



# PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

## 2021 CORPORATE SUSTAINABILITY REPORT

MARCH 4, 2022

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**PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ**  
**CORPORATE SUSTAINABILITY REPORT**  
**2021**

***ABOUT THIS REPORT***

Pegasus reports its corporate sustainability efforts in 2021 in accordance with the Sustainability Principles Compliance Framework published by the Turkish Capital Markets Board.

Our 2021 Corporate Sustainability Report summarizes our compliance efforts and sets out the conceptual framework of these efforts under four main headings: General Principles, Environmental Principles, Social Principles and Corporate Governance Principles. Along these lines, the Report lists each and every compliance item under the Sustainability Principles Compliance Framework and provides information on and references for our compliance efforts under each item.

***OUR CEO'S MESSAGE***

Dear Stakeholders,

It has been a fast-changing year since the publication of our first Corporate Sustainability Report in March 2020, ushering significant changes in the world, in the aviation industry and for our Company.

We were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). With this commitment, we support and commit to the target of achieving net zero carbon emissions by 2050, by utilizing the opportunities provided to our industry through technological advances, with the support from the energy sector and in coordination with stakeholders.

In December, we strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019.

Within the framework of our “sustainable environment” approach, we will continue to work on our fleet transformation and carbon offsetting projects in the medium term; and in the long term, focus on the use of Sustainable Aviation Fuels (SAF), new technology aircraft and carbon capture technologies. We will continue to work tirelessly towards becoming the greenest airline in Türkiye and in our region.

We continue our monitoring, reporting and improvement efforts for climate protection and fight against global warming as part of national and international regulations. We disclose our reporting and improvements publicly as part of our participation in the Carbon Disclosure Project (CDP). In 2021, attained a climate change corporate score of “B”. We were among 137 Turkish companies participating in CDP reporting. We take pride in being the highest scored transportation entity in Türkiye and to be named among the highest rated airlines on a global scale.

As the first Turkish airline to commit to the United Nations Global Compact, we recommit our undertakings towards the Global Compact and the related principles through the publication of

our progress actions in our Annual Activity and Sustainability Reports. We volunteered to take part in the Early Adopter program in 2022, which provides a more comprehensive and transparent reporting.

We continue our work to carry these efforts forward and to take new strides towards improved reporting based on national and international standards and verification of published data.

On behalf of Pegasus Airlines, I would like to thank all our stakeholders accompanying us on this journey and supporting our goals.

Sincerely,



Mehmet T. NANE






CEO




Pegasus Airlines

### **CONCEPTUAL FRAMEWORK**

We relate our actions, explained in detail in the later sections of the Report, to the United Nations Sustainable Development Goals (“**UNSDG**”) as shown in the following table:

| SDG   | RELEVANT ACTIONS  |
|---|---|
|   | <ul style="list-style-type: none"><li>- Training and Development Programs initiated by Pegasus Academy, aimed at personal, managerial and Professional development of our employees</li><li>- Pilot and Cabin Crew Development and Technician Long-Term Internship Programs developed in partnership with Pegasus Flight Academy and Universities, Flight Schools and Professional Colleges</li><li>- University collaborations (MBA) coordinated by Pegasus Academy</li><li>- Donations and charitable contributions in the field of education</li></ul> |
|  | <ul style="list-style-type: none"><li>- First airline to join the UN Women’s Empowerment Principles</li><li>- Participation in IATA’s 25by2025 Initiative</li><li>- Membership with the Turkish General Directorate of Civil Aviation Gender Balance Development Commission</li><li>- Our partnership with NGOs in the area of gender equality</li><li>- Recruitment and human resources processes and policies aiming equal opportunity, diversity at work and equal rights and opportunities for all employees</li></ul>                                |

|   |  |
|---|--|
| <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>                | <ul style="list-style-type: none"> <li>- Reduction of fossil fuel consumption through technology and infrastructure investments</li> <li>- Choosing less harmful options for the environment in investments</li> </ul>   |
| <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>            | <ul style="list-style-type: none"> <li>- Technology and infrastructure investments reducing fossil fuel consumption</li> <li>- Choosing environmentally preferable options in investments</li> <li>- Fleet strategy and planning</li> <li>- Employee Loyalty and Effectiveness Surveys and similar inclusive workplace actions covering our way of work, communication, processes and how we work together</li> <li>- Human resources actions inciting high performance aligned with Pegasus' long-term goals and strategies to achieve a sustainable and profitable growth</li> </ul> |
| <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  | <ul style="list-style-type: none"> <li>- As the "Digital Airline" of Türkiye we aim to fully utilize the benefits of technology in all our processes</li> <li>- We exploit technological developments to make lives and work of our passengers and employees easier</li> </ul>   |
| <p><b>10</b> REDUCED INEQUALITIES</p>                    | <ul style="list-style-type: none"> <li>- We believe that everyone has the right to fly and we carry out our low-cost carrier business model to enable it</li> <li>- With our approach transforming aviation in Türkiye we deliver air travel as an accessible, low-cost and lean service to our passengers</li> </ul>  |
| <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>      | <ul style="list-style-type: none"> <li>- Contrary to other major low-cost carriers in the World, we connect a wide flight network for passengers</li> <li>- We connect 36 destinations in Türkiye to 84 destinations in 44 countries</li> </ul>  |

|   |   |
|---|---|
| <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  | <ul style="list-style-type: none"> <li>- We evaluate our environmental impact and aspects in all our processes</li> <li>- We undertake necessary preventive and improvement actions</li> <li>- We continue our efforts to monitor, reduce and prevent waste and emissions</li> <li>- We continue our efforts to implement this perspective throughout our supply chain</li> </ul>     |
| <p><b>13</b> CLIMATE ACTION</p>                          | <ul style="list-style-type: none"> <li>- We invest with a view to reduce emissions to support fight against climate change</li> <li>- We participate and support domestic and international efforts directly or through sector representatives</li> <li>- We consider technological developments, alternative fuel and sustainable energy resources as major opportunities</li> </ul> |
| <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>             | <ul style="list-style-type: none"> <li>- We keep constant contact with all our stakeholders for brainstorming and feedback</li> <li>- We consider the output of these studies as tools creating value in social matters and enabling solutions</li> </ul>   |

## 1. GENERAL PRINCIPLES

### A. Strategy, Policy and Targets

#### 1.1. ***Board of Directors determines priority ESG items, risks and opportunities and formulates appropriate ESG policies. To ensure an efficient implementation of these policies, corporate regulations, procedures, etc. can be prepared. Board of Directors adopts and publicly announces these policies by a resolution.***

Pegasus Corporate Sustainability Policy was adopted by our Board of Directors and publicly announced on our corporate website and on the Public Disclosure Platform. Our corporate sustainability efforts are carried out based on this policy.

#### **PEGASUS CORPORATE SUSTAINABILITY POLICY**

As Pegasus Airlines, we are committed:

- to identify our environmental, social and governance sustainability goals in relation to our operations,
- to identify organizational responsibilities necessary to implement processes with a view to achieve these goals,



- to continuously improve our sustainability compliance framework by raising stakeholder awareness on corporate sustainability.

In carrying out our commitment, we will be cognizant of the applicable national and international standards, regulations and our corporate undertakings.

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**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <https://www.flypgs.com/en/about-pegasus/policies>

**1.2. Corporate Strategy is determined in accordance with ESG policies, risks and opportunities. Short and long-term targets are determined and publicly announced in accordance with Corporate strategy and ESG policies.**

We are designing our compliance strategy for each of the environmental, social and corporate governance aspects in line with our Corporate Sustainability Policy and the following standards:

**ENVIRONMENTAL** : ISO 14001:2015 Environment Management System; Carbon Disclosure Project (“CDP”); International Civil Aviation Organization – ICAO Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”); European Union Emissions Trading System (“EU ETS”).

**SOCIAL** : ISO 9001:2015 Quality Management System; ISO 27001:2017 Information Security Management System; ISO 45001:2018 Workplace Health and Safety Management System; TDGCA Air Operator’s Certificate; EASA TCO (Third Country Operator License); International Air Transport Association (“IATA”) IOSA (Operational Safety Audit); SHY-145/JAR-145/SHY-147/SHY-M Approved Maintenance Organization, Approved Maintenance Training and Examination Organization, Maintenance Authorizations; TDGCA TRTO (Type Rating Training Organization) Authorizations and other TDGCA Training Authorizations.

**CORPORATE GOVERNANCE** : BIST Corporate Governance Index, BIST Sustainability Index.

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

**References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <https://www.flypgs.com/en/about-pegasus/policies>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- <https://www.borsaistanbul.com/en/sayfa/2227/bist-sustainability-index>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/463724>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>

## **B. Implementation / Monitoring**

### **1.3. *Committees/unites responsible for implementing ESG policies are determined and publicly announced. Responsible committee/unit reports activities carried out in line with the policies at least once a year and in any event within the deadline provided for the disclosure of annual reports to the Board of Directors.***

Pegasus established a Sustainability Office as part of its organizational structure, responsible for the coordination and reporting of Company activities within the scope of corporate sustainability and the ESG aspects and the management of opportunities and risks in this area. Company General Counsel directly reporting to our CEO is also undertaking the said duties as Head of Sustainability.

A dedicated Sustainability Working Group is formed to facilitate communication among relevant departments regarding sustainability and ESG.

A Sustainability Steering Committee is also formed, bringing together senior management representatives and Head of Sustainability, to monitor the progress of work on sustainability and ESG, long term targets and planning.

Head of Sustainability facilitates communication between the Steering Committee and the Working Group and reports on their work to the CEO. Work carried out in this area is also reported to the Corporate Governance Committee on a quarterly basis and to the Board of Directors on an annual basis. Pegasus Corporate Sustainability Policy, sustainability opportunities and risk framework, strategic targets and key performance indicators and reporting regarding the foregoing are reviewed and/or approved by the CEO, the Corporate Governance Committee and/or the Board of Directors according to the governance matrix set out in written Company procedures.

## **References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**1.4. *Implementation and action plans are developed and publicly announced in accordance with short and long-term targets.***

Our environmental targets and relevant implementation and action plans are determined and publicly announced as part of our CDP and CORSIA reporting. Our social and corporate governance implementation and action plans are publicized through our corporate governance compliance statement annexed to our annual activity reports and the additional information provided in the linked Corporate Governance Compliance Form (URF) and Corporate Governance Information Form (KYBF). Further target and performance data, in addition to what is disclosed in the said reports, is provided on our Investor Relations Website.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**1.5. *ESG Key Performance Indicators (KPIs) are determined and announced on an annually comparative basis. If confirmed data is available, KPIs are presented with domestic and international sector benchmarks.***

Our environmental KPIs are published as part of our CDP reporting, while our social and corporate governance are publicized through our corporate governance compliance statement annexed to our annual activity reports and the additional information provided in the linked Corporate Governance Compliance Form (URF) and Corporate Governance Information Form (KYBF). Further target and performance data, in addition to what is disclosed in the said reports, is provided on our Investor Relations Website.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**1.6. *Innovation actions to improve sustainability performance relating to work processes or products or services are disclosed.***

Innovation actions to improve sustainability performance relating to work processes or products or services are disclosed in Section 3 (Research & Development Activities) of our annual activity reports. Our innovation actions reducing the impact of our operations on the environment are also disclosed through CDP reporting while our flight related emissions are shared with authorized bodies as part of our CORSIA and EU ETS reporting. Further target and performance data, in addition to what is disclosed in the said reports, is provided on our Investor Relations Website.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>



- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

## C. Reporting

### **1.7. Sustainability performance, targets and actions are reported and publicly announced at least once a year. Sustainability activities are disclosed as part of the annual activity report.**

This Corporate Sustainability Report is the second comprehensive annual report published by Pegasus regarding our sustainability efforts. Reporting on our sustainability performance, targets and actions will continue in 2022 with annual and periodic updates. All information and documents relating to our performance, targets and actions in connection with ESG framework are published on our Investor Relations Website, Sustainability, Corporate Governance Compliance Rating and Operational Information / Annual Reports sections.

#### **References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- <https://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

### **1.8. It is essential for all stakeholders that the company's position, performance and development and all material information relating to its development are presented in a direct and concise manner. Detailed information and data can be further disclosed on the corporate website and additional reports can be published to address the needs of different groups of stakeholders.**

This Corporate Sustainability Report is the second comprehensive annual report published by Pegasus regarding our sustainability efforts. Reporting on our sustainability performance, targets and actions will continue in 2022 with annual and periodic updates. All information and documents relating to our performance, targets and actions in connection with ESG framework are published on our Investor Relations Website, Sustainability, Corporate Governance Compliance Rating and Operational Information / Annual Reports sections.

#### **References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- <https://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**1.9. *Utmost care is given to transparency and credibility. As part of a balanced approach to disclosure and reporting, issues of priority are explained in a comprehensive and objective manner.***

This Corporate Sustainability Report is the second comprehensive annual report published by Pegasus regarding our sustainability efforts. Reporting on our sustainability performance, targets and actions will continue in 2022 with annual and periodic updates. All information and documents relating to our performance, targets and actions in connection with ESG framework are published on our Investor Relations Website, Sustainability, Corporate Governance Compliance Rating and Operational Information / Annual Reports sections.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- <https://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**1.10. *Information on how activities relate to the United Nations (UN) Sustainable Development Goals is provided.***

Information on how our activities relate to the United Nations 2030 Sustainable Development Goals is provided at the beginning of our Corporate Sustainability Report.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/463724>

**1.11. *Provides information on lawsuits filed/finalized on environmental, social and corporate governance aspects.***

General information on files and/or finalized lawsuits on ESG aspects are provided in Section 4F (*Information on Public Audits*) of our annual activity and Corporate Governance Information Form (KYBF).

**References:**

- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

## D. Verification

### **1.12. Sustainability performance evaluations are disclosed if these are verified by independent third parties (independent sustainability assurance providers) and efforts are made to increase the scope of such verification.**

We give importance to the verification, performance measuring and rating for our ESG efforts by independent third parties. Our proficiencies for our activities (TDGCA, EASA, IATA, ISO, etc.), verification and rating of our activities (CDP report containing general information on verified CORSIA and EU ETS reports, Corporate Governance Compliance Rating, etc.) are disclosed on our Corporate Website and on our Investor Relations Website.

#### **References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>

## **2. ENVIRONMENTAL PRINCIPLES**

### **2.1. Policies and action plans, environmental management systems (known as ISO 14001) and programs are disclosed.**

Pegasus holds ISO 14001:2015 Environmental Management System certificate. Pegasus discloses its environmental impact and management actions as part of its Environment Policy, CDP, CORSIA and/or EU ETS reporting to the public and to reporting authorities.

#### **References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

### **2.2. Environmental laws and regulations are complied with and compliance is disclosed.**

Environment-related legal compliance controls and action items are managed as part of ISO 14001:2015 Environmental Management System. Carbon offsetting and reduction efforts for our aviation activities are carried out in accordance with International Civil Aviation Organization “ICAO” and Turkish General Directorate of Civil Aviation “TDGCA” regulations.

#### **References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.3. *The scope, reporting period, reporting date, data collection process and reporting limitations are disclosed in relation to the Sustainability Principles.***

ISO 14001:2015 Environment Management System geographically covers our headquarters located in Istanbul/Kurtköy and our facilities at Istanbul Sabiha Gökçen, Izmir Adnan Menderes and Antalya Airports. Elsewhere, the scope and conditions relating to our CDP greenhouse gas inventory monitoring and reporting are published in the Pegasus 2019 Emissions Reporting Overview. Through CORSIA and EU ETS reporting, we filed carbon emission reports to reporting authorities.

**References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.4. *Senior responsible, high-level committees and their responsibilities relating to environment and climate change are disclosed.***

Pegasus established a Sustainability Office as part of its organizational structure, responsible for the coordination and reporting of Company activities within the scope of corporate sustainability and the ESG aspects and the management of opportunities and risks in this area. Company General Counsel directly reporting to our CEO is also undertaking the said duties as Head of Sustainability. Head of Sustainability carries out the assigned role and duties with active involvement of a Sustainability Steering Committee and a Sustainability Working Group.

Head of Sustainability facilitates communication between the Steering Committee and the Working Group and reports on their work to the CEO. Work carried out in this area is also reported to the Corporate Governance Committee on a quarterly basis and to the Board of Directors on an annual basis. Pegasus Corporate Sustainability Policy, sustainability opportunities and risk framework, strategic targets and key performance indicators and reporting regarding the foregoing are reviewed and/or approved by the CEO, the Corporate Governance Committee and/or the Board of Directors according to the governance matrix set out in written Company procedures.

Pegasus CEO is entrusted with the highest-level executive responsibility regarding environment and climate change issues.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.5. *Incentives offered for the management of environmental matters, including realization of targets are disclosed.***

We follow the targets determined for the management of environmental matters in accordance with our corporate scorecard model. As of 2021, realization of environmental targets is linked to individual performance targets for certain employees, assumed within the framework of our individual performance management system.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.6. *The manner by which environmental issues are integrated into business targets and strategies is disclosed.***

We follow the targets determined for the management of environmental matters in accordance with our corporate scorecard model. All targets in our corporate scorecard have defined key performance indicators (“KPIs”) and employees responsible for the relevant target. Senior management carries out a periodic monitoring of how targets are achieved. Strategic overview of corporate sustainability and environmental principles is carried out by the Corporate Governance Committee reporting to the Board of Directors on an annual basis. Matters requiring a review as part of our risk inventory are monitored and reported to the Board of Directors through the Risk Committee’s risk management reports issued every other month. All these mechanisms allow for a Board-level reporting and monitoring environment.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.7. *Sustainability performance relating to business processes or products and services and performance-enhancing actions are disclosed.***

Environmental Sustainability performance relating to business processes, products and services is monitored as explained in Sections 2.5 and 2.6 above. Greenhouse gas emission limitation and reduction efforts are disclosed as part of CDP reporting while flight related emission data is reported through CORSIA and EU ETS.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.8. *Management of environmental matters not only in connection with operations, but also throughout the value chain and integration of suppliers and customers into strategies are disclosed.***

We continue our work on the management of environmental matters throughout the value chain. We implemented a number of initiatives saving resources through innovative digitalization efforts. We look forward to introducing new initiatives that will allow and incentivize suppliers and customers to take part in our value chain in a more efficient manner.

- <https://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>



**2.9. Participation in policy-making activities on environmental matters (sectoral, regional, national and international); memberships in or partnerships with environment related associations and organizations, responsibilities assumed and initiatives supported are disclosed.**

Pegasus is actively involved in policy-making, regulatory feedback, cooperating with relevant organizations and NGOs for environmental matters as part of national and international sectoral entities where we serve in management or advisory councils such as International Air Transport Association (“IATA”) and Turkish Private Sector Aviation Enterprises Association (“TÖSHİD”) and in direct contact with TDGCA in respect of national regulatory work such as the establishment of a national aviation emission monitoring, reporting, verification system infrastructure.

Pegasus CEO Mehmet T. NANE was appointed as the Chair of the IATA Board of Governors at IATA’s 77th Annual General Assembly. Mr. NANE will commence his term in June 2022. Mehmet T. NANE became IATA’s first Turkish Chair and also the first IATA Chair appointed from a low-cost carrier IATA member

**References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <https://www.flypgs.com/basin-bultenleri/iatanin-duzenledigi-uluslararası-havacilik-icin-karbon-ofset-ve-azaltma-plani-corsia-seminer-i-istanbulda-gerceklesti>
- <https://www.flypgs.com/en/press-room/press-releases/mehmet-t-nane-ceo-of-pegasus-airlines-becomes-new-chair-of-iatas-board-of-governors-in-june-2022>

**2.10. Information on environmental impact is reported periodically and with comparative data in light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1 ), air quality, energy management, water and wastewater management, waste management, biodiversity impact).**

Environmental indicators for all headings apart from Scope-3 and biodiversity impact are monitored as part of the framework described in Sections 2.5 and 2.6 above.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.11. Standards, protocols, methodologies and base year details used to collect and calculate data are disclosed.**

Applicable standard, protocol, methodology and base year details are provided in our reporting under CDP and CORSIA.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.12. Environmental indicators for the reporting year are explained with previous years' comparison (increase or decrease).**

Details on indicators compared against previous years are covered in our reporting under CDP.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.13. Short and long-term targets are determined to reduce environmental impact and these targets are disclosed. It is recommended that these targets are scientifically determined as proposed by the United Nations Climate Change Parties Conference. Reporting year improvements on previously determined targets are disclosed.**

We disclose our short and long-term targets on environmental impact in our reporting under CDP. We are considering reviewing our targets in accordance with the recommendation for 2022 and beyond.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.14. Climate crises combat strategy and actions are disclosed.**

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

**References:**

- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>

**2.15. Programs or procedures to prevent or minimize the negative impact of offered products and/or services are disclosed. Third-party actions aimed at reducing greenhouse gas emissions are disclosed.**

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030,

compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

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- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>

**2.16. Number of actions aimed at reducing environmental impact, projects and initiatives underway and the environmental benefit and cost savings achieved by these are disclosed.**

This information is covered in our reporting under CDP.

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

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- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>

**2.17. Total energy consumption data (except for raw materials) are reported and energy consumption is disclosed as Scope-1 and Scope-2 consumption.**

This information is covered in our reporting under CDP.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.18. Information on electricity, heat, steam and cooling produced and consumed in the reporting year is provided.**

Pegasus does not have any resource production. Resource consumption is disclosed through our reporting under CDP. We are considering a further integrated reporting on this matter in 2021 and beyond.

#### References:

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

#### **2.19. Actions are taken and disclosed regarding the increase of the use of renewable energy and transition to zero or low carbon electricity.**

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

#### References:

- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>

#### **2.20. Renewable energy production and consumption data are disclosed.**

We are considering a further integrated reporting on this matter in 2022 and beyond.

#### **2.21. Energy efficiency projects are carried out and energy consumption reduction and emission reduction achieved as a result of these projects are announced.**

In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report.

Further target and performance data, in addition to what is disclosed in the said reports, is provided on our Investor Relations Website.

#### References:

- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050>
- <https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030>
- <https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.22. *Water volume, resources and procedures for water sourced from above or under-ground, used, recycled and discharged are reported (total water consumption for each resource, resources affected by water use, percentage and total volume of recycled and reused water, etc.).***

Limited disclosure on water consumption is provided on our Investor Relations Website.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.23. *Whether operations or activities are subject to any carbon pricing scheme (Emission Trade System, Cap & Trade or Carbon Tax).***

As of 2020, Pegasus is part of the carbon offsetting and reduction scheme for international aviation in accordance with ICAO and TDGCA regulations. EU-ETS is applicable for only a limited number of flights carried out within the European Union in the same period. Pegasus also complies with carbon tax like measures implemented in various jurisdictions.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.24. *Saved or purchased carbon credits for the reporting period are disclosed.***

As of 2020, Pegasus is part of the carbon offsetting and reduction scheme for international aviation in accordance with ICAO and TDGCA regulations. EU-ETS is applicable for only a limited number of flights carried out within the European Union in the same period.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**2.25. *Details of carbon pricing are disclosed, if implemented.***

We did not have any activity captured by carbon pricing in 2021.

**2.26. *Mandatory or voluntary platforms through which environmental information is published are disclosed.***

In 2021, Pegasus voluntarily disclosed environmental information through CDP platform. Further target and performance data, in addition to what is disclosed in the said report, is provided on our Investor Relations Website.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**3. SOCIAL PRINCIPLES**

**A. Human Rights and Employee Rights**

**3.1. *A Corporate Human Rights and Employee Rights Policy is formed where full compliance with the International Declaration of Human Rights, ILO Agreements and the national legal framework on human rights and employment is stated. The policy and the roles and responsibilities for the implementation of the policy are published.***



Full compliance commitment with the legal framework on human rights and employment and related roles and responsibilities are covered in various sections of the Pegasus Ethical Behavior Guide, Pegasus Human Resources Policy, Pegasus Compensation and Indemnification Policy and Pegasus Human Resources Regulation. We are considering a further integrated reporting on this matter in 2021 and beyond.

We are the first airline to commit to the United Nations Global Impact. Thereby, we committed to comply with the ten principles regarding human rights, labor, environment and anti-corruption.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <https://www.flypgs.com/en/careers>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>
- <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/463724>

**3.2. *Equal opportunity is provided in recruitment processes. Corporate policies cover fair workforce, improvement of working conditions, female employment and inclusiveness issues (gender, religious belief, race, ethnic origin, age, disability, refugees, etc.), by also considering impact on supply and value chain.***

Equal opportunity, fair workforce, improvement of working conditions, female employment and inclusiveness policies are covered in various sections of the Pegasus Human Resources Policy, Pegasus Recruitment Procedure and Pegasus Ethical Behavior Guide.

Underlining our specific emphasis on women's role in the workplace, gender balance and the principle of equality, we were the first airline globally to sign-up with the United Nation's Women's Empowerment Principles, we carry out studies as a full member of the TDGCA's Gender Balance Development Commission, we support platforms such as Yanındayız (In Support) Association, wTech Women in Technology Association, PWN Istanbul, Women in Sales platform and we continue our proud tradition of naming our new aircraft after new born baby girls of our employees. We support actions to increase awareness among women regarding opportunities in aviation, and to improve women's quantitative and qualitative impact and effectiveness in aviation. In 2019, we became one of the first airlines in the World to join IATA's "25by2025" initiative which is a voluntary campaign for IATA member airlines to improve female representation in the industry by 25%, or up to a minimum of 25% by 2025. As a solid reflection of this commitment, our Board of Directors revised its "Policy on Representation in the Board of Directors" and adopted a 25% minimum female representation in the Board of Directors by 2025.

In addition to the above, through the Pegasus Social Activity Clubs, we support active participation of all our employees in sports functions and enable them to represent us in various corporate platforms. Employees are voluntarily gathered around a common goal and enjoy becoming a team and competing together. In order to support gender equality

awareness we represent Pegasus in corporate sports competitions by all-female teams such as the Pegasus Female Sailing Team.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <https://www.flypgs.com/en/careers>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>
- <https://weps-gapanalysis.org/>
- <http://web.shgm.gov.tr/tr/shgm-calisma-gruplari/5771-sivil-havacilik-genel-mudurlugu-toplumsal-cinsiyet-dengesi-gelistirme-komisyonu>
- <https://www.iata.org/en/policy/future-of-airlines-2035/25-by-2025/>

**3.3. *Precautions adopted across the value chain to ensure the rights of/equal opportunity for certain groups exposed to economic, environmental, social factors (persons with low income, women, etc.) or minorities.***

Our commitments in this area are explained in Section 3.2 above.

**3.4. *Improvements on preventive and corrective actions on discrimination, inequality, human rights violations and forced labor are reported. Regulations on the prevention of child labor are disclosed.***

Our actions in this area are covered in various sections of the Pegasus Human Resources Policy and Pegasus Ethical Behavior Guide and general information on our activities is reported in our annual activity reports.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**3.5. *Investment in employees (training, development policies), indemnity, side benefits, unionization right, private/business life balance solutions and talent management policies are disclosed. Dispute resolution mechanisms to solve employee complaints and disagreement are formed. Actions for achieving employee satisfaction are regularly reported.***

Pegasus Academy, operating within the scope of our Human Resources Department has been formed as a key training and development platform for the personal, managerial and professional development of all our employees. Pegasus Academy is pursuing its activities to this goal since 2015. Our employee's indemnification and similar statutory rights are secured by Company policies including the Pegasus Compensation and Indemnification Policy and the Pegasus Human Resources Policy. Talent management, side benefits, protection of employees' personal rights, ethical behavior rules, transparent

communication and complaint mechanisms are regulated under various other Human Resources procedures and in the Pegasus Ethical Behavior Guide. General information on our activities is reported in our annual activity reports.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**3.6. *Workplace health and safety policies are formed and published. Precautions to prevent accidents and to protect workplace health and accident statistics are published.***

Pegasus holds ISO 45001:2018 Workplace Health and Safety Management System certificate. Our Workplace Health and Safety Policy is publicly available. Company-wide workplace accidents and preventive actions, measures, accident statistics are reported to senior management on a monthly basis. We disclose our targets and performance indicators on Workplace Health and Safety on our Investor Relations Website.

**References:**

- <https://www.flypgs.com/en/about-pegasus/authorisation-and-certificates>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**3.7. *Personal data protection and information security policies are formed and disclosed.***

Pegasus commits to the protection of personal data and ensuring data security at the highest level through the Pegasus Information Security Policy. Efforts in these areas are coordinated by the Legal and Information Technologies Departments and subject to extensive Company-wide regulations. Pegasus formed working groups such as Personal Data Protection Committee and Corporate Cyber Incidents Response Team to address issues such as protection of personal data, information security and business continuity. Pegasus participates in the aviation-specific cybersecurity studies as part of a TDGCA-led task force. Since 31.12.2018, Pegasus discloses its registry records relating to personal data protection aspects on the Data Controllers Registry (VERBIS) of the Turkish Data Protection Authority as per the provisions of the Law No. 6698 on the Protection of Personal Data.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <http://www.flypgs.com/en/privacy>
- <http://web.shgm.gov.tr/tr/s/5209-kurumsal-siber-olaylara-mudahale-ekipleri-ile-ilgili-genel-mudurlugumuz-genelgesi-revize-edilmistir>
- <https://verbis.kvkk.gov.tr/>

**3.8. Ethical policy is formed (workplace and work ethics, compliance obligations, advertisement and marketing ethics, information rights, etc.) and disclosed.**

We have adopted the Pegasus Ethical Behavior Guide to manage ethics compliance. Relying on this document, an efficient ethical governance is functioning under the direct supervision of the Audit Committee reporting to the Board of Directors. General information on our activities is reported in our annual activity reports.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

**3.9. Community investment, social responsibility, financial inclusiveness and financial access efforts are disclosed.**

Pegasus engages in community investment and social responsibility and regularly reports its efforts in this area. These efforts are carried out in accordance with the Pegasus Donations and Charitable Contributions Policy adopted by the Shareholders' General Assembly and the Pegasus Corporate Social Responsibility Policy adopted by the Board of Directors. In addition to the efforts described in Section 3.2 above, through initiatives such as the "We're Flying to the Future" project where we collaborate with a foundation operating at national level to address complex social issues (*Sivil Toplum İçin Destek Vakfı*) we assume social responsibility especially in the areas of education, health, solidarity and civil aviation.

**References:**

- <https://www.yarinlaraucuyorum.com/>
- <https://www.flypgs.com/en/press-room/press-releases/a-new-era-begins-with-pegasus-flying-into-the-future-project>

**3.10. Employees are informed of ESG policies and actions through informative meetings and training programs.**

Through training and development programs planned at Pegasus Academy and awareness campaigns, our employees are informed of ESG policies and actions. In 2021, trainings were provided to our employees, through online and class training programs, on a wide range of topics including flight safety, environment, information security, ethics compliance, workplace health and safety and COVID-19 measures. Awareness actions were carried out on the same subjects through online announcements and teasers.

**References:**

- <https://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <https://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

## **B. Stakeholders, International Standards and Initiatives**

### **3.11. Sustainability activities are carried out considering the needs and priorities of all stakeholders (employees, customers, suppliers, service providers, public institutions, shareholders, NGOs, etc.).**

Pursuant to the Pegasus Ethical Behavior Guide, Pegasus commits to honest, respectful, fair and trustful behavior based on reason, conscience and common sense when interacting with employees, passengers, customers, suppliers and other persons and entities we work and interact with. We believe that everyone has the right to fly and we carry out our activities with all our people, suppliers and business partners for this mission. In line with this mission, we receive feedback from our employees regarding Company processes concerning them and from our passengers and customers through satisfaction surveys and other customer interaction tools.

#### **References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/policies>
- <https://www.flypgs.com/en/write-to-us>
- <https://www.flypgs.com/en/contact/headquarters>

### **3.12. Customer complaints management and solutions are governed by and disclosed through a customer satisfaction policy.**

Pegasus regularly measures customer satisfaction and has adopted customer satisfaction among management performance indicators. Pegasus implements a "low-cost" business model through an innovative, rational, principled and responsible approach. In this context Pegasus offers its customers a measurable satisfaction. In the last two years, Pegasus received national and international awards on customer experience, brand image and services and improved overall customer satisfaction compared to the previous year. We describe our efforts in this area and the awards received in Sections 3 (*Research & Development Activities*) and Section 7A (*Stakeholder Initiatives*) of our annual activity reports.

#### **References:**

- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>

### **3.13. Stakeholder communication is constantly carried out in a transparent manner. Stakeholders communicated with, purposes for and scope and frequency of communication and any improvements on sustainability activities are disclosed.**

Our actions in this area are explained in Section 4.3 below.

### **3.14. International reporting standards adopted (Carbon Disclosure Project – CDP, Global Reporting Initiative – GRI, International Integrated Reporting Council – IIRC, Sustainability Accounting Standards Board – SASB, Climate Related Financial Disclosure Task Force – TCFD, etc.) are disclosed.**



Pegasus carried out Carbon Disclosure Project (CDP) reporting in 2017, 2018, 2019, 2020 and in 2021.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>

**3.15. Subscribed organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative – UNEP-FI, United Nations Global Compact – UNGC, United Nations Responsible Investment Principles – UNPRI, etc.), adopted international principles (International Capital Markets Association ICMA Green/Sustainable Bonds Principles, etc.) are disclosed.**

Pegasus is the first Turkish airline to sign the United Nations Global Compact. Thus, we committed to comply with the ten principles relating to human rights, working standards, environmental sensitivity and fight against corruption. Platforms where we actively participate in the area of gender equality are detailed in Section 3.2 above.

**References:**

- <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/463724>
- <https://www.globalcompactturkiye.org/10-ilke/>
- <https://www.flypgs.com/basin-bultenleri/pegasus-hava-yollari-bm-kuresel-ilkeler-sozlesmesine-imza-atti#:~:text=Pegasus%20Hava%20Yollar%C4%B1%2C%20Birle%C5%9Fmi%C5%9F%20Milletler,%C4%B0lke'ye%20uyaca%C4%9F%C4%B1n%C4%B1%20taahh%C3%BCt%20etti.>

**3.16. Solid efforts are made to take part in the Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).**

Pegasus is represented in the BIST Corporate Governance Index permanently since 2013 and in the BIST Sustainability Index between 2016-2019. In 2019, our Corporate Governance Committee, considering the Company's future obligations in connection with CORSIA, initiated works for a comprehensive sustainability compliance framework going forward. As part of these works, Pegasus was readmitted to the BIST Sustainability Index in 2020.

**References:**

- <https://www.borsaistanbul.com/en/sayfa/2202/corporate-governance-index>
- <https://www.borsaistanbul.com/en/sayfa/2227/bist-sustainability-index>

#### **4. CORPORATE GOVERNANCE PRINCIPLES**

**4.1. Maximum effort is made to comply with the non-mandatory Corporate Governance Principles of the Turkish Capital Markets Board Corporate Governance Communiqué No. II-17.1.**

Following the initial public offering of our shares in April 2013, Pegasus achieved full compliance with the mandatory Corporate Governance Principles published by the Turkish Capital Markets Board and substantially complied with the non-mandatory Corporate Governance Principles. Pegasus is the only member of the BIST Corporate Governance Index to have obtained a qualifying corporate governance compliance rating within the same year of its initial public offering and has constantly improved its corporate governance compliance rating over the years. In 2021, our Corporate Governance Compliance Rating reached 96.80%. Detailed information on corporate governance compliance is provided in Corporate Governance Compliance Form (URF) and Corporate Governance Information Form (KYBF). We provide information on current actions for all principles, including those with which we fully comply.

**References:**

- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>

**4.2. *Sustainability, environmental impact of activities and principles relating thereto are taken into consideration when determining corporate governance strategy.***

We consider sustainability, environmental impact of our activities and principles relating thereto when determining our corporate governance strategy. As such, CDP and similar environmental studies as well as many initiatives under the social and corporate governance aspects were carried out starting from the initial public offering of our shares in 2013 and developed over the course of the years. Pegasus is represented in the BIST Corporate Governance Index permanently since 2013 and in the BIST Sustainability Index between 2016-2019. In 2019, our Corporate Governance Committee, considering the Company's future obligations in connection with CORSIA, initiated works for a comprehensive sustainability compliance framework going forward. As part of these works, Pegasus was readmitted to the BIST Sustainability Index in 2020.

In 2021, Pegasus established a Sustainability Office as part of its organizational structure, responsible for the coordination and reporting of Company activities within the scope of corporate sustainability and the ESG aspects and the management of opportunities and risks in this area. Company General Counsel directly reporting to our CEO is also undertaking the said duties as Head of Sustainability.

A dedicated Sustainability Working Group is formed to facilitate communication among relevant departments regarding sustainability and ESG.

A Sustainability Steering Committee is also formed, bringing together senior management representatives and Head of Sustainability, to monitor the progress of work on sustainability and ESG, long term targets and planning.

Head of Sustainability facilitates communication between the Steering Committee and the Working Group and reports on their work to the CEO. Work carried out in this area is also

reported to the Corporate Governance Committee on a quarterly basis and to the Board of Directors on an annual basis. Pegasus Corporate Sustainability Policy, sustainability opportunities and risk framework, strategic targets and key performance indicators and reporting regarding the foregoing are reviewed and/or approved by the CEO, the Corporate Governance Committee and/or the Board of Directors according to the governance matrix set out in written Company procedures.

**References:**

- <https://www.borsaistanbul.com/en/sayfa/2202/corporate-governance-index>
- <https://www.borsaistanbul.com/en/sayfa/2227/bist-sustainability-index>
- <https://www.pegasusyatirimciiliskileri.com/tr/kurumsal-yonetim/surdurulebilirlik>

**4.3. *Necessary measures are taken to comply with the Corporate Governance Principles regarding stakeholders and to strengthen communication with stakeholders. Stakeholders' views are sought regarding sustainability measures and strategy development.***

Our compliance with the Corporate Governance Principles regarding stakeholders and measures to strengthen communication with stakeholders are publicized through our corporate governance compliance statement annexed to our annual activity reports and the additional information provided in the linked Corporate Governance Compliance Form (URF) and Corporate Governance Information Form (KYBF). In 2021, our Corporate Governance Compliance on stakeholders was rated as 99.00%. Communication of our sustainability actions are carried out with our stakeholders in a transparent manner.

Furthermore, pursuant to the Pegasus Ethical Behavior Guide, Pegasus commits to honest, respectful, fair and trustful behavior based on reason, conscience and common sense when interacting with employees, passengers, customers, suppliers and other persons and entities we work and interact with. We believe that everyone has the right to fly and we carry out our activities with all our people, suppliers and business partners for this mission. In line with this mission, we receive feedback from our employees regarding Company processes concerning them and from our passengers and customers through satisfaction surveys and other customer interaction tools.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- [http://www.pegasusinvestorrelations.com/medium/image/rules-of-business-ethics\\_136/view.aspx](http://www.pegasusinvestorrelations.com/medium/image/rules-of-business-ethics_136/view.aspx)

**4.4. *Efforts are made to increase awareness on social responsibility projects and sustainability through training and awareness activities.***

Communication of our sustainability actions are carried out with our stakeholders in a transparent manner. Part of this communication is carried out in the form of awareness activities aimed at our employees, and Company-wide and professional training and development programs.

**References:**

- <http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability>
- <http://www.pegasusinvestorrelations.com/en/operational-information/annual-reports>
- <http://www.pegasusinvestorrelations.com/en/corporate-governance/corporate-governance-rating>
- [http://www.pegasusinvestorrelations.com/medium/image/rules-of-business-ethics\\_136/view.aspx](http://www.pegasusinvestorrelations.com/medium/image/rules-of-business-ethics_136/view.aspx)

We didn't start aviation in Turkey but  
we transformed it!

