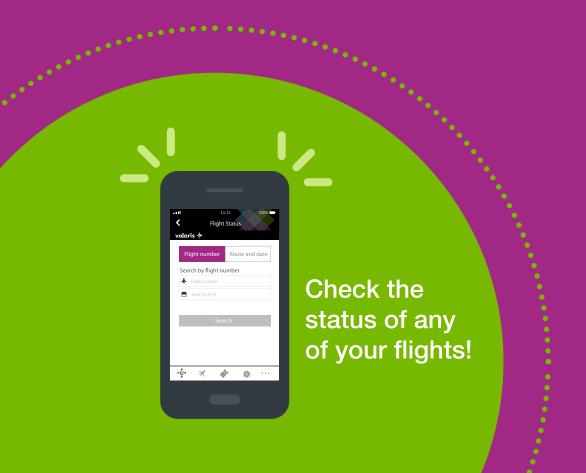
GRI 102-12, 102-13

We strive to operate with the best practices in the aeronautic industry, so we participate in several national and international organizations and chambers.

- IATA / International Air Transport Association, since February 24, 2009.
- CANAERO / Cámara Nacional de Aerotransportes, since 2006. We participate in the Management Board and several committees, so we can identify common concerns and explore alternative solutions to the industry's problems.
- Flight Safety Foundation / Non-profit organization that prioritizes the active participation of all elements of global professional aviation, while anticipating, analyzing, and identifying operational safety problems; as well as the implementation of effective communication on safety, aiming to be a catalyst for best practices.



## WE HAVE THE BEST TALENT





# Volaris | 2018 Social Responsibility Report

## **Volaris Competence Model**

As part of the constant progress that is established in each area, we implemented the Volaris Competence Model. We aim to strengthen Leaders through training provided by this Model's workshop and preparation modules. It specifies the 10 key leadership competencies to develop Volaris' Leaders.

All acquired skills have been launched in the Talent Cycle's different processes:

- Talent attraction
- Performance reviews
- Training for operative personnel through the Leader Academy
- Leadership certification course for management positions
- Individual development plans

93 Leaders and 66 managers participated in 9 working sessions.



## AMBASSADORS

GRI 402: 103-1, 103-2

It is of the upmost importance to have the best human talent, since this will help us provide the best service for our Customers. Therefore, we seek to attract and retain the most qualified and professional Ambassadors through the daily recognition of their abilities, as well as with the reiteration of values, so that they are faithful to the Company's identity.

Likewise, we convey our Culture to all Ambassadors, thus promoting a sense of belonging and pride, which is translated into the highest attention to comprehensive well-being that manages to promote union stability, while at the same time furthering an exceptional work environment for their personal and professional development.



543 690

MEXICO

567 558

GUADALAJARA

325 462

TIJUANA

145 160



148 200

OTHERS

410 246

**HEADQUARTERS** 





Women

\*99% of our Ambassadors work full-time.

## **Managers and Directors' Diversity**



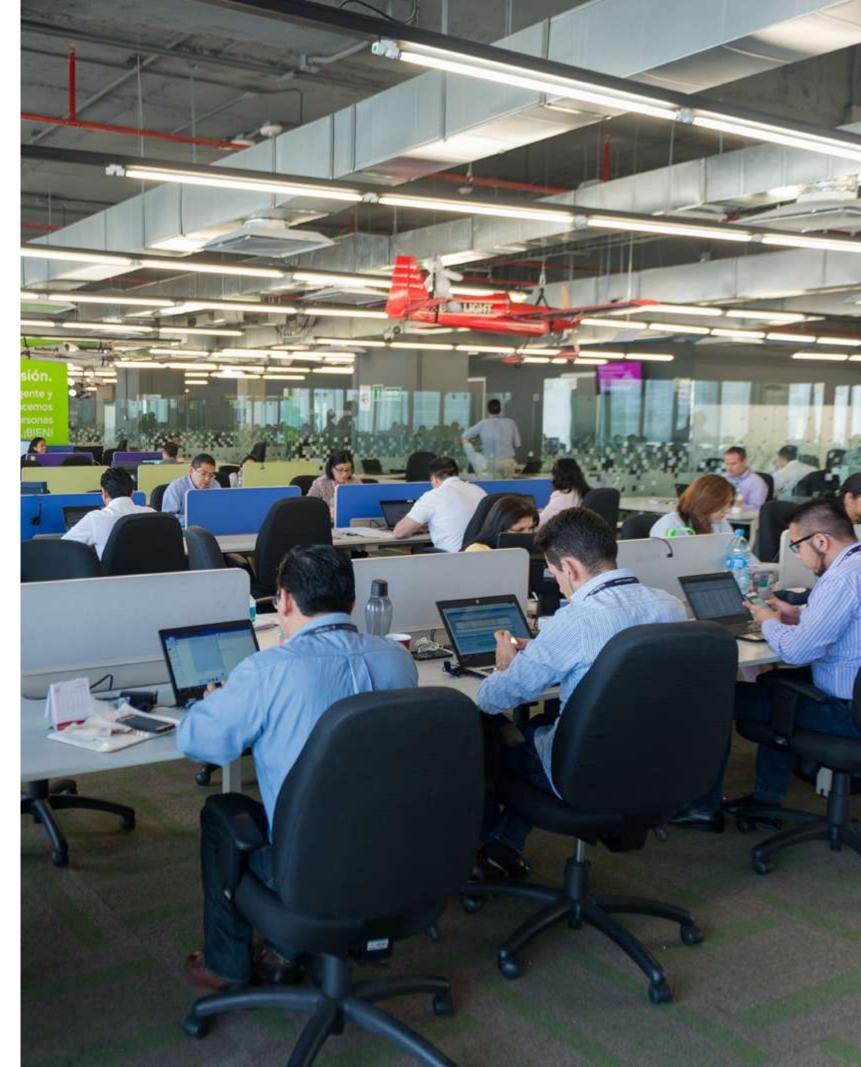




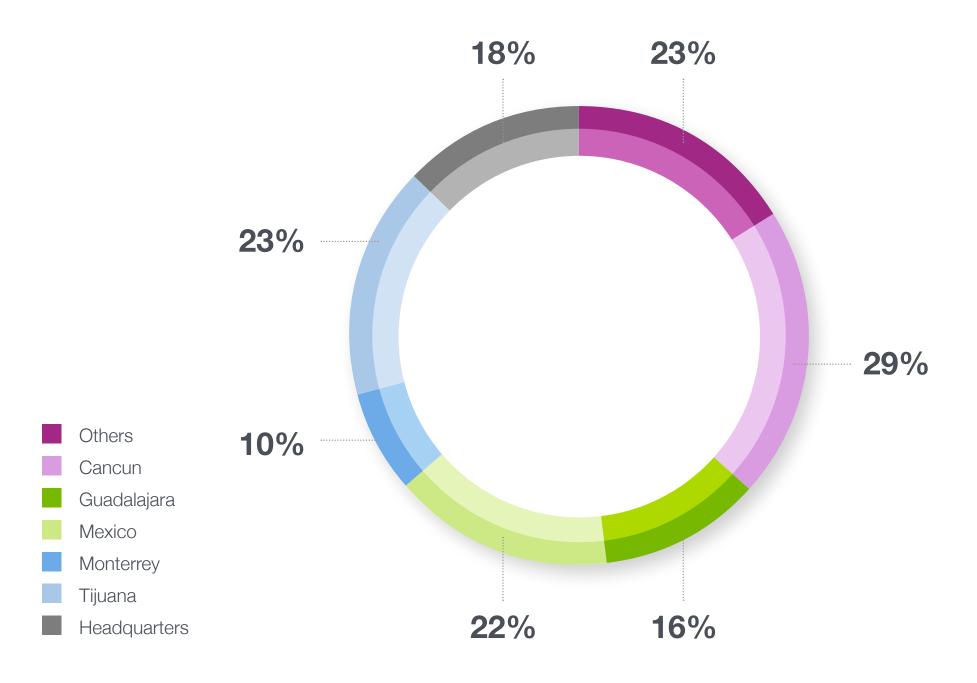






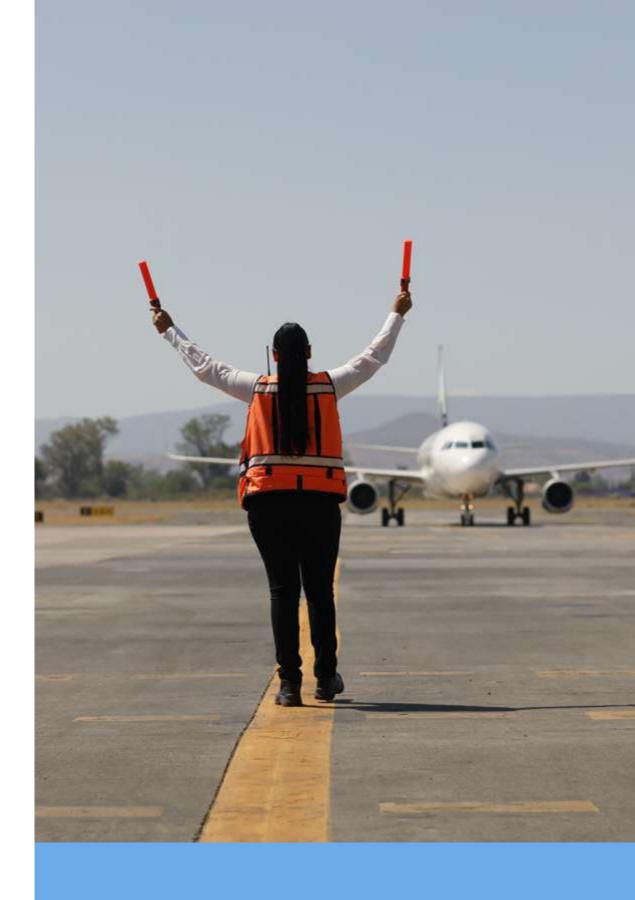


## **Turnover rate by region**



## **Turnover rate by gender**





**Turnover rate: 19%** 

## WE OFFER THE BEST OPPORTUNITIES TO THRIVE

We provide competitive benefits, well beyond the law's reguirements, aiming to retain the best talent and contribute to the improvement of their quality of life. We offer our Ambassadors benefits such as life insurance for natural and accidental death, mayor medical expenses insurance, administrative or union passes, variable compensation and groceries coupons for union staff.

Furthermore, all our Ambassadors have the right to maternity and paternity leaves. In 2018, 107 Ambassadors used this benefit. We constantly review our compensation package and make all possible improvements in the required aspects.

In addition, we offer benefits to balance our Ambassadors' personal and professional lives. For those whose functions allow it, they can enjoy the flextime policy, home-office policy, breastfeeding schedule and accommodation and an agreement with daycare and child care services.

We recognize our Ambassadors' talent and commitment through several programs to motivate excellence and pride in Volaris.

ris In 2018, we invested **Ps. +3,125 million** in benefits for our volaris Ambassadors. GRI 201-1 Embajador a su servicio **5** GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

# Volaris | Informe de Responsabilidad Social 2018

## trASCIENDE

We allow Leaders to recognize the most outstanding Ambassadors, whether for achieving excellent operational results, innovative ideas or for an exceptional commitment with Volaris.

## 152 Ambassadors

## ReconoSER

We encourage our Ambassadors to recognize their peers who live our Pillars, Conducts and Social Responsibility actions, all which help create a healthy work environment and teamwork.

## **63 Ambassadors**

## **Service Stars**

We recognize Ambassadors who, through their stories, show an extra effort with our internal and external Customers, hence providing them an exceptional travel experience.

## 71 Ambassadors



# Volaris | Informe de Responsabilidad Social 2018

## Internal Opportunities System (SOI)

We stimulate Ambassadors' growth and professional development through promotions in order to provide the best experiences for our Customers.

141 promotions





## **Ambassador of the Month**

We recognize operational Ambassadors – Pilots, Flight Attendants, Cabin Crew, Airport Ambassadors – who demonstrate outstanding operating results.

209 recognized Ambassadors

## **Travel Experience**

We acknowledge Ambassadors with a trajectory of five and ten years with Volaris.

**373 Ambassadors** 

## December Overnight Stay Program

We always make an effort to offer our Ambassadors the best conditions and to make them feel as part of the Volaris family. Ambassadors who work on December 24 and 31<sup>st</sup> can enjoy these special dates with a family member or friend on the flight and destination they spend the nights.

37 Flight Attendants & 33 Pilots















We strive to train all Ambassadors not only on the required skills to excel in their roles, but in our Person-centered Culture and the living of Volaris Values. Thus, we especially promote diversity and Human Rights. We have established the Gender Equality Policy, Compensation Policy and Diversity and Equal Opportunities Policy to ensure equal employment and non-discrimination in all processes and operations.

At Volaris we seek to offer equal opportunities for everyone through a strict non-discrimination perspective. We hire senior citizens and persons with disabilities who are willing to contribute in a respectful and inclusive work environment.

Furthermore, we aligned our operations to the guidelines of the certification in the Mexican Regulation NMX-R-025-SC-FI-2015 of Labor Equality and Non-Discrimination. Yes, I'm a Traffic Agent

9:00 am

Volaris offers an opportunity for all persons with disabilities and INAPAM (National Institute for Senior Citizens) peers to feel appreciated and valued.

9:01 am

The most important thing, we are a family.

9:02 am

We have the unyielding commitment to prevent, manage and sanction any type of conduct that goes against our Culture.

# Volarie | 2018 Social Besnonsibility Ber

## WE DRIVE GROWTH

We offer internal training programs to improve our Ambassadors' knowledge, skills and self-improvement. They are taught through E-learning and the platform includes mandatory and optional courses for their development. In addition, we have the Volaris Corporate University, which offers several training workshops to ensure an ideal level in all our operations.



**Sustainable Development Goals** 













Flight Attendants	1,596	1,155	441	6,496	126
Pilots	936	35	901	3,013	404
Maintenance	677	21	656	4,759	585
Dispatch Operation Control Center	403	49	354	920	22
Airports' Operation	7,713	1,333	6,380	14,246	1,213
Total	11,325	2,593	8,732	66,832	2,350



Trained Ambassadors



Hours of training



Courses

<sup>\*\*</sup> The number of trained Ambassadors exceeds the total number of Volaris Ambassadors, since several of them took different training courses.

### **Volaris Corporate University**





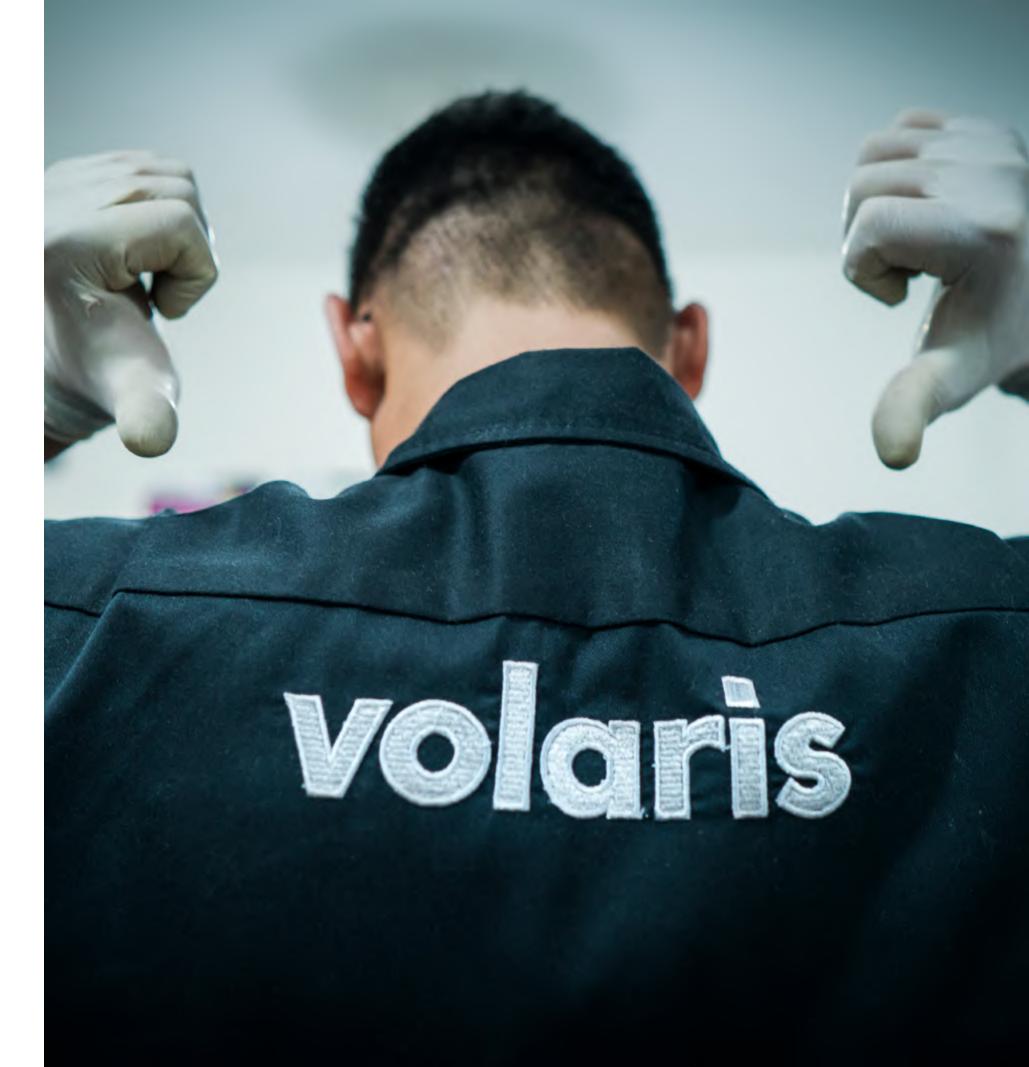
Volaris Code of Ethics	4,496	97%
ECPAT <sup>2</sup>	3,397	96%
Federal Law on the Protection on Personal Data	3,816	84%
FCPA, Prevention and Orientation against Corruption Practices Program	530	100%
Key Control Policies	786	94%
KM for Life: workshop for Flight Attendants focused on:	215	100%

- Human development
- Nutrition
- Health
- Image protocol
- Hair and makeup





Percentage of Ambassadors who finished the course



## TALENT AND ORGANIZATIONAL DEVELOMPENT

### Flight Plan

At Volaris we know that the combination of all our team's efforts and capabilities is the source for the execution of clear objectives. For this reason, our commitment has advanced in a parallel direction towards the alignment of one comprehensive strategy in terms of success and sustainability.

Surrounded by a competitive environment, we have worked for a fair positioning through a quarterly performance evaluation process –the **Flight Plan**–, which has allowed us to identify goals that test us when we assess if we reached the expected results and the way we did it, at the same time that we prepare ourselves and react to any changes.



#### SUCCESS AND SUSTAINABILITY

Through the achievement of results, we guarantee Volaris' success, today and tomorrow



#### STRATEGY ALIGNMENT

We are all headed towards the same direction



#### CLEAR GOALS

I understand clearly what I should focus on and how I contribute to Volaris' success



#### **FLAWLESS EXECUTION**

I ensure the quality and kindness of my activities. Always in line with the Flight Plan



#### **OBJECTIVE EVALUATIONS**

We measure with the same criterion; we have evaluation metrics that allow us to be consistent and transparent



#### **DEVELOPMENT ON THE ROUTE**

We enjoy the ride, we learn and grow on the route



#### **MEASURE TO IMPROVE**

We review, compare and improve



#### PRODUCTIVITY AND EFFICIENCY

We achieve results, seeking the most efficient ways to reach them



How they were reached through experiencing our values

## Recognition to outstanding Ambassadors



One of our key efforts is to ensure that we have talent in all development areas that guarantee compliance and continuity of our business goals. In 2018, the Annual Talent Review was carried out, where we implemented an Ambassador evaluation that allowed us to recognize a clear hierarchy for their potential, as well as for future decision making.

The performance review of the entire Volaris family is an exercise that contributes to boost benefits for everyone. Our Ambassadors' performance is understood as the compliance level within an established timeframe of all their activities, as well as an indicator that they are all aligned towards the same goal: the achievement of Volaris goals.

## PERFORMANCE REVIEWS



Allow organizations to reach their goals in line with the business strategy.



Align efforts from different flanks and work teams towards the accomplishment of shared goals.



Generate **loyalty among companies' employees** and promote teamwork.

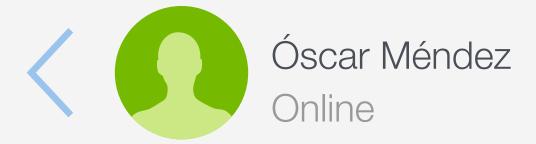
## **DEVELOPMENT**GALAXY

One of our strategies to anticipate subsequent needs and to promote growth is the implementation of programs that aim to attract young talent properly specialized.

Por this purpose, we have four programs.



■■■ SRR 4G **?** 12:12 pm







Yes, I'm a Quality Control Inspector

9:00 am

Participating in the Novas – Maintenance trainees program meant a great personal and professional growth.

9:01 am

The involvement with different areas provides invaluable criteria and experience, combined with the constant support of your leaders.

9:02 am

We develop programs to ensure Volaris' growth, always aligned with our values and Culture. Focused on high school students and juniors at college, we provide their first approach to a working experience.

15 students collaborated at Volaris in the summer; 5 for the 2<sup>nd</sup> consecutive year

NOVAS ADMINISTRATIVE

Young talent attraction aiming to generate and drive projects that show their participation in strategic areas.

9 interns; 2 were hired as analysts

**NOVAS OPERATIONAL** 

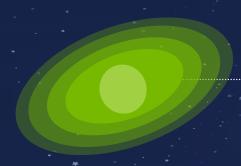
Specific program for Aeronautical Engineering students, who support the Maintenance Department's growth.

6 interns; one hired as quality control inspector

SATELLITES- TRAINEES

Aimed at young graduates with high potential; we provide the necessary tools for 18 months of intensive training.

First generation; of the 9 trainees, 4 were hired as specialists





# Volaris | 2018 Social Responsibility Report

## WE OPERATE WITH SAFETY

GOOD HEALTH
AND WELL-BEING

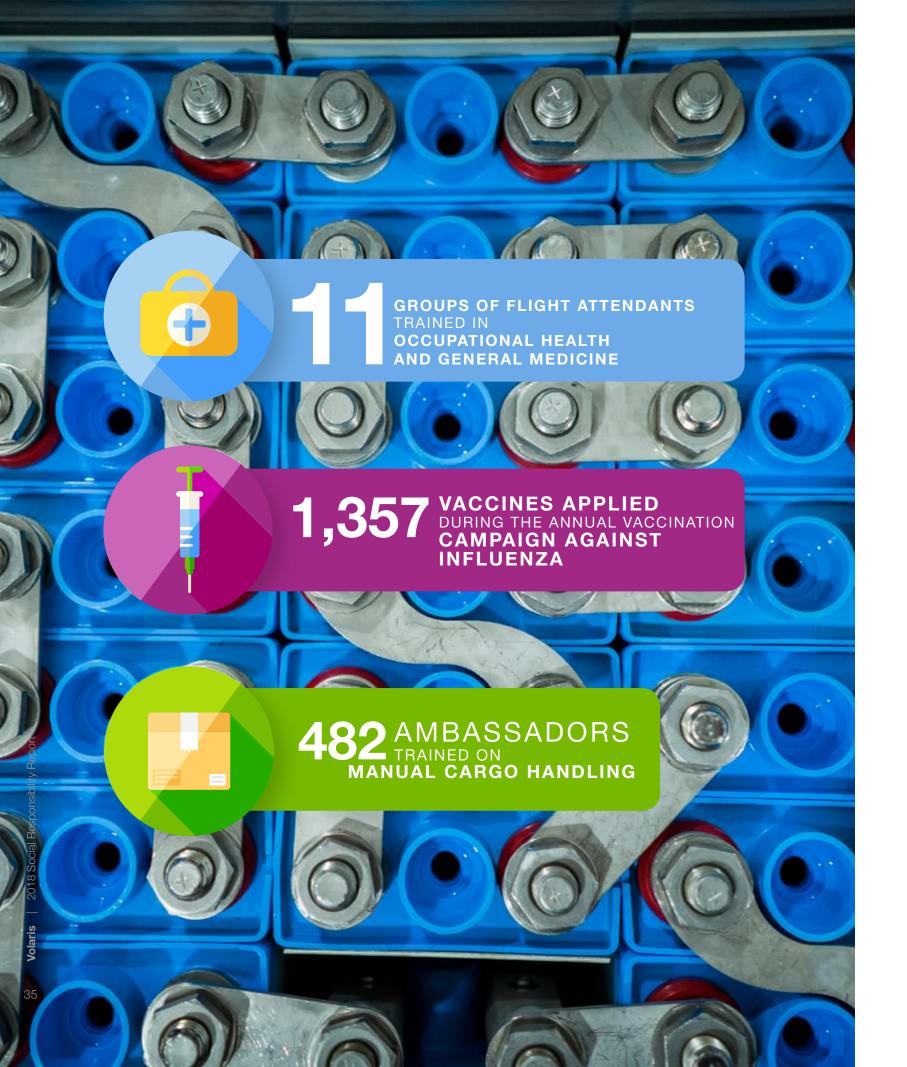


**Sustainable Development Goals** 

An excellent flight experience greatly depends on the conditions we provide our Ambassadors to carry out their daily activities with impeccable quality. Therefore, we are committed to concentrate efforts on the wellbeing of their physical and emotional health through several initiatives that respond to their needs.

In 2018 we carried out a campaign for the timely detection of breast, prostate and thyroid cancer with the support of the Asociación Mexicana de Lucha contra el Cáncer de Mama; we performed ultrasounds to 64 Ambassadors and 32 family members in Guadalajara, Mexico and our headquarters.







In order to cover all areas, we conducted environmental studies in nine work centers to ensure optimal working conditions within the law's permissible limits through 172 noise doses, 418 lighting measurements and 70 evaluations directed to Ambassadors exposed to chemical substances by Occupational Health.



Our **39 Health and Safety Commissions** carry out frequent facilities' assessments to identify risk factors and implement preventive measures.



We participated in the Macro Drill commemorating the September 19<sup>th</sup> earthquake



**21 courses for our emergency brigades** about first aid, firefighting, evacuation, search and rescue; **341 brigade members trained** 



As part of our **Fire Prevention Program**, we performed assessments of 468 fire extinguishers (monthly), 117 electrical installations (quarterly) and 78 smoke detectors (biannual).



Civil Protection recognition by the Secretaría de Gobernación.

12<sup>th</sup> consecutive year with the Addiction Free Company Certification.

We elaborated an infographic with safety measures jointly with Mexico City's Airport management and CENAPRED (Centro Nacional de Prevención de Desastres).

Participation in the online seminar "Course on business administration and the private sector's role in disaster risk reduction 2<sup>nd</sup> edition," at the *Instituto Mora*, to strengthen capacities in Disaster Risk Reduction in Mexico and Central America.

We have the commitment to ensure that the air crew has the necessary rest before and during flight activities, which has resulted in proactive initiatives by operators.

During 2018, we established a Fatigue Risk Management System (FRMS) for Flight Crews based on compliance with the regulation NOM-117-SCT3-2016.

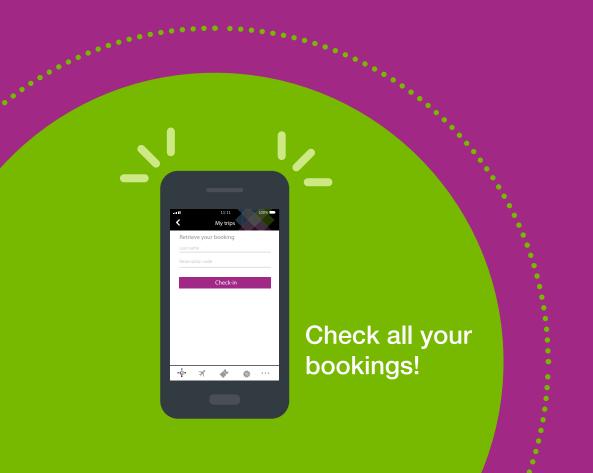
We adopted measures that were required to provide maximum safety conditions for the crew, with emphasis on air operations through fatigue management to reduce and eliminate unfortunate events during their execution.

The objective was to maintain the annual performance of flight crews in an average alert level in flight sequences of less than seven KSS points (these correspond to one of the methods to assess fatigue levels called the Karolinska Sleepiness Scale), by reinforcing fatigue self-management of flight crews and constantly verifying the schedule of flight itineraries; which have a software with a bio-mathematical model designed for predicting fatigue levels of crew members.

We established a Fatigue Safety Action Group (FSAG) comprised by representatives of all interested internal parties.

## WE PROTECT HUMAN RIGHTS

GRI 412: 103-1, 103-2, 103-3 GRI 412-2







425 new Ambassadors trained on The Code and ECPAT; reinforcement for 3,397 operative Ambassadors.

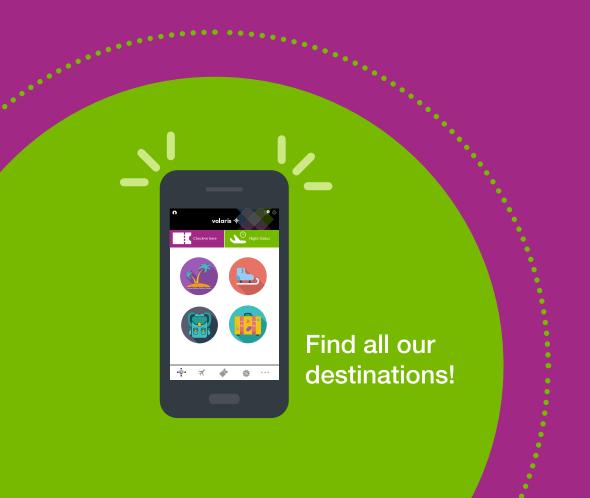
We are proud to be the only airline in Latin America and the second worldwide which significantly contributes to end children and teenagers' prostitution, pornography and trafficking for sexual purposes, through ECPAT and The Code.

During 2018, we reinforced our ECPAT training via E-learning to reach 96% of our population in airports and crews (Pilots and Flight Attendants). Furthermore, we maintain the declaration in charter and lodging contracts to ensure that they align to ECPAT.

We remain committed to fight this problem. Evidence of this is that we are the only Mexican airline within the Top Member category, according to the five companies assigned in the Airlines & Ferry Lines sector. We also reaffirm our aim to strengthen this pledge during 2019 and continue working jointly with ECPAT for our Central American operations.



# WEOFFER SPECIAL TRAVEL EXPERIENCES





## **Digital Customer Care**

Offering the best service to our Customers is essential in all our processes, since it is the foundation for our collective successful experiences; coupled with the development of specialized teams comprised by our Ambassadors, trained to make decisions in an increasingly accurate way, through the use of a new link between social networks and operations.

We increased productivity with a hybrid cell between social media and operations, which led to an efficiency boost within the Customer service process. Customers can be assisted through this same channel without having to redirect them to another place. Thus, we support Customers through the same channel they chose to contact Volaris.

This new Customer service strategy is based on four pillars: a social media command center, a set of tools to detect possible crises, direct communication with operations and the commercial team and KPIs to measure Customer satisfaction.





Before implementing this new strategy, 40% of cases through this channel were resolved, with a 15-minute interaction; currently, 90% of cases are resolved with a three-minute interaction.

Due to this new strategy, we won the award for our excellent Customer service on social media granted by SimplyFlying Awards.

In addition, by generating a direct link with the operations team, we contribute to contain communication crises in social media; we redirect conversations to private messages and resolve cases immediately thanks to the toolbox in the command center.

We guarantee Customer satisfaction through performance reviews of the four specialized teams:



#### SALES

Personalized assistance in the web purchase process through Social Networks.



#### SOCIAL CARE

Baggage, reimbursements, and general services.



#### MARKETING

Promote brand interactions and general doubts.



#### OPERATIONAL DISRUPTIONS

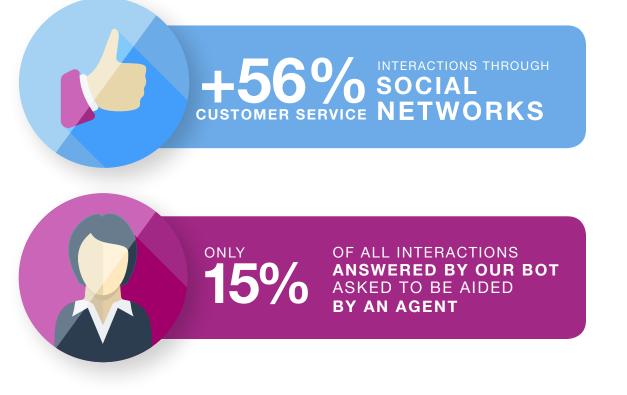
Actions and attention due to flight delays or cancelations.

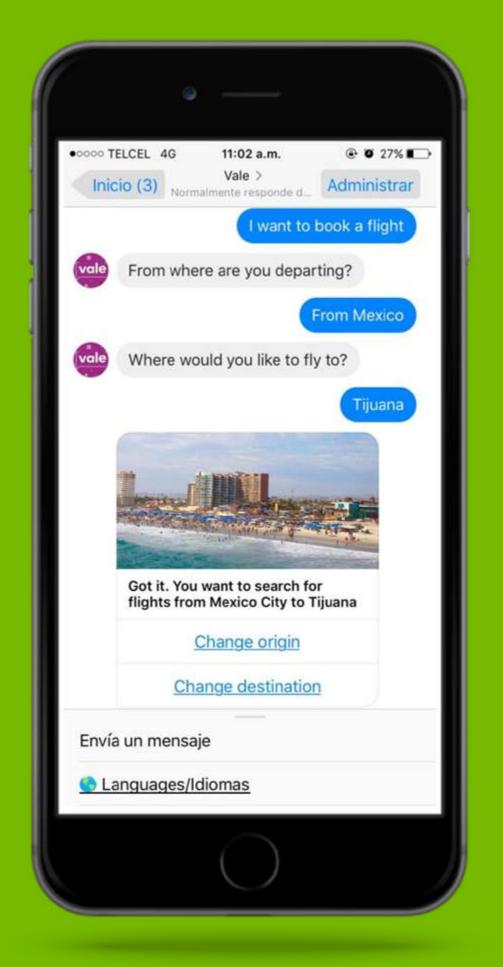
## is | 2018 Social Responsibility Report

### **Chatbot Vane**

Given the demands of the digital market, we must determine more efficient alternatives, according to the technological tools that Customers demand. Therefore, we created a chatbot named Vane, which we directed to the Social Networks platform. Through it we are able to provide personalized interactions, besides constituting a new channel for sales and Customer service.

We began observing the main benefits in the immediate responses; i.e., in the greater percentage of self-service and with the long-term savings of the Social Customer Care team, as well as within the sales-oriented benefits, such as a new channel and long-term potential revenues, both in tickets and in additional services. Likewise, we launched the possibility of check-in, ticket purchases and flight status.



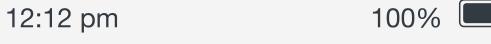


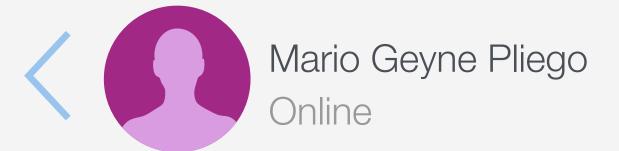
## WE HAVE PASSION TO SERVE

We are extremely proud to report one of our chief achievements of 2018. We trained the Second Generation of SOS Agents, who guarantee solutions for Customers at first approach. This program has the following goals:

- Presence of a standard that transmits the Volaris Culture, as well as the Business Model oriented to reinforce our Customer service techniques.
- Efficient and high-quality answers that meet our Customers' needs.
- Efficient negotiation that seeks profitability and service.
- Position ourselves as a Customer service, solution and recovery link with the goal of anticipating and eliminating the incidence registry index before national and international institutions.











Yes, I'm the Fleet Planning Director

9:00 am

A horrible travel... or a trip that's worth it?

9:01 am

The answer lies in all the areas that intervene in the service we offer our Customers. With empathy, respect, clarity and in full compliance with our standards and procedures, we will continue to build a brand that transcends every day of the year. 9:02 am

We developed the training program "Train the Trainer", through which we spread common core and specialization courses to our Call Center Ambassadors.

## 2,456 Ambassadors trained on the SatisfAcción service model.

Training of Customer Service Ambassadors is key to provide increasingly quality services. This year we implemented a common core training that allowed us to implement improvements in our services with the greatest impact, while achieving a correct alignment between Best Day (BEDA) and Volaris; hence, we accomplished very positive results with our Customers.

Our Call Center is an essential space for Volaris since, being our Customers' first approach, it generates a Customer-Volaris link, in addition to strengthening their loyalty with the brand. Seeking continuous improvement, we innovated and implemented training in the "My service is my

## 372 Ambassadors trained on "My service is my voice"

voice"<sup>3</sup> service model, which includes Volaris and Call Center induction topics, operational procedures, baggage policy and specializa-

tions – grievances, loyalty products and networks social–, among others.

In addition, this year we reinforced the SatisfAcción service model, which encompassed eight different essential aptitudes for our service: emotional intelligence, commu-

nication, teamwork, empowerment, Customer orientation, collaborative negotiation, conflict management and quality and welcoming service. This model allows us to provide the best travel experience, before, during and after the flight.

#### **QR Code: Help Center for your Experience**

Due to the importance of receiving feedback from our Customers and staying close to them, we implemented new strategies to create better experiences. Such is the case of our flights, where we are interested in considering any opinion that may be received regarding:



### **GRIEVANCES**



#### **CONGRATULATIONS**



#### **SUGGESTIONS**

This program was designed to generate agile responses in less than 48 hours due to the QR Code provided at airports in the Customer service modules and departure areas. Our Customers have an easy access service, since they can scan it through a smartphone and generate immediate results.



<sup>&</sup>lt;sup>3</sup> Specific model for Best Day personnel who represent Volaris through the Call Center.



#### **Net Promoter Score**

By measuring and evaluating our Customers' satisfaction degree regarding our products and services, we can plan monthly improvements.

Furthermore, we strive to provide the best flight experience in every possible area; thus, the protection of our Customers' personal data is crucial. We have safety measures in accordance to the Federal Law on the Protection on Personal Data –LFP-DPPP–, its regulations and the National Institute for Transparency, Access to Information and Personal Data Protection (INAI) dispositions; besides, we have the Personal Data Processing and Confidential Information Policies.

We constantly analyze updates to the applicable provisions to reinforce our internal procedures and policies to meet Customers' requests regarding their Access, Rectification, Cancellation and Opposition (ARCO) rights.

In 2018, our NPS score was 29.7%, 7.3% higher than in 2017.

## WE CARE ABOUT OUR CUS-TOMERS' SAFETY

We firmly believe that any operation requires standards as demanding as the high quality of its services. Only by complying with these, our Customers' experience will be exceptional in every stage; from the airports where we operate to the smallest detail in their assistance.

One of our highest priorities is maintaining our Ambassadors' constantly updated to ensure a personalized approach with our Customers. We regularly train them on core aspects, such as: history, mission, vision, values, behaviors, image, products, policies and processes.

The preparation of manuals approved by the aeronautical authorities is our guide to communicate this information. Since 2016, we began developing these unique manuals, and we endeavor to provide frequent updates for our Ambassadors; thus, remaining at the forefront. In addition, we comply with two important topics that meet the different regulations of the industry.





## **AVSEC Training:** Aviation Security

GRI 410, 419: 103-1, 103-2, 103-3 GRI 410-1

We train people on safety measures, terrorism and illicit interferences in bombs threats, kidnapping threats and contingencies / emergencies in order to increase security measures in all our travel experiences. The main subjects are national and international Human Rights, Customer treatment, baggage screening, Customer screening, grievances and personal data. This program includes training for all security personnel on Human Rights, in order to meet the aeronautical authorities' requirements.







## **2018 Safety**

#### **Line Operations Safety Audit (LOSA)**

LOSA is a tool used to detect hazards and risks that follows a strategic line of proactivity during flight phases. The objective is to remain permanently attentive to any irregularity that may be foreseen under the risk mitigation plan; we currently comply with 80% of this plan.

#### **WEFA, Wireless Extension for Aircraft Conditions**

During 2018, we continued to increase the number of aircraft with 3G wireless data transmission technology; currently, 39 aircraft have the WEFA tool. Thus, we ensure a more efficient performance evaluation for Pilots in all flights, which generates a safer performance.



## **IOSA Y4 Certificate**

We join efforts so that Volaris' standards are always the highest. In 2019, we will drive the renovation of the IOSA Certification, provided by IATA.

## **IOSA Q6 Certificate**

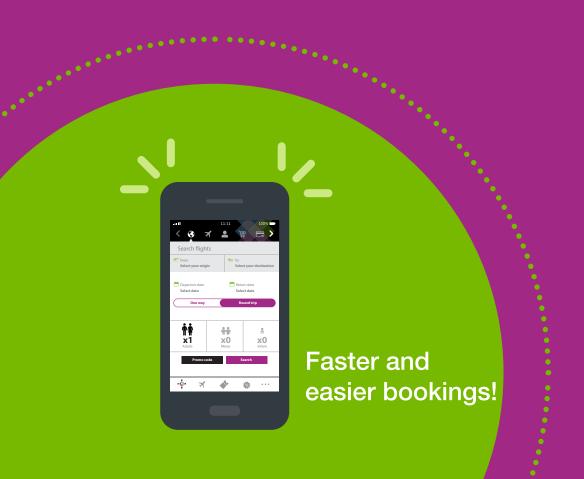
We reinforced IATA guidelines, achieving a 99% compliance rate in the IOSA Certification for Volaris Costa Rica operations.



## **SMS** Certificate

We renewed the Safety Management System Certificate, thus confirming we have in place proactive and predictive methods to identify risks and prevent aviation accidents.

## WEGOABOVE AND BEYOND







### **Volaris Directions in Action**

We keep flying together towards new and improved practices that inspire our sense of belonging and pride to be part of Volaris significant family. Volaris Corporate Volunteering's members invested all their energy and heart by donating over 1,000 hours within the Volaris Directions in Action program, in order to experience even more our organizational Culture through actions that seek to contribute to the communities where we operate.

Eleven Directions participated in the program; they contributed with a series of volunteer activities with a team of representatives who effected a positive impact for those who needed it the most. The result? The satisfaction of participating in an activity as rewarding for all as it is contributing in situations that require our attention and support.





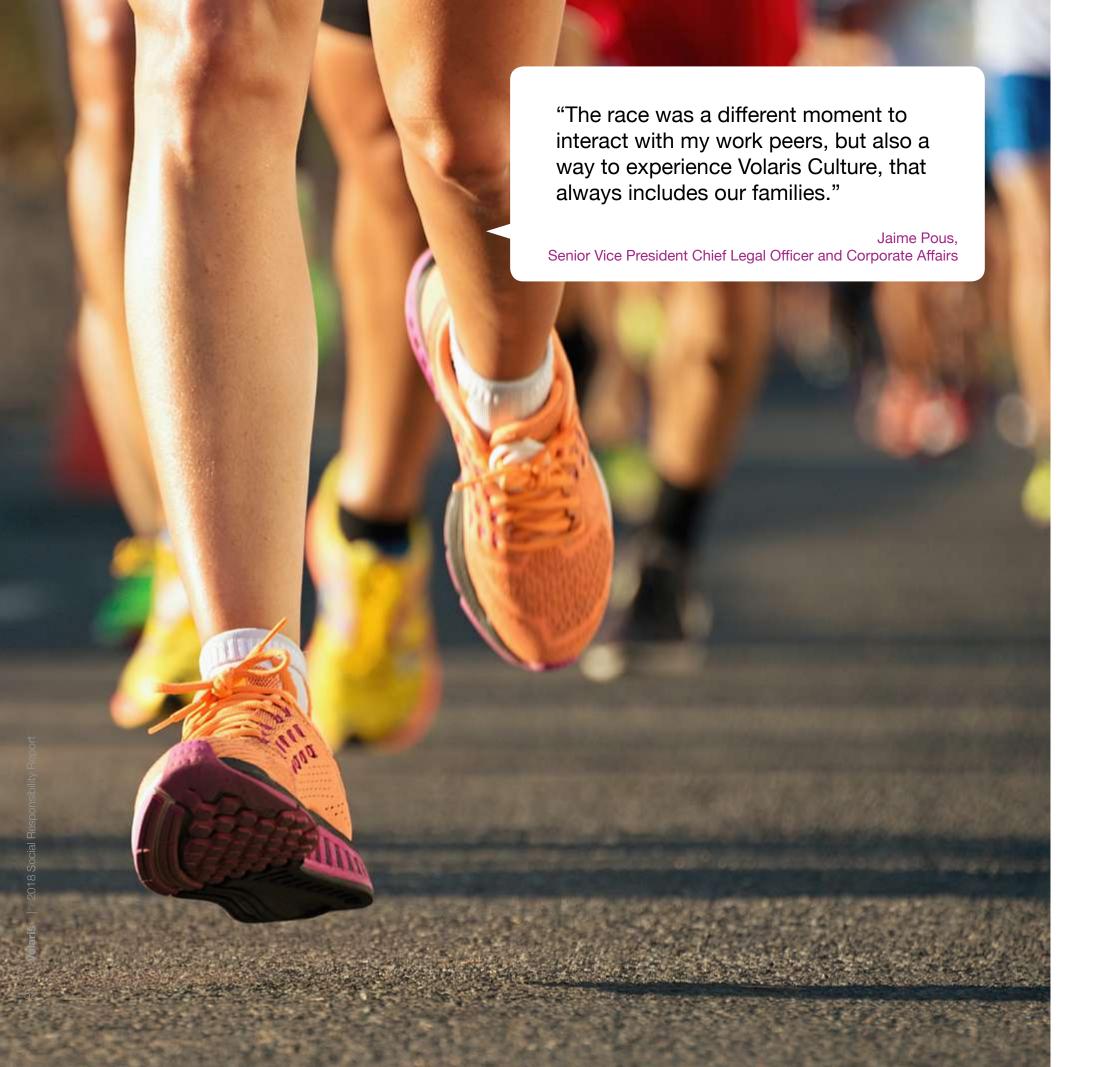
## 2018 COMMUNITY ACTIONS



We transported women with breast cancer from their homeland to Mexico City. In total, three patients traveled two to four times and nine traveled once.



We donated 20 flights for the Cadena volunteers who assisted the disaster areas in Sinaloa after the tropical depression 19-E, with a total of 43 tickets and 260 families supported. We also transported 2,520 boxes weighing 6,640 kg from the Mexican Red Cross.



## **Volaris Race**

As part of the Volaris experience and our 12<sup>th</sup> anniversary, our Customers, Ambassadors and families promoted through sport an integration activity with the #TúPonesLasPromos campaign; the participating members were:









### #FuerzaGuate

During the state of emergency that occurred after the eruption of the *Volcán de Fuego*, in Guatemala, we performed a series of activities that promoted the generation of donations for the reconstruction and restoration of damaged schools in the Department of Escuintla, facilities that were used as shelters.

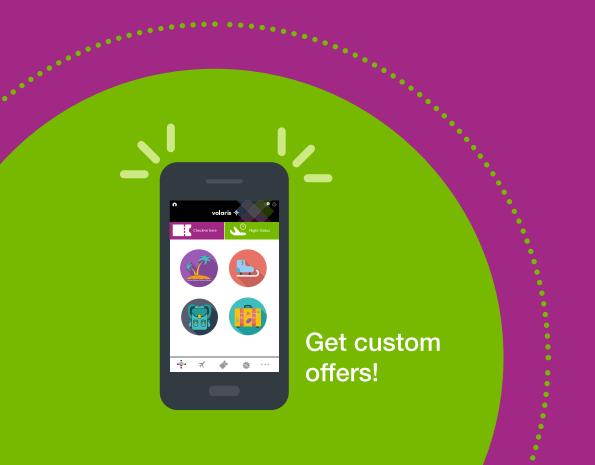
The donations were generated from activations and sales with cause carried out by Volaris Ambassadors that generated Ps. \$109,102.50, plus the money collected after v.shop's closing and the jersey's sale of the Volaris race, combined with the participation of the *Jeans con Causa* account, which contributed Ps. \$181,360.86.

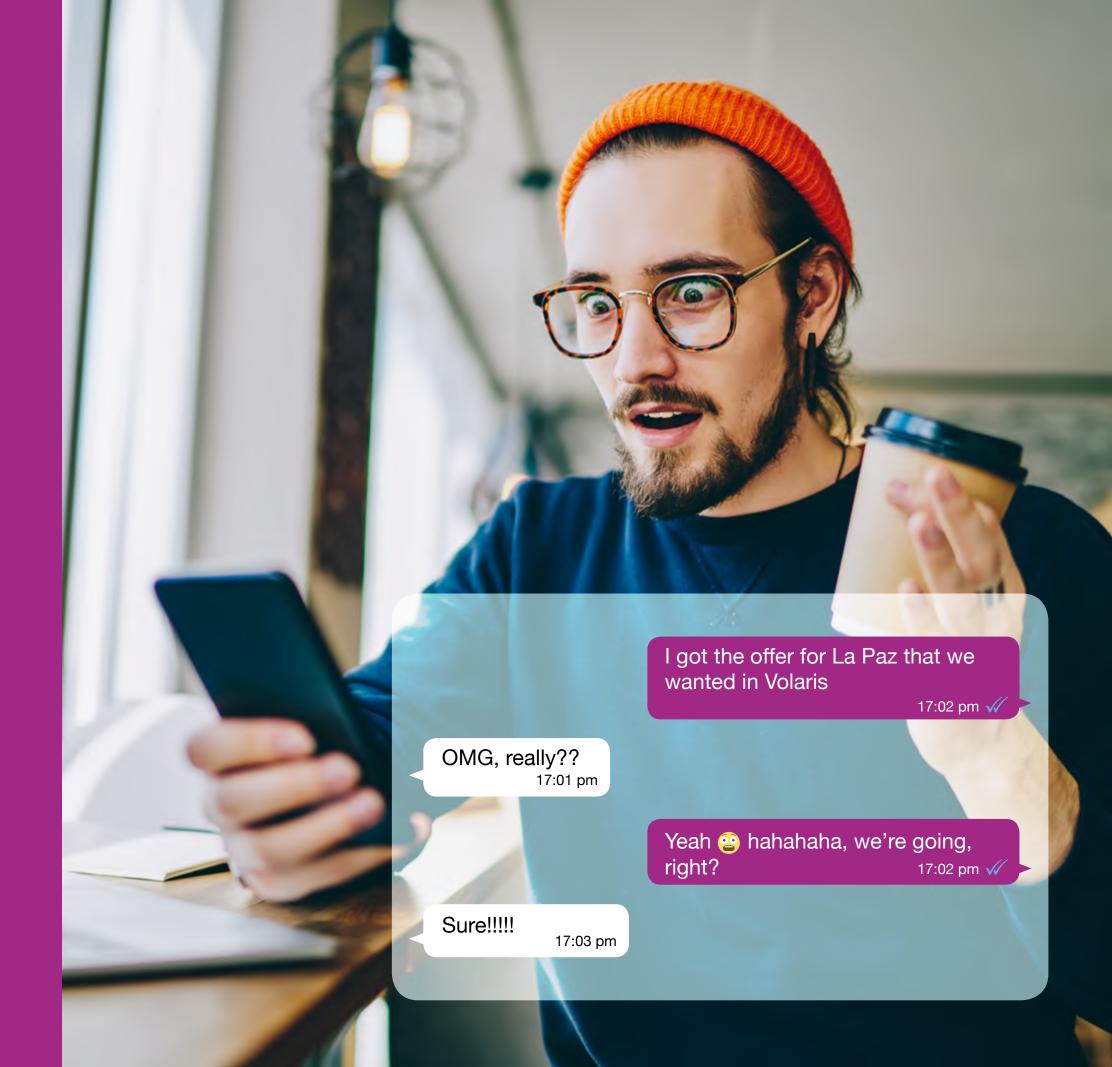




## VALUE CHAIN

GRI 102-9





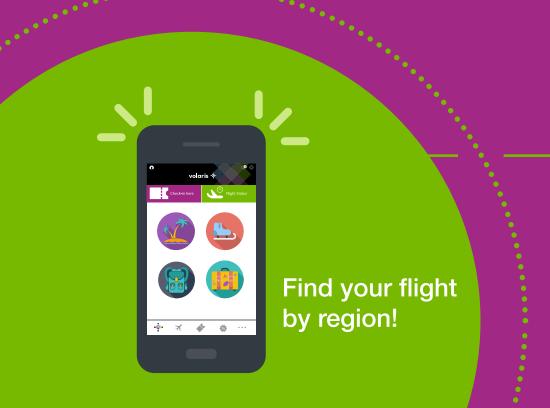
We trust that the best practice that can promote a healthy relationship with our suppliers is their constant evaluation, including observance with the guidelines to which they must adhere to ensure the quality of their services, as well as compliance with social and environmental criteria. Our Value Chain includes two principles that we rank between general purchases and procurements for our aircraft maintenance and correct operations.

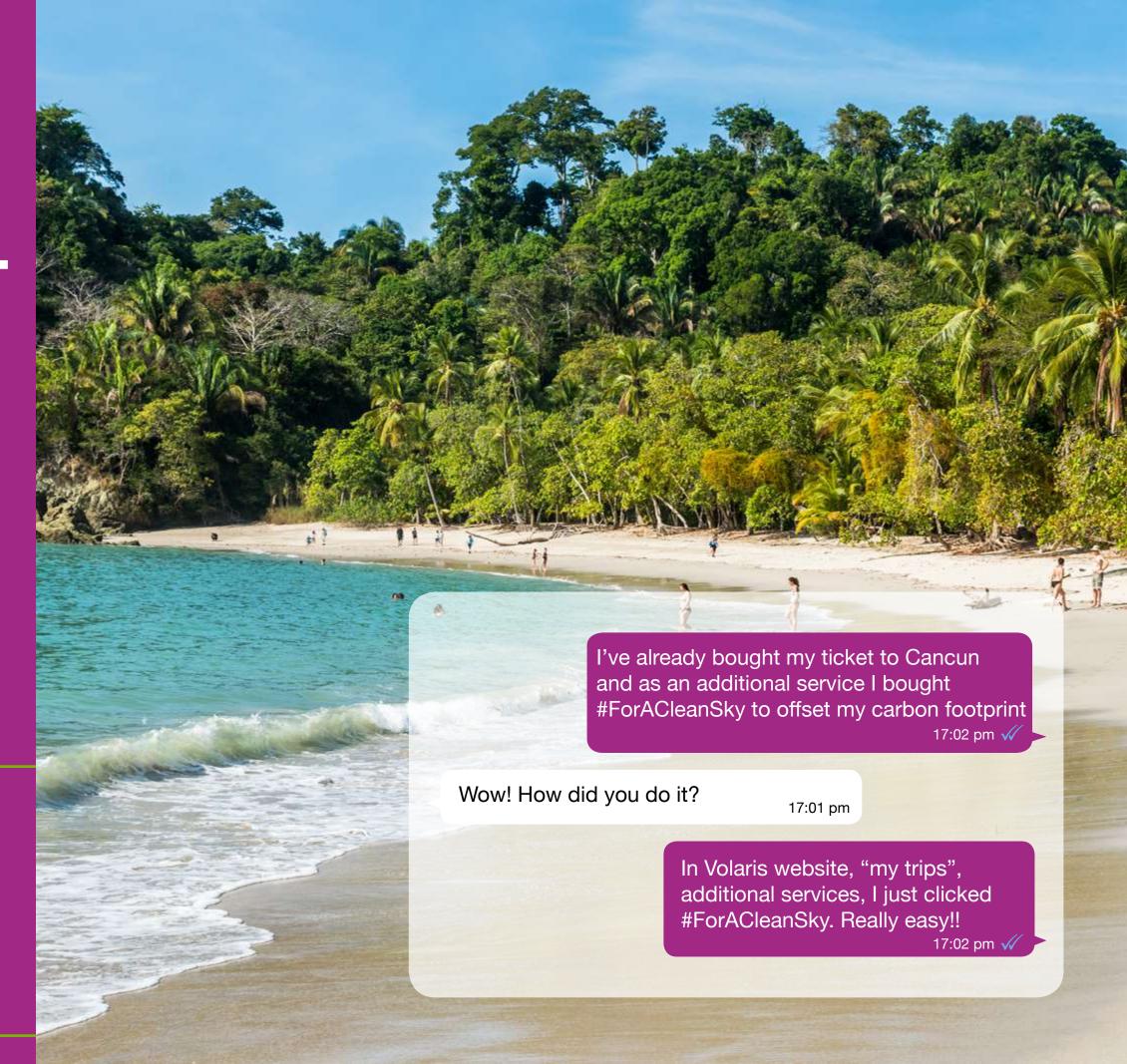
We keep the best practices with our suppliers; therefore, we assess them in different aspects. Thus, we maintain the best Value Chain and detect our areas for improvement.





## WE PROTECT OUR PLANET





## FUEL SAVING

GRI 302: 103-1, 103-2, 103-3 GRI 302-1, 302-3, 302-4, 302-5



A320 NEO aircraft help us reduce our environmental footprint, since they have state-of-the-art eco-technology. These aircraft allow us to reduce our annual fuel consumption by more than 15% per seat; therefore, it reduces the emission of 5,000 tons of CO<sub>2</sub> and 50% of NOx per year, besides decreasing our acoustic footprint by 50%.

Moreover, 73% of our aircraft have Sharklets, aerodynamic devices which reduce fuel consumption by approximately 4% and prevent around 18,000 tons of annual CO<sub>2</sub> emissions.

We achieved a key objective for eight months: 100% of our flights arrived with fuel reserves of no more than 500 kilograms, which canceled the extra consumption.



With an investment of USD \$100 thousand for implementation and USD \$80 thousand of annual operating cost, we implemented a Fuel Data Analytics system that allowed us to identify improvement areas by flight phase, route and aircraft type to expose deviations to the normal consumptions and correct them.

In addition, through our initiatives in flight and land techniques we have achieved:

- Idle reverse in 68% of the determined operations where this technique is viable, reducing fuel and noise levels.
- One engine shutdown during taxi operations to obtain the greatest fuel burn reduction and environmental benefit in 91% of our arrival operations and 47% of our exit operations.
- Use of Flaps 3 in 70% of our landing operations, when this technique is viable.
- Substitution of APU (Auxiliary Power Unit) by GPU (Ground Power Unit) use –energy plants–, maintaining an average fuel consumption of 22 gallons per cycle.

We reduced 10.7 million gallons our fuel burn in unitary terms per transported passenger vs 2017 and against the previous year's projections.

Due to these fuel reduction initiatives, during 2017 we reduced our consumption to:

- 545,350,134.494 liters of fuel in aircraft for national flights: jet fuel.
- 288,606.720 liters of gasoline and 122,468.430 liters of diesel for automotive equipment's fuel: cars, vans, etc.
- **729,640 kWh of electrical energy** consumption in Volaris headquarters.

## 2018 #ForACleanSky

GRI 301, 304, 306, 307: 103-1, 103-2, 103-3

We strive to raise awareness among our stakeholders about the importance of protecting and preserving the environment. Through #ForACleanSky, our ecological campaign, we implement programs and actions to reduce our environmental footprint.

We achieve our sustainable goals with the support of a Comprehensive Policy, in which we establish our commitment to offset our environmental footprint. In addition, our operations are aligned to the "PRC-iAMS-IRL-01 Identification and Access to Legal Requirements and Other Requirements" procedure standards, whose objective is to guarantee compliance with environmental regulations in the establishment, implementation and maintenance of our processes and aircraft.

As part of the strategic lines that we uphold to safeguard our pledge to sustainability, we actively participate in industry forums and committees, where we promote the positive interaction we wish to maintain with the environment.

## **Environmental Committee**

Organized by the Cámara Nacional de Aerotransportes (CANAERO-CMA)

## **Environmental Committee for Aviation**

Initiative of the *Dirección General de Aeronáutica Civil de México* (DGAC-CMAA), to establish the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

## Regional workshops and seminars

Organized by the International Air Transport Association (IATA) and In International Civil Aviation Organization (ICAO), to establish CORSIA in the regions where Volaris operates.



# Volaris | 2018 Social Responsibility Re

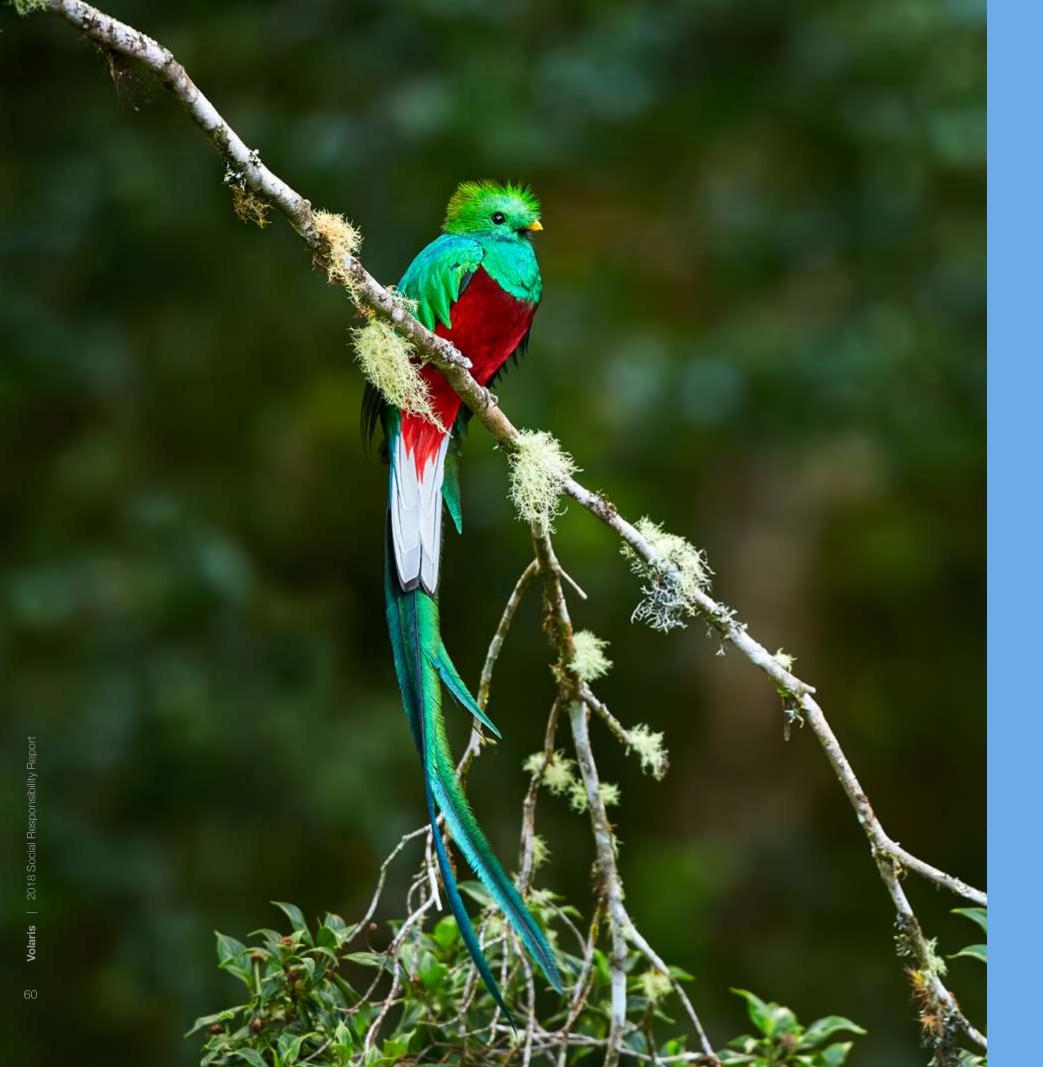
## BIODIVERSITY

GRI 304-3

We donated 18 plane tickets so *Amigos de Sian Ka'an* could continue its work of environmental preservation and sustainable development at the Yucatan's Peninsula.

- We transported two instructors of the Centro Latinoamericano de Formación y Capacitación para guías en Turismo S.C. (CENLATUR) Mexico City-Cancun-Mexico City.
- Four training modules were imparted on three trips, these were on the Certificate for Training in Oriented Tourism (TON).
- Through them, 13 permit holders of three Natural Protected Areas received their certificates.





## BIODIVERSITY

Consistent with our #ForACleanSky campaign, we seek to raise awareness about the importance of conserving the planet's biodiversity. Therefore, we supported the full-length documentary "Serpiente Emplumada", by Ricky López Bruni, which explores the transcendence and symbolism of the quetzal bird and its natural habitat, the forests of Mexico and Central America, and encourages the preservation of this valuable bird and its environment.

The initiative began in 2016 with a fundraising and awareness campaign in Mexico, Costa Rica and Guatemala, where a photographic exhibition was held inside the La Aurora Zoo, and, during November 2018, one at the gates of Bosque de Chapultepec. In addition, the documentary participated in the Guadalajara International Film Festival and the Puerto Vallarta International Film Festival in the Film4Climate category.

Due to our mobile check-in initiative, we prevented the use of almost 34 tons of paper, which equals 576 trees and +915,000 liters of water saved.

GRI 301-2, 306-2

We ensured the correct disposal of 42.5 tons of hazardous waste with suppliers authorized by the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT). Hence, this institution granted us the 2018 Cédula de Operación Anual (Annual Operation Certification) for Hazardous Waste for Tijuana and Mexico.

We identified 29,093 kg of hazardous waste, which include solids impregnated with fats, contaminated jet fuel, oil and spent and/or contaminated solvents and obsolete substances.

We recycled 9,495 kg of paper from our expired magazines on board and Corporate Offices. This has an annual environmental impact of: \*

#### 170.49 trees saved

Necessary to provide oxygen for 852 persons

#### 260,753 liters of water saved

Amount that 357 persons consume a year

#### 41,068 kWh saved

Energy needed for 11,422 60 kW lightbulbs annually



## **EFFICIENT**OPERATIONS

GRI 305: 103-1, 103-2, 103-3 GRI 305-1, 305-2, 305-4, 305-5



**Volaris Mexico** 

During 2018 we completed the atmospheric emission report in compliance with the National Emission Registry (RENE) before SEMARNAT, in which we reported all emissions for 2017.

At Volaris, we focus our emissions management mainly on those produced by air operations, seeking greater efficiency in the use of fuel, which reduces the carbon footprint per passenger / kilometer transported. Besides, we ensure compliance with environmental requirements.

2017 National Emissions (RENE)

Scope 1 1.392.842.989 ton CO<sub>2</sub>e

**Scope 2**424.65 ton CO<sub>2</sub>e

2018 International Emissions (CORSIA)

**Scope 1** 571.634 ton CO<sub>2</sub>e

#### **Volaris Costa Rica**

2018 Emissions

Scope 1 225,270 ton CO<sub>2</sub>e



5% reduction in CO<sub>2</sub>e emissions per passenger kilometer transported in international flights vs 2017.

# laris | 2018 Social Responsibility Benort

## **Volaris soars forward**

2018 was a significant year for the Volaris family in terms of performance. We encouraged the aeronautical authority to establish meetings with the aviation union in order to develop regulations for the first stage of the carbon offsetting and reduction plan for international aviation, according to Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), with whom we also trained in forums organized by the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA). Consequently, we will strive to meet our goals for 2019:



Update the airports and aircraft list along with weather concerns.



Implement the Emissions Monitoring Plan (EMP) completely.



Obtain the RNP-AR certification for Volaris Mexico.



Drive airlines through the CANAERO and the authorities.



Obtain the RNAV certification for Volaris Costa Rica.



## CORSIA

CORSIA aims to stabilize net CO<sub>2</sub> emissions from international civil aviation by 2020 levels. According to IATA research, it is estimated that it will offset approximately 2.5 billion tons of CO<sub>2</sub> between 2021 and 2035, which positions Volaris at the forefront of global efforts.

We established the WG Green Team to supervise the maintenance and improvement of the certified systems ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System).

Considering this excellent practice, we have established policies within the Integrated Airline Management System Manual (IAMS) and procedures for flight operations and flight dispatch, with which we have been able to assess our performance efficiency alongside third party audits and emissions' regulations and policies to which we are subject, such as:

- Annex 16, Volume IV of the Chicago Convention, Environmental Protection Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- Civil Aviation Law (LAC)
- Regulations from the Civil Aviation Law (RLAC)
- Circular Obligatoria CO AV 16.4/18, which determines requirements and procedures to comply with the carbon offsetting and reduction plan for international aviation (CORSIA)



## CARBON OFFSET

Volaris is the customer that has acquired the largest amount of certified emission reductions (CER) in accumulated purchases from the Mexican Carbon Platform (MéxiCO<sub>2</sub>).

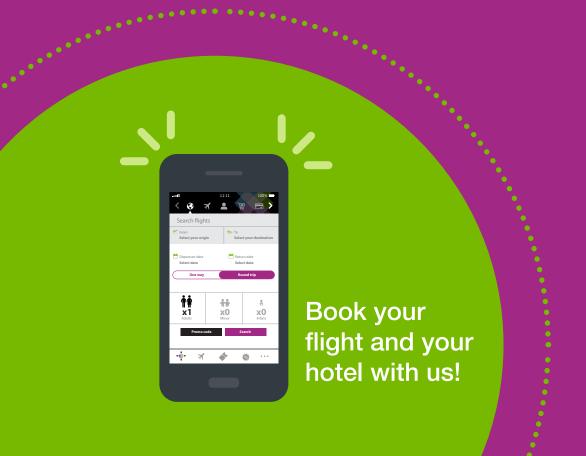
During 2018, we supported the **recovery, burning and use of biogas in the landfill of Leon, Guanajuato** project, which stimulates the city's sustainable development by generating electricity with renewable fuel sources while minimizing the harmful effects of waste. It also helps reduce 100,000 tons of CO<sub>2</sub> annually, equal to the climate change effect of 20,000 cars and the electric consumption of 3,000 families.

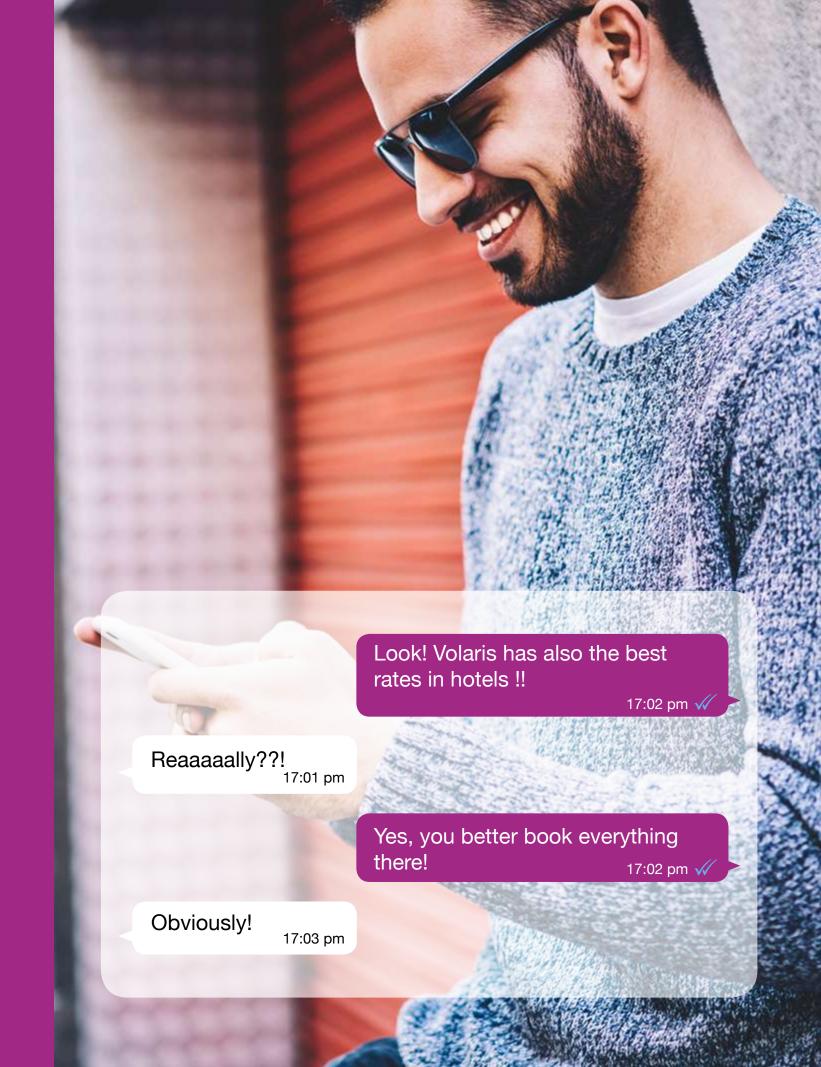
During 2018, we procured 2,503 carbon credits, achieving to entirely offset 54 flights of the Mexico-Guadalajara route, i.e., 1.2% of that route's total flights, in addition, we neutralized the environmental footprint produced by 9,222 Customers.



Since 2015, we have procured 31,589 carbon credits, achieving to entirely offset 751 flights of the Mexico-Guadalajara route, neutralizing the environmental footprint of 116,948 Customers.

## WE MAINTAIN THE MOST DEDICATED LEADERSHIP





## BOARD OF DIRECTORS

AND COMMITTEES

**Our Corporate Governance** complies with the best international practices, as well as those suggested by institutions like the Mexican Stock Exchange.

The members of our Board are elected at our General Annual Shareholders Ordinary Meeting. Our by-laws stipulate that the Board must be comprised of no more than 21 members; at least 25% are required to be independent, pursuant to the Mexican Securities Market Law. During 2018, our Board of Directors was comprised of 12 Proprietary Directors and 6 alternates, of which 7 are independent. All members are professionals with wide experience and knowledge in sectors such as aviation, business, marketing, finance and economy.



**BOARD OF DIRECTORS** 

MEMBERS

ALTERNATE MEMBERS

#### Alfonso González Migoya INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD

PROPRIETARY	Harry F. Krensky	
	Roberto José Kriete Ávila	Marco Baldocchi Kriete
	Enrique Javier Beltranena Mejicano	Rodrigo Salcedo Moore
	William A. Franke	John R. Wilson
	Brian H. Franke	Andrew Broderick
INDEPENDENT	William Dean Donovan	
	Stan L. Pace	
	John A. Slowik	
	José Luis Fernández Fernández	José Carlos Silva Sánchez-Gavito
	Joaquín Alberto Palomo Déneke	
	Ricardo Maldonado Yáñez	Eugenio Macouzet de León
	Jaime Pous Fernández	Isela Cervantes Rodríguez
	Secretary non-member	Pro secretary non-member





## AUDIT AND CORPORATE GOVERNANCE COMMITTEE

José Luis Fernández Fernández

INDEPENDENT CHAIRMAN

John A. Slowik
Joaquín Alberto Palomo Déneke
INDEPENDENT MEMBERS

## COMPENSATION AND NOMINATIONS COMMITTEE

Roberto José Kriete Ávila

CHAIRMAN

Brian H. Franke Harry F. Krensky Enrique Javier Beltranena Mejicano

MEMBERS

As of 2019

## **EXECUTIVE TEAM**

Enrique Javier Beltranena Mejicano

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Sonia Jerez Burdeus

VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Holger Blankenstein

EXECUTIVE VICE PRESIDENT AIRLINE COMMERCIAL AND OPERATIONS

Jaime E. Pous Fernández

SENIOR VICE PRESIDENT CHIEF LEGAL OFFICER AND CORPORATE AFFAIRS

José Luis Suárez Durán

SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER

Carolyn Prowse

VICE PRESIDENT AND CHIEF COMMERCIAL OFFICER

## RISK MANAGEMENT

GRI 201: 103-1, 103-2, 103-3 GRI 102-11, 102-30

At Volaris we are proud to be the first Mexican airline to be listed in the New York Stock Exchange (NYSE) and successfully meet its demanding standards.

onext

anging world.

Our foundation for business risk management is the international control framework "COSO Enterprise Risk Management" (ERM), which, through a systematic process, allows timely risk identification, develops mitigation plans and defines indicators that help reduce probabilities and impacts.



NYSE Euronext

## forme de Responsabilidad Social 2018

## .

## CODE OF ETHICS

GRI 402: 103-3 GRI 102-16, 102-25

Our Code of Ethics includes all Volaris' values, standards, behaviors and Culture that guide the daily behavior of all Ambassadors. The main topics addressed are the defense of Human Rights, promotion of equal opportunities, Customer service, free market competition, anticorruption and antibribery guidelines, as well as regulatory compliance.

Furthermore, we have implemented several policies that ensure all our operations' integrity:

### **Immunity Policy**

We reinforce the use of an Immunity Policy that protects people who directly or indirectly report safety violations. This Policy is implemented through the Air Safety Area.

### "Son-Grandparent" Policy

Guarantees immunity for Ambassadors who report any situation that goes against our Culture or principles.

## **Anticorruption**

In order to provide services that guarantee transparent practices and to avoid all corruption incidents, all our operations are aligned to the Foreign Corrupt Practices Act (FCPA) requirements. Therefore, we constantly raise awareness and promote a correct risk management; Ambassadors must take an annual course to prevent cases of this nature.

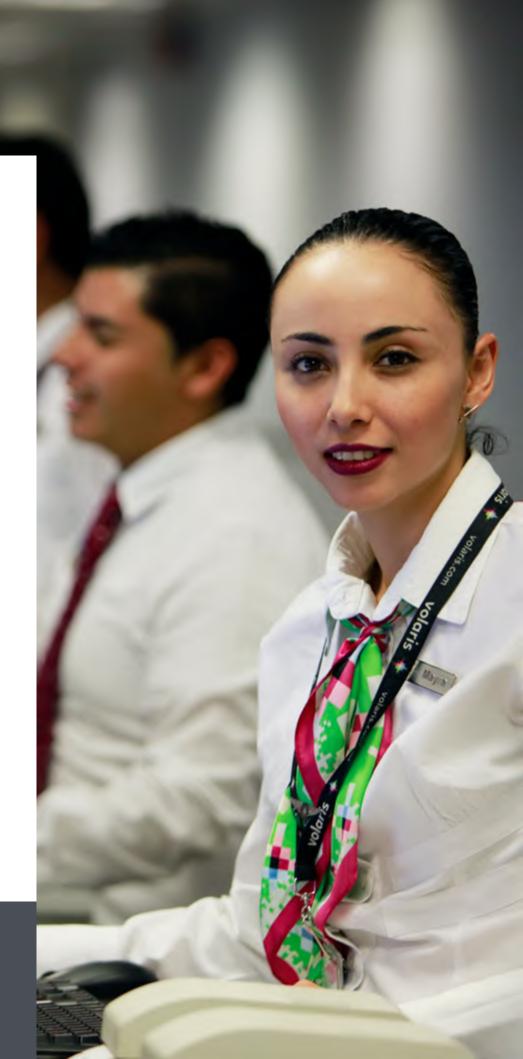
The Antifraud Compliance Policy and the Fraud Prevention and Control Policy state that anticorruption activities include facilitation payments and donations to political parties. Likewise, through the Gifts and Benefits to Third Parties Management Policy and the Gifts and Benefits from Suppliers or Third Parties Management Policy we avoid potential cases of corruption. We particularly focus on preventing:

- Fraud
- Bribery
- Extortion
- Embezzlement

### **Conflict of interest by kinship Policy**

Dictates the procedures to follow to prevent any conflict.

Whistle Blowing Policy
Whistle Blowing Line



## WHISTLE BLOWING LINE

GRI 102-17

Throughout five years we have made significant efforts with our Whistle Blowing Line. Thus, we have generated labor improvements and benefits, such as personnel turnover reduction, standardization of ethical practices in different business units and geographical locations, as well as the prevention of economic losses and Volaris' sense of belonging encouragement.

The performance we have identified has helped us continue the same course; thus, EthicsGlobal maintains the Line's management, the leading company in the country and responsible for its administration, as well as being a specialist in the grievances and reports field in the following topics:

During 2018, we received 107 reports, 45% less than in 2017.

We aim to be always attentive to our Family's needs through the creation of strategies. Simultaneously, we seek to strengthen the experience of a better response and advice through the anonymous grievances, which we monitor in our different reception channels.



Ensure a proper and independent report management



Promote the use of a third-party and impartial system



Generate reports and statistics



Align to the best practices to obtain certifications



lineadeescuchavolaris.com

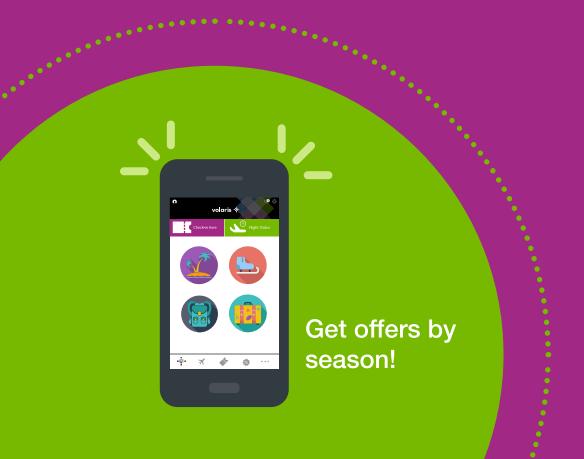


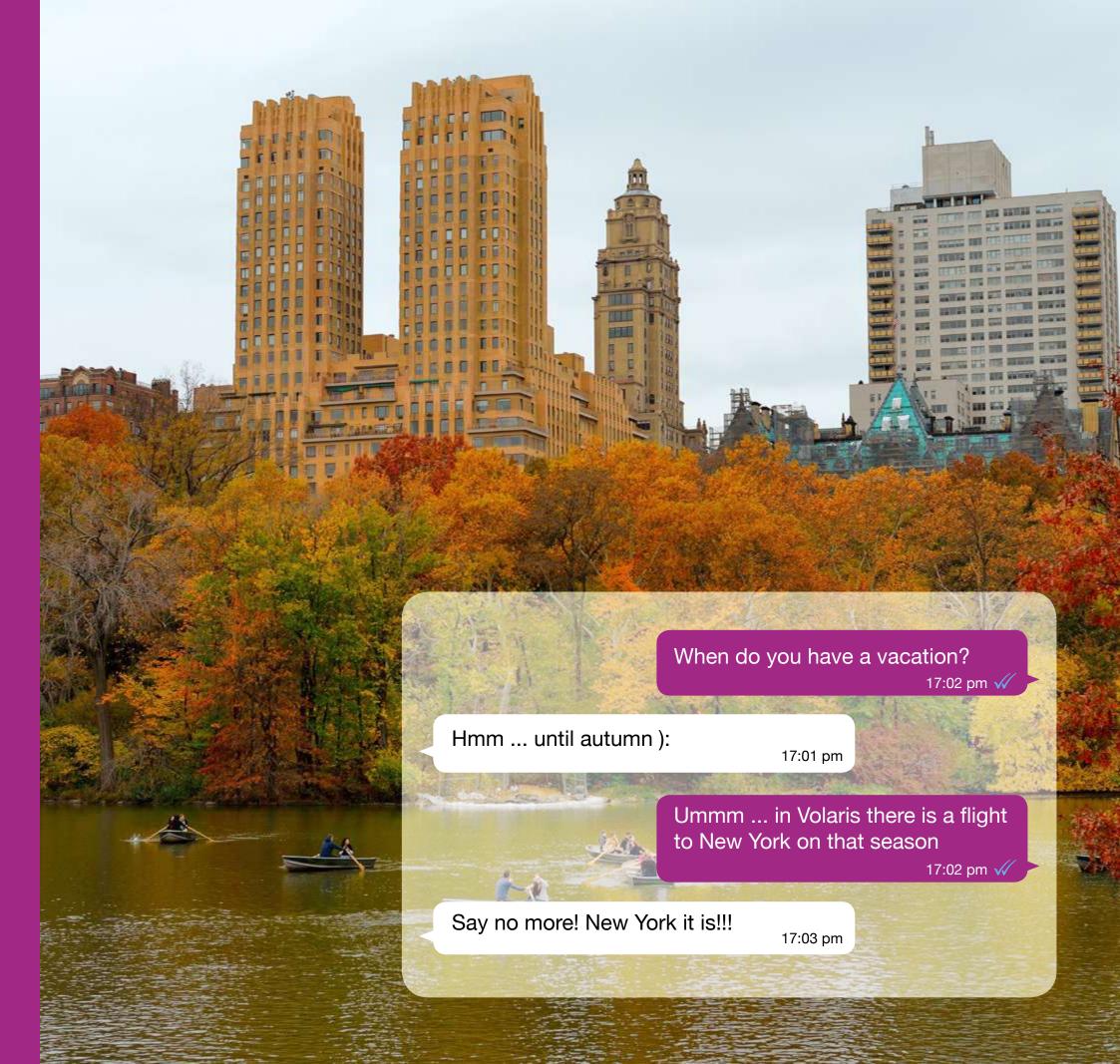
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+ App EthicsGlobal

## ABOUT THIS REPORT





GRI 102-45, 102-46, 102-48, 102-49, 102-50, 102-54

In accordance with our commitment to Social Responsibility, we publish our seventh Social Responsibility Report, which outlines our performance on economic, social and environmental topics during the period between January 1<sup>st</sup> and December 31<sup>st</sup>, 2017, for all Volaris operations<sup>4</sup>.

This report has been prepared in accordance with the GRI Standards: Core option. All contents used were defined from our 2018 Materiality Assessment. The information provided did not suffer any restatements.

GRI 102-12

Through our social responsibility initiatives, we address the main social and environmental impacts and opportunities associated with our industry. In this manner, we contribute to the Sustainable Development Goals (SDG) launched by the United Nations. Throughout the report we indicate the concrete actions with which we contribute to the SDGs.



The scope of this report includes Volaris and all its operations, which can be found in the 2018 Annual Report's Financial Statements at http://ir.volaris.com/English/home/default.aspx

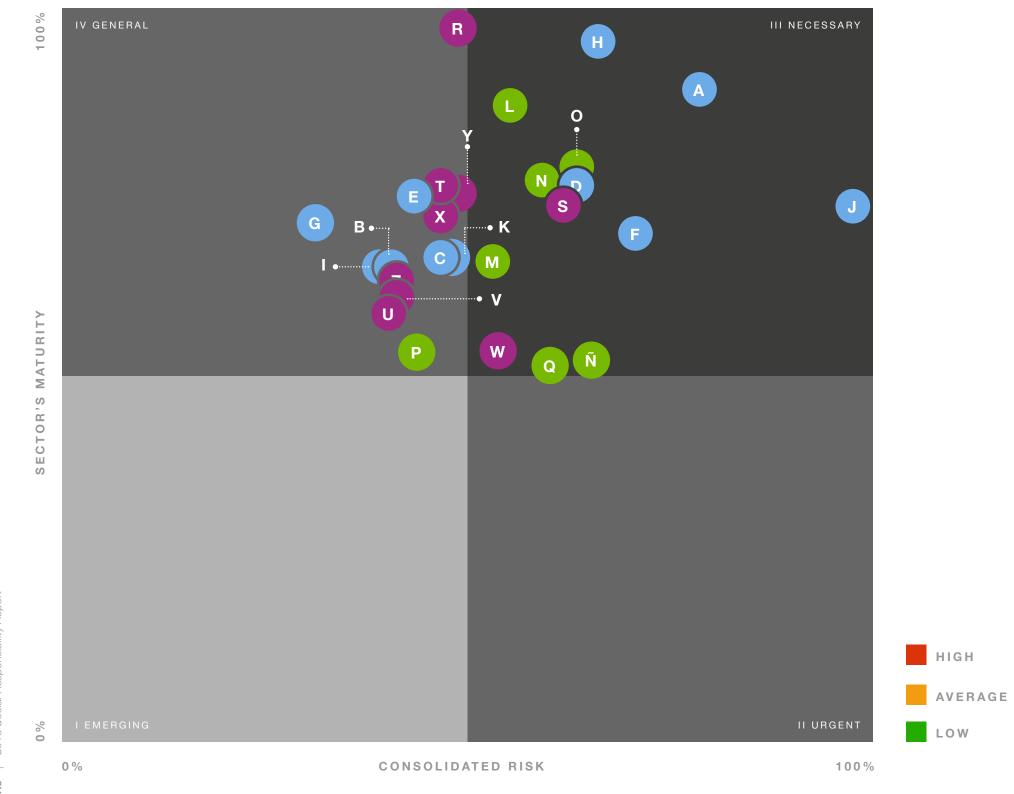
# MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

GRI 102-46, 102-47

We are aware that our industry's main constant is change, therefore, it is vital to understand as much as possible our stakeholders' needs and expectations of. For this reason, we have decided to update our materiality assessment, supported by a team of sustainability experts. Our materiality allows us to publish a report that conveys with more detail the information of relevant topics that are important to our audience and include our significant issues as an organization. Likewise, this study allowed us to identify trends, risks and opportunities that are observed by our sector and social groups.

Our materiality is integrated into our short, medium and long-term strategies with our stakeholders, inside and outside the organization, and it was an activity that included an understanding of the social and environmental impact that we generate inherent to our operations and that is recognized by our Ambassadors. We supplemented the methodology of the previous study to obtain comparable results and we completed it with meaningful topics for the updates made under the standards of the Global Reporting Initiative (GRI), as well as addressing the significant topics for the Dow Jones Sustainability Index (DJSI) for the aeronautical industry.





Consolidated Risk (X)	Adjusted to 100%
J. Research, development and innovation	100%
A. Social Responsibility Management	80%
F. Brand management	72%
H. Operations	67%
Ñ. Biodiversity	66%
O. Climate change and other atmospheric emissions	65%
D. Ethics and integrity	64%
S. Employee satisfaction	63%
Q. Waste management	61%
N. Energy	60%
L. Environmental policies / environmental management	57%
W. Human rights	55%
M. Materials	54%
R. Talent attraction and retention	50%
Y. Stakeholder engagement	50%
K. Customer relations management	49%
C. Risk management	48%
X. Social impacts on communities	48%
T. Human capital development	47%
P. Water management	45%
E. Corruption / transparency	44%
V. Occupational health and safety	42%
Z. Supplier standards	42%
B. Corporate governance	41%
U. Labor practices	41%
I. Service responsibility	40%
G. Financial topics	32%

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MATERIAL ASPECT	TOPIC-SPECIFIC GRI STANDARD
Social Responsibility Management	GRI 102: General Disclosures. Organizational profile GRI 102: General Disclosures. Strategy GRI 102: General Disclosures. Governance GRI 419: Socio economic compliance
Research, development and innovation	GRI 201: Economic performance GRI 305: Emissions
Brand management	GRI 102: General Disclosures. Organizational profile
Operations	GRI 102: General Disclosures. Organizational profile
Employee satisfaction	GRI 402: Labor / Management Relations
Human Rights	GRI 410: Security Practices GRI 412: Human Rights Assessment
Ethics and integrity	GRI 102: General Disclosures. Ethics and integrity
Environmental policies	GRI 307: Environmental compliance
Materials	GRI 301: Materials
Energy eco-efficiency	GRI 302: Energy
Biodiversity	GRI 304: Biodiversity
Climate change	GRI 305: Emissions
Waste management	GRI 306: Effluents and waste



## GRI 102-40, 102-42, 102-43, 102-44

STAKEHOLDER	COMMUNICATION CHANNEL	KEY TOPICS
Shareholders	Shareholders' Meetings Financial reports Board Meetings	Fiscal year results
Authorities	Meetings	Regulatory compliance
Customers	Website Social media Branches Airports Call Center On board magazine	Service quality Fair price per service Safety
Suppliers	Meetings Telephone calls Institutional emails Circulars with relevant information Supplier evaluation that concludes with a formal qualified feedback	Contracts with suppliers Supplier training
Community	Biannual reports Corporate Volunteering Donations	Support for Foundations
Ambassadors	Internal newsletters Institutional emails Newsletters Surveys Whistle Blowing Line Quarterly reports with the CEO	Health and safety at work Employment security Non-discrimination Training in Human Rights Organizational development



# Volaris | 2018 Social Responsibility Report

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION		
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	102-1	9			
	102-2	9, 11			
	102-3	Contact			
	102-4	9			
	102-5	Controladora Vuela Compañía de Aviación, S.A.B. de C.V. Comercializadora Volaris, S.A. de C.V. Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V.			
	102-6	9			
	102-7	9, 11, 21			
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		2. STRATEGY			
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GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION
		4. GOVERNAN	CE
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	102-42	77	
GRI 102: General disclosures 2016	102-43	77	
	102-44	77	
		6. REPORTING PR	ACTICE
	102-45	73 / Visit our 2018 Annual Report at: http://ir.volaris.com	
	102-46	73, 74	
	102-47	74	
	102-48	73	
	102-49	73	
	102-50	73	
	102-51	2017	
	102-52	Annual	
	102-53	Contact	
	102-54	73	
	102-55	GRI Content Index	
	102-56	This report has no external assurance.	





GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION
		GRI 200: ECONOMIC STANDARDS	
	103-1	4, 24, 69	
GRI 103: Management approach 2016	103-2	4, 24, 69	
	103-3	69	
	201-1	9	
	201-3	Retirement plans are granted according to regulation and through the IMSS.	
GRI 201: Economic Performance 2016		We collaborate with Tourism Secretariats of the Federal Entities to promote new routes	s'
	201-4	destinations, through several advertising media, such as the website, social network	SS .
		and aircraft advertising.	



GRI STANDARD	DISCLOSUF	RE	PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION
GRI 300: ENVIRONMENTAL STANDARDS				
	103-1	58		
GRI 103: Management approach 2016	103-2	58		
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GRI 103: Management approach 2016	103-2	57		
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GRI 302: Energy 2016	302-3	57		
anti 302. Energy 2010	302-4	57		
	302-5	57		
	103-1	58		
GRI 103: Management approach 2016	103-2	58		
	103-3	58		
GRI 304: Biodiversity	304-3	tions tha	do not directly restore habitats, however, we support initiatives and associate are in charge of protecting natural areas and endangered species, as well awareness about their preservation.	





GRI STANDARD	DISCLOSUF	RE	PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION
			GRI 300: ENVIRONMENTAL STANDARDS	
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GRI 103: Management approach 2016	103-2	62		
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GRI 103: Management approach 2016	103-2	58		
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GRI 306: Effluents and waste	306-2	61		
	103-1	58		
GRI 103: Management approach 2016	103-2	58		
	103-3	58		
GRI 307: Environmental compliance 2016	307-1	We receive	ed no fines for environmental regulations' non-compliance in 2018.	

GRI STANDARD	DISCLOSUR	E PAGE / DIRECT RESPONSE	OMISSIONS AND EXPLANATION
		GRI 400: SOCIAL STANDARDS	
	103-1	21	
GRI 103: Management approach 2016	103-2	21	
	103-3	70	
GRI 402: Labor / Management Relations 2016	402-1	We respect minimum notice periods determined by the Federal Labor Law.	
	103-1	47	
GRI 103: Management approach 2016	103-2	47	
	103-3	47	
GRI 410: Security Practices 2016	410-1	47	
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GRI 103: Management approach 2016	103-2	37	
	103-3	37	
GRI 412: Human Rights assessment 2016	412-2	37	
	103-1	24, 47	
GRI 103: Management approach 2016	103-2	24, 47	
	103-3	47	
GRI 419: Socio economic compliance 2016	419-1	We received no fines for socioeconomic regulations' non-compliance in 2018.	

# volaris



# CONTACT

GRI 102-3, 102-53

## **HEADQUARTERS**

Av. Antonio Dovalí Jaime No. 70
13<sup>th</sup> floor, Tower B

Zedec Santa Fe

Zip Code 01210, Mexico City

### **INVESTOR RELATIONS**

+5255 52616444 ir@volaris.com

### **CORPORATE AFFAIRS DIRECTOR**

José Alfonso Lozano +52 55 5261 6400



