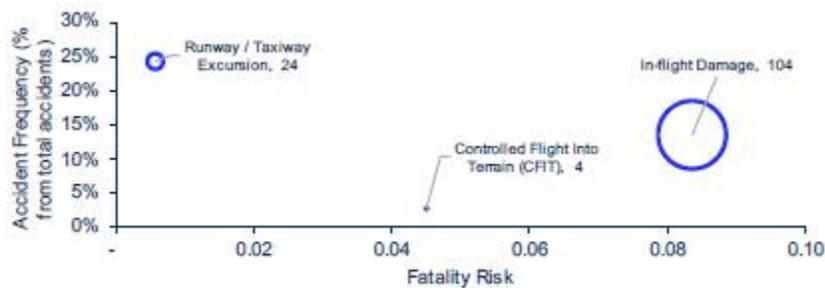


The mitigation actions taken for the main risks identified by our SMS

At LATAM Airlines Group, we continuously strive to assure the highest levels of safety. For example, one of the many actions taken by our Safety Department is to study worldwide industry cases, which then permit us to adopt appropriate countermeasures in order to avoid incidents and accidents in our operations. Another important measure taken by our Safety Department is to annually recall key operational risk areas, which then permit us to set priorities and reevaluate safety management system objectives.

The global COVID-19 pandemic has had a severe impact on the aviation industry in 2020, causing a significant drop in the number of commercial flights operated. Just over 22 million flights were operated last year, which is about the same number as were flown in the 1990s. Commercial flights tracked worldwide fell about 53% when compared to 2019 due to travel restrictions imposed by government and health officials to control the spread of COVID-19. As a result, even with the lower number of accidents in 2020 when compared to 2019, the industry witnessed an increase in the global accident rate in 2020, up from 1.11 per million sectors in 2019 to 1.71 in 2020. However, the five-year average rate (2016-2020) was lower than that of the previous five-year period (2011-2015) at 1.38 vs. 2.24 accidents per million sectors. The Jet Hull Loss rate per million sectors was 0.21 in 2020 vs 0.15 in 2019.

According to IATA, In 2020, there were 38 accidents versus 52 in 2019. The number of fatal accidents decreased from eight accidents in 2019 to five in 2020. The number of fatalities declined from 240 in 2019 to 132 in 2020. This includes all deaths from commercial aircraft accidents. To further appreciate this result, the following graph illustrates the relationship between accident frequency and fatality risk, measured in the number of full-loss equivalents per 1 million flights. The size of each bubble represents an indication of the number of fatalities for each category (value displayed). Note: This graph does not display accidents without fatalities:



Accident Category Frequency and Fatality Risk 2020 (Worldwide) (IATA, 2020)

The main accidents resulting in fatalities during 2020 (worldwide) were (IATA, 2020):

1. In flight damage (2) with 104 fatalities
2. Runway/Taxiway Excursion (2) with 24 fatalities
3. Controlled Flight into Terrain (1) with 4 fatalities

The performance of Safety at LATAM Airlines Group is defined in terms of achieving the Safety goals associated with its Safety Performance Indicators, or SPI. These indicators are reviewed periodically, both at a corporate and local level, in the following instances: Safety Review Board (SRB), Safety Action Group (SAG) and in the Executive Committee.

In 2020, LATAM Airlines Group, through its internal Safety Department, in addition to focusing on the prevention of: Unstable Approaches, Loss of Control in Flight (LOC-I), Runway Safety (RS) (including Runway Excursion, Hard Landing and Undershoot), as well as Controlled Flight into Terrain (CFIT). And Other areas in-flight not necessarily confined to the cockpit were also considered, such as accidental deployment of evacuation slides, cabin injuries, unruly passenger reports, and portable electronics devices (PED) incidents. LATAM Airlines Group has detected new opportunities for improvement that after the decrease in operations and COVID-19 determined by: the decrease in flights by crew members, effects on the situational alert due to instability of industry, Fears for COVID-19.

Countermeasures

As stated previously, LATAM Airlines Group has defined a series of Safety Performance Indicators (SPIs), which serve as an effective method to evaluate if safety objectives and goals improved by 12% compared to 2019. By 2020 Monitoring these (SPIs) allowed us to focus our attention towards the performance of the organization's safety in terms of operational risk and ensuring regulatory compliance. These indicators are reviewed periodically in the SRB, SAG and Executive Committees, both at a corporate level, and internally within each subsidiary of LATAM's group.

Additionally, LATAM Airlines Group, Safety Department is working on new tools to improve operational resilience, given the particularities of 2020 that will make a change in the mitigation focus:

SAFETY II-Through advanced data analytics, the focus is on operational strengths, rather than operational weaknesses. Sharing best operational practices to improve operation. It also aims to be able to predict security events, which will be mitigated before they happened.

MHP- Mental Health Program: Program by which a pilot can get confidential help related to mental wellness problems or stress.

Key Management Tools for Risk Mitigation

Flight Data Monitoring: LATAM Airlines Group boasts a Flight Operations Quality Assurance program (better known as FOQA), that allows us to compare actual flight parameters vs Standard Operating Procedures (SOPs). This critical safety program is a key element of our SMS and is crucial for identifying where safety may have been breached. It therefore provides us with very useful information to mitigate risk and prevent future case recurrences.

Line Operation Audits: Line Operational Monitoring Program (LOMP) involves a structured system that allows auditing non-technical skills during routine flight deck responsibilities. When threats and human errors are detected, these are then recorded and used for implementing counter measures to minimize risks in the future.

Training: Advanced Qualification Program (AQP) provides an enhanced curriculum development and a data-driven approach to quality assurance, along with the flexibility to target critical tasks during aircrew training. The AQP methodology is used to enhance safety by focusing on achieving the highest possible standard of individual and crew performance. In order to achieve this goal, AQP seeks to reduce the probability of crew-related errors by aligning training and evaluation requirements more closely with the known causes of human error.

Safety culture survey: LATAM Airlines Group adopted I-ASC (IATA Aviation Safety Culture Survey). The survey consists of 60 questions, which are in alignment with the four pillars of ICAO's SMS framework and relevant IOSA Standards and Recommended Practices (ISARPs). It measures five key elements of the "James Reason" Safety Culture model: Informed Culture, Reporting Culture, Learning Culture, Just Culture and Flexible Culture. Through this channel, we can: Improve employee safety awareness, increase employee engagement and adherence to safety procedures, measure safety culture in relation to KPIs, identify safety culture gaps and address them proactively, benchmark against past performance to demonstrate safety culture improvement, in addition to many other benefits

SMS report and audit control: Aviation Quality Database (AQD), now called Rolls-Royce SMS solution, is a comprehensive and integrated tool that supports the need for Safety Reporting and Quality Assurance. It allows users to report any situation where safety margins have or could be breached, as well as serving as a platform to record internal and external quality/safety audits. Through this database, corrective and preventive actions can be taken to further mitigate risk.