



Volaris

Sustainability-Linked Bond
Framework

August 2021

Contents

- Company Overview..... 3
- Sustainability in Volaris 5
- Rationale for Issuing Sustainability-Linked Bonds12
- Sustainability-Linked Bond Framework14
 - 1. Selection of Key Performance Indicators14
 - 2. Calibration of Sustainability Performance Targets15
 - 3. Bond characteristics21
 - 4. Reporting.....22
 - 5. Verification22

This Sustainability-Linked Bond Framework may be updated and amended from time to time. This framework provides general guidance to Volaris' Sustainability-Linked Bonds; however, investors should refer to specific issuance documentation on a particular fixed income transaction and further public disclosures for complete details.

Company Overview

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (“Volaris” or the “Company”) (NYSE: VLRS and BMV: VOLAR), is an ultra-low-cost carrier, with point-to-point operations, serving Mexico, the United States and Central America.

Volaris offers low base fares to build its market, providing quality service and extensive customer choice. Since the beginning of operations in March 2006, the Company has increased its routes from five to more than 180 and its fleet from four to 94 aircraft as of July 31st, 2021. Volaris offers more than 470 daily flight segments on routes that connect 43 cities in Mexico and 28 cities in the United States and Central America using a fleet with an average age of 5.4 years.

Volaris is the largest Mexican carrier¹ and has transported over 145 million passengers since its inception and almost 20 million since the COVID-19 pandemic started. With 5,599 Ambassadors (employees), it targets passengers who are visiting friends and relatives (VFR), cost-conscious business and leisure travelers in Mexico, the United States and Central America. Volaris is the first Mexican airline leading the capacity recovery measured as available seat miles (ASMs).

Volaris is a highly productive airline with high asset utilization, at the end of 2020, it has 54 full time employees per aircraft with variable, performance-based compensation structure, and only one union. Block hours per day in 4Q19 and 4Q20 were 12.8 and 11.8 respectively with a recovery in operation that represented 102% of capacity during December 2020 as compared to the previous year.

The Company's strategy aims to improve business performance while integrating our corporate sustainability strategy –in line with the UN Sustainable Development Goals and the ESG criteria (Environmental, Social and Governance)– into our business model, so today we are one of the

¹ As of February 2021.

five airlines in the Dow Jones Sustainability Index and the only one to be part of the Mila-Pacific Alliance Index. Additionally, Volaris has been granted the Empresa Socialmente Responsable award for the last twelve years. In June 2021, Volaris received the membership of the S&P/BMV Total Mexico ESG Index, for the first time².

The elements that make up the Company's culture and have guided the commitment to democratize the skies and to make the experience of flying affordable to all people during almost the 15 years that we have been operating are based on the Mission, Vision, Behaviors and Pillars.

Mission

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

Vision

Transcend by creating and living the best travel experiences.

Behaviors

Credibility, respect, fairness, fellowship, and pride.

Pillars

Safety, customer service, and sustained profitability.

² The S&P/BMV Total Mexico ESG Index includes all the public companies that have the best practices related to ESG issues, under the S&P indices methodology. In this index are included 29 Mexican public companies, Volaris is one of the five companies added to the Index this year.

Sustainability in Volaris

As a Company that has taken on sustainability as part of its business strategy, we have the responsibility of generating value for our stakeholders. We reinforced our commitment to the future of new generations by creating the ideal context for the ultra-low-cost aviation business to continue being a driving force and a source of employment for many years to come. This is why our business goals are aligned with the United Nations (UN) Sustainable Development Goals, also known by their abbreviation SDGs (initiative promoted by the UN to give continuity to the development agenda after the Millennium Development Goals and which were adopted by all Member States in 2015 as a universal call to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030) and to ESG factors, which are also considered as principles for responsible investment.

Since 2019, we have made efforts to integrate our sustainability strategy, the Corporate Sustainability Program, into our business practices. The program is comprised of three main focus areas, the Economic and Corporate Governance Focus, the Planet Care Focus and the People Care Focus, aimed at allowing the efforts of the business to be directed towards sustainable future growth while simultaneously creating value for our stakeholders.

VOLARIS CORPORATE SUSTAINABILITY PROGRAM

Economic and Corporate Governance Focus

A. Business Strategy – *Ultra-Low-Cost Business Model*

- Cost reduction
- Low fares
- Demand stimulation
- *Tú Decides* scheme
- Capacity Increase
- Operational efficiency and reliability

B. Corporate Governance

- Board of Directors and Committees management
- Risk management and opportunities identification
- *Volaris Code of Ethics* and compliance
- Transparency and legality
- Information privacy and cybersecurity

C. Corporate Affairs

- Collaboration for the development of public policies
- Collaboration in the Industry's public decisions
- Strengthening of corporate reputation

D. Supply Chain Management

- Supply Chain responsible management



Planet Care Focus

Comprehensive Environmental Protection Policy #CielitoLimpio

A. Efficient Fuel Consumption Management

- Fleet renewal
- Investment in the best technology
- Implementation of fuel-saving techniques

B. Carbon Emissions Offset Program *#CielitoLimpio*



C. Eco-friendly Initiatives and Efforts for Biodiversity

- Recycling
- Paperless policy
- Reduction of electricity consumption
- Reforestations
- Ecological strategic partnerships
- Environmental protection awareness campaigns

D. Regulatory Compliance

- Emissions reports
- Hazardous waste management
- Environmental management – Working Group Green Team

People Care Focus

A. Ambassadors' Relations, Practices, and Wellbeing

- *Volaris Culture*
- Equal opportunities and non-discrimination
- Organizational development
- Corporate volunteering
- Wages and benefits
- Occupational health and safety

B. Human Rights and Community Relations

- *Human Rights Protection Program*
- *Amón Ayuda Volaris Program*

C. Customers' Welfare

- Aviation security and safety
- Privacy and personal data protection
- Customer resolution



- 1) The Economic and Corporate Governance Focus concentrates on four main issues: (i) Business Strategy, (ii) Corporate Governance Structure, (iii) Corporate Affairs, and (iv) Supply Chain Management, which involve the following actions:
 - Reducing costs and optimizing resources
 - Maintaining high standards of operational efficiency
 - Managing our risks and opportunities
 - Participating in the processes of creating public policy
 - Managing our supply chain responsibly
 - Conducting our business under a culture of ethics and legality.

- 2) Through our Planet Care Focus, we defined our environmental practices, which are made up by a series of actions and initiatives that aim to protect the planet, reduce the Company's carbon footprint, guide our operations to be more eco-efficient, and position Volaris to be the "Greenest Airline in Mexico".

Our environmental practices, include the following environmental programs and initiatives under an environmental management system certified in ISO 9001/14001:

- Efficient fuel consumption management (Fuel Saving Program), through the acquisition and utilization of a young fleet and the investment in the best technology, as well as the use of other fuel-saving techniques, such as, limited APU use and onboard weight reduction.
- Carbon Emissions Offset Program #CielitoLimpio through which our customers have the option to offset part of the carbon footprint produced by their flight. With these voluntary contributions, we purchase carbon-emission reduction credits certified by the Mexican Carbon Platform.
- Ecological initiatives and efforts to protect biodiversity, such as paper saving, electricity consumption reduction programs, waste management, reforestation, environmental awareness campaigns, and onboard weight reduction initiatives.
- Environmental Compliance through emissions reports and hazardous waste proper management

Thanks to these environmental programs and initiatives, we are on our way to contribute to the creation of an increasingly sustainable industry, aligning our environmental objectives with the industry's goals for the coming years.

Comprehensive Environmental Protection Practice



- 3) Finally, through our People Care Focus, we strengthen our commitment to people, who are the fundamental center of the management of a sustainable business, that is, commitment to our Ambassadors (employees), the communities in which we operate, and our customers.

Our labor practices are designed to favor the wellbeing and personal and professional development of our employees, through:

- The Volaris Culture
- Respect for Human Rights
- Volaris Competencies Model and Talent Cycle
- Training programs
- Corporate volunteering program
- Wages and benefits plan
- Health and safety plan

The relationships with the communities in which we operate are integral for our caring for people focus. We voluntarily make an effort to generate strategic partnerships and implement programs for the protection of Human Rights and for the care of people in vulnerable situations. The initiatives that take us to meet our objectives in this regard are listed below:

- Human Rights Protection Program: this Program aims to protect the rights of children and teenagers who travel with Volaris, through the implementation of protocols developed in coordination with The Code-ECPAT organization and with the Mexican National Institute of Migration. With this Program, we seek to protect all minors traveling on our aircraft from any possible case of human trafficking and commercial sexual exploitation in the context of travel and tourism.
- "*Avión Ayuda Volaris*" Program: this Program is intended to provide support to people who are vulnerable in some way, such as from medical emergencies, emergencies due to natural disasters, or humanitarian crises, through strategic partnerships with civil society organizations, governmental institutions and with other private sector organizations. We provide transport for rescuers, volunteers, medical staff, patients, organs and tissues for transplant, and humanitarian aid.

Customers' welfare and protection of their rights is another core pillar of our People Care Focus. One of the fundamental factors in the sustained growth of the Company and business continuity is, without a doubt, our customers. That is why we constantly strive to guarantee their welfare, their rights, and them having the best travel experiences, by means of the following four mechanisms:

- Aviation security programs
- Bio-security protocols
- Personal data protection protocols
- Customer service.

In our Volaris Corporate Sustainability Program, we strive to identify our stakeholders and determine the economic, environmental, and social value that we generate with, for, and through them. To this end, we developed the Volaris Value Creation Model³. As a Company that strives to be sustainable in the future, we are committed to implementing actions in favor of each Stakeholder, through open communication channels with each one of them to learn about their needs and through materiality studies. This Model will allow us to continue improving and adapting our strategy to the interests and needs of the Stakeholders that make up the Company, to create an airline that is resilient to the trends, changes and challenges facing the aviation industry in the coming years.

As part of Volaris sustainability strategy redefinition, the Sustainability Committee was created. It held its first two sessions in 2020. The Committee is integrated by the Executive Committee members⁴ and is chaired by the Company's President and Chief Executive Officer. The Corporate Affairs Director, who is responsible for the Sustainability Corporate Program management, serves as the Committee's Secretary.

The President and Chief Executive Officer reports to the Board of Directors on relevant matters regarding sustainability matters of the Company. The Sustainability Committee's objective is to guarantee that Volaris conducts business activities in a sustainable manner and the integration of sustainability to the business strategy. The latter is possible by the involvement of top

³ For further details on Volaris' Value Creation Model, refer to the Integrated Annual Report at www.ir.volaris.com.

⁴ The Executive Committee members are the President and Chief Executive Officer, the Executive Vice President Airline Commercial and Operations, the Senior Vice President Chief Financial Officer and the Senior Vice President Chief Operating Officer.

management in ESG matters and business sustainability trends, as well as identification of risk and opportunities; allowing this Committee to make decisions supporting the sustainability strategy in the Company and set goals for the future. Furthermore, we aim to translate the resolutions by this Committee into specific actions to achieve transversality of sustainability matters in every unit of Volaris.

The Sustainability Committee provides a forum for ESG industry trends discussion, as well as, for the policies and procedures that we need to establish for the implementation of sustainability strategies in the Company. This Committee has agreed to:

- include the creation of a sustainability dashboard to define metrics and objectives to measure the company ESG performance to identify risks and areas of opportunity.
- define CO₂ emissions reduction targets.

We also created the “Working Group Green Team.” This team is responsible for monitoring the maintenance and improvement of the systems certified under ISO 9001 and 14001, as well as promoting a culture of quality and care for the environment. This multidisciplinary group is coordinated by the Senior Vice President and Chief Operating Officer.

Rationale for Issuing Sustainability-Linked Bonds

The growth in the sustainable finance market has been strong in recent years with the International Capital Markets Association (ICMA) Green Bond Principles; however, the use-of-proceeds format related to those principles presents some limitations. Therefore, ICMA released in June 2020 a new approach that is based on future performance of specific metrics linked to sustainability efforts and objectives of the economic agents; therefore, complementary elements for sustainability finance were provided to achieve these objectives under the Sustainability-Linked Bond Principles.

Volaris has developed a Sustainability-Linked Bond Framework to assist in the issuance of Sustainability-Linked Bonds in order to complement and materialize its sustainability strategy. The linkage of sustainability performance to business goals and funding strategies under this framework shows the commitment to the sustainability efforts of the Company; in particular, to the Planet Care Focus but with direct impact on the Economic and Corporate Governance Focus and People Care Focus.

As one of the leaders in the aviation industry in Mexico and Central America, we hope that by issuing a Sustainability Linked Bond, we will set a precedent and encourage other companies in the aviation sector and all across Mexico to follow.

Volaris' environmental practices, under the Planet Care Focus, aims to decrease pollution generated by our operations, protect the environment, and mitigate and adapt to climate change to the extent possible; under the environmental management system, one of the most important environmental programs is the fuel saving program, through a young and fuel-efficient fleet and the investment in technology. These initiatives have a direct impact on Volaris' financial results given that approximately 30% of the Company's OPEX pertains to fuel.

Volaris considers that the alignment of business goals to sustainability strategies is key to success in achieving the economic, environmental, and social objectives; where facilitating fleet renewal with NEOs aircraft and equipped with sharklets to improve the fuel-efficiency is one of the main drivers for Volaris to develop a Sustainability-Linked Bond Framework.

Its worth mentioning that some of our environmental actions are developed jointly with other industry players, such as IATA or ICAO and some of our suppliers, like Airbus and Pratt & Whitney, and through the dialogue with our customers and Ambassadors (employees) about their environmental concerns. Moreover, we work in coordination and support of the aeronautical authority.

Another important consideration is that an airline's operational efficiency is critical to our business strategy. An efficient operation is more resilient and can better overcome challenges and changes in the marketplace. The main indicators that help Volaris monitor operational efficiency are booked passengers, available seat miles (ASMs), load factor, fuel gallons consumed, employees per aircraft, fleet, average daily aircraft utilization (block hours and flight hours), airports served, departures, and passenger flight segments.

Sustainability-Linked Bond Framework

The Sustainability-Linked Bond Framework developed by Volaris is compliant with the Sustainability-Linked Bond Principles 2020, administered by the International Capital Market Association.

The framework consists of the following components:

1. Selection of key performance indicators (KPIs)
2. Calibration of sustainability performance targets (SPTs)
3. Bond characteristics
4. Reporting
5. Verification

1. Selection of Key Performance Indicators

KPI: Grams of carbon dioxide emissions per revenue passenger kilometer (“CO₂ / RPK”) based on ICAO methodology.

The KPI is the standard metric of the industry for CO₂ emissions.

Metric: gCO₂ / RPK

Scope: The KPI applies to all Volaris operations in Mexico, United States of America, Guatemala, Costa Rica, El Salvador, and any other markets the Company will operate in the future; it is limited to emissions produced by Volaris aircraft (Scope 1). Scope 1 emissions account for 99.98% of total emission for total operations of Volaris as of 2020.

Methodology: fuel consumption is the input for CO₂ emissions, computed using standard conversion parameters; inputs for onboard passengers and itinerated kilometers come from the Company’s commercial and operations systems.

Alignment with UN SDGs:



9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking actions in accordance with their respective capabilities.



12: Ensure good use of resources, improving energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and ensuring a better quality of life for all.



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

2. Calibration of Sustainability Performance Targets

SPT: Reduce the emission measured as gCO₂ / RPK⁵ by 21.54% and 35.42% for 2022 and 2030 respectively as compared versus 2015.

Baseline: 2015 is selected as it is the last year that Volaris did not have NEO aircraft in the fleet.⁶

KPI	2015	2016	2017	2018	2019	2020
gCO2/RPK	87.60	86.75	84.95	82.67	76.35	83.86
% change vs2015		-0.97%	-3.02%	-5.63%	-12.84%	-4.27%

KPI	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
gCO2/RPK	75.69	68.73	66.51	65.24	63.88	61.18	59.44	58.09	57.23	56.57
% change vs 2015	-13.60%	-21.54%	-24.08%	-25.53%	-27.08%	-30.16%	-32.15%	-33.69%	-34.67%	-35.42%

⁵ ICAO considers RPKs as seated revenue passenger kilometers for emissions purposes.

⁶ Material changes in the market conditions could adversely affect the Company's fleet plan.

The environmental measures of Volaris are established under the principles of aviation, for example the implementation of the ICAO environmental program, CORSIA, to achieve neutral growth in emissions, adoption of new technology and implementation of operational measures to improve fuel consumption efficiency. Furthermore, SPTs are aligned with the Transition Pathway Initiative to comply with 2 degrees (shift Improve) thresholds.

Volaris is an airline in expansion, and we worked under fleet plans that are renewed depending on certain external and internal factors in short, medium and long terms, those factors have a direct impact on our short-, medium and long-term targets for emissions reductions. Since, we lack visibility on aircraft engine technology that will be available beyond 2030's, it is complicated to establish targets beyond that threshold. Nevertheless, the Company has a solid track-record of leading the industry in the adoption of new technology and of being aligned with the best practices in the industry.

The selection for 2015 as the base year relies on the fact that it was the last year Volaris added CEO aircraft to the fleet, which sets the mark to measure and compare the improvement in fuel consumption of the new NEO fleet and the emissions related to the Company's decision to introduce the new technology from Airbus.

In 2016, we introduced the first A320 NEO, albeit the decision to acquire this new technology aircraft was made in 2011 to reduce the fuel consumption, CO₂ emissions, noise pollution, and to increase the stage length of the fleet allowing to reach more destinations.

To keep low operational costs, Volaris uses only one type of aircraft family as it allows for economies of scale in maintenance expenses, spare parts, training for crews, and leverage in negotiations with suppliers. These economic reasons and the technical aspects of the NEO technology regarding fuel consumption resulted in the purchase order of 80 aircraft in 2017 to be delivered from 2022 to 2026 (because of the COVID-19 pandemic the deliveries were rescheduled from 2023 to 2028). The selection included the Pratt & Whitney GTF (Geared Turbo Fan) engine that provided the best fuel consumption option for the aircraft and also presented the best commercial offer to Volaris.

It is important to note that it is not possible to use NEO engines in CEO aircraft by design, therefore the whole aircraft needs to be replaced to have the new technology incorporated.

The incorporation of NEO aircraft to Volaris fleet comes from the following transactions negotiated by Volaris with Airbus and lessors:

- 2011 Airbus purchase order for 30 aircraft, 17 delivered and 13 aircraft pending for delivery.
 - o Order value based on list prices: USD \$3,385M.
- 2013 lessor order book for 16 aircraft, all already delivered.
 - o Order value based on list prices: USD \$1,700M.
- 2017 Airbus purchase order for 80 aircraft to be delivered from 2023 to 2028.
 - o Order value based on list prices: USD \$11,585M.
- 2021 and 2022 SOL (straight operating leases) deliveries for 15 aircraft.
 - o Order value based on list prices: USD \$1,667M.

Based on the CLP (Catalogue List Price) from Airbus, the NEO aircraft are 10% more expensive than CEO aircraft.

One of the main strategies for the accomplishment of the defined SPTs is the renewal of the fleet and the acquisition of NEO aircraft with sharklet technology, to reduce fuel consumption, as well as maintaining a high load factor, both components of the strategy are consistent with Volaris' ultra-low-cost business model.

Our journey into eco-efficient aircraft started in 2016. By 2022, about 50% of Volaris' fleet will be replaced by the new technology capable of reducing fuel consumption and pollutant emission (gases, PM and noise). These aircraft will achieve an average reduction of 18.5% in fuel consumption. As of July 2021, 75 out of the 93 aircraft in Volaris' fleet, have sharklets, which is 81% of the fleet. According to Airbus information, the fuel burn per seat improvement from a CEO aircraft compared to a NEO aircraft with sharklets and Volaris seat configuration for an 850nm sector is 18.5%-19%.

Improvements in fuel consumption comes from:

- NEO engine ~12%
- Sharklets ~3%
- Volaris seat configuration (186 vs 179) ~4%

The fleet plan before COVID-19 pandemic meant a full transition to NEO aircraft by 2026; however, to mitigate the impact of such global event, Volaris renegotiated the aircraft delivery schedule with Airbus and we estimate that the full replacement replacement will happen by 2028.

These new series of engines have significantly larger fan diameter engines than their predecessors that enables a higher bypass ratio, which in turn increases the jet propulsion efficiency and reduces the fuel consumption. In the NEO technology, the gearbox between the fan and the low-pressure system enables the fan to rotate at closer to its optimum speed, which is one third of the speed of the low-pressure turbine. Additional benefits of this technology are cabin optimization, with better pressurization, bigger luggage space, and noise reduction systems.

Additional strategies have been developed to reduce the Company's emissions. The most important include the agreement with Recaro to install seats 30% less heavy in the 103 aircraft to be delivered in the following years, that represent a saving of 32 thousand gallons of fuel per year. Recaro seats will be incorporated in all 2017 Airbus purchase order for 80 aircraft to be delivered from 2023 to 2028. However, as of today, 10 aircraft delivered since June 2020 from the 2011 Airbus purchase order have this type of seats already installed, moreover the remaining 13 aircraft to be delivered from that order in 2021 and 2022 will be equipped with these seats. Similarly, Volaris also has received 2 SOL (Straight Operating Leases) aircraft with the aforementioned lightweight seats.

In the same tenor, on board barsets have been renewed to reduce weight providing savings on CO₂ emissions of 766,520 and 1,048,181 tons for 2019 and 2020. Currently 23% of the 600 trolleys in the barsets are lightweight, and by the end of 2022, 43% of the approximately 750 trolleys will be lightweight. In December 2018, the barset included 6 trolleys and 5 boxes that along with product mix to be served onboard accounted for 1,485kg. The new barset include 4 trolleys, 5 boxes and a lighter product mix to be served onboard that weights 1,214kg. It is important to mention, that last year, the Company fully migrated to the use of biodegradable napkins, forks stirrers, and disposable glasses lids.

Volaris also invests in cutting edge technology such as Fuel Pro from Storkjet that use artificial intelligence and machine learning to optimize routes and monitor fuel consumption parameters, along with other systems, to detect specific opportunities and tailor-made initiatives to implement

environmentally friendly actions that resulted in a navigation miles reduction of 1.2% per flight in Volaris' most important routes, this shortened routes provided 1.76 million gallons of fuel consumption savings.

In 2020, through more efficient flight plans and the use of comprehensive criteria of required fuel, Volaris' Flight Dispatchers and Pilots, avoided unnecessary filling of 400 kilograms of fuel on airplane tanks by flight; this action prevented, keeping safety standards, the transportation of 39.1 tons of death weight that would have represented a fuel consumption of 718,500 gallons for the year. This initiative consisted in the use of analytic tools over historical data to detect unnecessary fuel load per flight phase and per concept on flight plans and a communication plan from flights operations leaders to pilots. The analysis consisted in comparing real versus planned values on the following variables:

- Taxi fuel
- Trip fuel
- Extra fuel added by dispatcher
- Extra fuel added by pilot
- Extra fuel for holding at destination
- Final fuel at arrival
- Contingency and legal fuel values were not modified, to maintain safety levels

The Company reduced the use of Auxiliar Power Units (APU) in the aircraft in 2020, from 49 minutes by operation in 2019 to 43 minutes in 2020, resulting in fuel savings of approximately 718,500, a reduction of 11.8% YoY gallons in 2020.

Since 2014, Volaris has the ISO 14001 Certification that includes the Fuel Savings Program and administrative processes in the corporate offices that ensure the proper management and reduction of waste, recycling, and carbon emission controls. Volaris has established and maintains in continuous improvement an integrated Airline Management System (IAMS) in compliance with ISO standards in relation to the following certifications:

- Based on the NMX-CC-9001-IMNC-2015 / ISO 9001: 2015 standard (Quality Management system): for the processes of the organization of the operational control center (CCO), Crisis Management, Savings Program of Fuel, administrative activities of

the corporate offices (ecological offices), administrative procedures of the organization of surcharges, operations engineering, planning of regulations, and cargo operations.

- Based on the NMX-SAA-14001-IMNC-2015 / IS9 14001: 2015 (Environmental Management System), for the processes of the organization of the operational control center (CCO), Crisis Management, Fuel Saving Program and administrative activities of corporate offices (green offices).

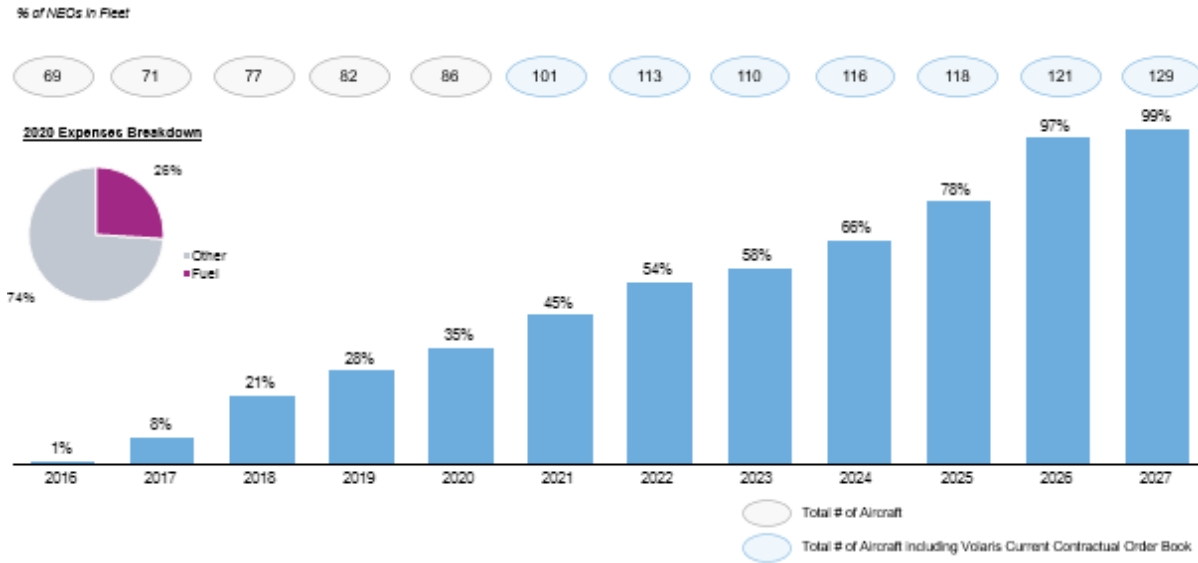
Volaris was the first Mexican airline to provide customers with a carbon footprint offset product for their flights, called #CielitoLimpio. In alliance with the Mexican Carbon Platform, certified by the United Nations, Volaris has acquired more than 33 thousand carbon bonds since 2015. This means that the airline has neutralized 100% of the carbon footprint of nearly 800 flights from Mexico City to Guadalajara thanks to the participation of our customers. Currently, Volaris does not purchase carbon footprint offsets, the Company only manages the money raised from the sale of #CielitoLimpio product to buy the carbon credits for offsetting.

Volaris is interested in the use of biofuel or any alternative type of fuel that provides a significant reduction in CO₂ emissions, if proper infrastructure and sufficient supply of fuel is guaranteed, and the price is economically viable for Volaris' business model. Furthermore, Volaris is currently evaluating strategic alliances with other participants in the sector to research and strengthen the development of sustainable fuel. The Company is considering use biofuels (SAF) for their ferry flights (new fleet delivered from factory), in coordination with Airbus to raise awareness on the subject.

The use of sustainable aviation fuels (SAFs) is still far away from being a staple in the fuel markets. They are not cost-effective; they are not widely available, and they are still not energy-efficient since you need more energy to produce one unit of SAFs than the one that you can extract from it. Nevertheless, we consider that we can be instrumental in raising awareness about their use in a transitional period, until a technology leap is feasible for aviation, to promote a larger scale to gain all the efficiencies and bring costs down. For the moment, we consider that SAFs only make sense in developed economies where they can cross subsidies that allow them to better deal with some of their agricultural surpluses.

The main risk factors in achieving the SPTs are fuel quality from our providers, increase operations in high altitude airports and NEO efficiency as the engine accumulates cycles.

Volaris' Fleet Plan



3. Bond characteristics

Net proceeds from Sustainability-Linked Bonds issued directly by Volaris or through an SPV, such as the Trust Agreement CIB/3249 issuer of asset-backed trust notes, will be used for general corporate purposes, unless otherwise specified in the financial instrument documentation.

Details on the Sustainability-Linked Bonds, issued directly by Volaris or through an SPV, such as date the effect will take place, the period that will be affected, the increase in the interest rate or principal, among others, can be found on the specific issuance documentations. If the SPTs are not met according to Volaris commitments, interest rates or principal could be affected according to specific transaction documentations terms.

Mitigation strategies to eliminate the impact of an SPT compliance will be defined in the issuance documentation if applicable.

4. Reporting

Disclosure of Volaris' transition strategy and relevant information described in the specific issuance documentation, such as, results for KPIs, will be provided in the Integrated Annual Report, Volaris' Investor Relations website and/or the Corporate Presentations in which sustainability results and actions regarding Volaris operations and strategies are published. The relevant information will be available at www.ir.volaris.com.

The reported information will include information on the performance of the KPIs, the related SPTs and the impact on a specific issuance financial performance. Additionally, the report might include, when relevant, information on sustainability impacts of the performance; and any re-assessments or restatement of KPIs and/or SPTs. Volaris is committed to disclose relevant information that affects the KPIs performance.

5. Verification

Volaris' KPI performance levels and the review against SPTs, at relevant observation dates will be verified by an external and independent party.

Volaris needs to comply with information requirements by SEMARNAT (Ministry of Environment and Natural Resources in México) and AFAC (Civil Aviation Authority in Mexico).

In order to comply with the required information regarding greenhouse emissions by SEMARNAT (Ministry of Environment and Natural Resources in México), Volaris has an emissions verification, provided by a certifying party recognized by the *Entidad Mexicana de Acreditación*. This certification needs to be updated every three years to comply with the LGCC (*Ley General de Cambio Climático*) and the RENE (*Registro Nacional de Emisiones*), the next update is due 2023. The current verification was provided by ANCE in 2020.

Regarding the required information on emissions by AFAC, the current verification was provided by Ruby Canyon Environmental, Inc. through their mexican branch (Ruby Canyon México) certified by the *Entidad Mexicana de Acreditación* and approved by AFAC. This verification needs to be updated every year since 2019 to comply with the circular CO AV 16.4/18.

Sustainalytics, a Morningstar company and a globally-recognized provider of ESG research, ratings and data, evaluated Volaris' Framework and the alignment thereof with relevant market standards and provided views on the robustness and credibility of the Framework on a Second Party Opinion which views are intended to inform investors in general, and not for a specific investor.