



Pegasus Airlines Value Chain Sustainability Compliance Framework



Dear Suppliers and Business Partners in Our Value Chain

As Pegasus Airlines, we positioned sustainability as a key component of our strategy, in line with increased awareness regarding environmental, social and economic issues affecting global development. As we carry out our business, we adopt and implement certain principles beyond regulations and standards, with the aim of maintaining the value we create for our stakeholders at the highest level.

We see safety and security in our service and in our working environment as our top priority. We run our business with an innovative, dynamic and forward-looking mindset, and at the same time, we care to be respectful, honest, sensitive and fair towards everyone. We undertake effective work in the area of gender equality, and through our Harmony initiative, we aim to establish a culture around diversity, equality and inclusion.

We proceed on our way towards our 2050 net zero emissions target, and we are determined to play our part in this effort. We are aware of the fact that we can create more value and impact for our environment and our communities as a strong institution supported by strong people.

In line with this approach, we are also aware that we can multiply the positive impact of the value we create, if we act together with you. For this reason, it is very important that the approach and initiatives compiled in this Sustainability Compliance Framework are also respected by our stakeholders in our value chain, including you. We aim to support both our and your development around these shared values.

Today, economic solutions are no longer sufficient to solely address the issues of society. The importance and impact of environmental and social matters is greater every day. In this context, we aim to derive efficiency, incite new sustainable business models and thus increase the benefits we offer society, through collaboration. Our Sustainability Compliance Framework, providing a code of conduct, identifies areas of importance for us where we see an opportunity for further development, and further indicates our expectations from our value chain.

We classified these areas of importance into five sections as follows:

- 1) Safety and Security Oriented Business Approach
- 2) People and Society Oriented Business Approach
- 3) Environmentally Respectful Business Approach
- 4) Fair and Ethical Business Approach
- 5) Transparency

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We are moving towards an **equal and harmonious** future...

We are moving towards a **better** future **together**...

We hope that you join us in our journey as we move towards a sustainable future.

1. Safety and Security Oriented Business Approach

As an airline, providing safe and secure flight operations is our main priority. Therefore, health, safety and security form the basis of all our activities.. We comply with numerous national and international, sectoral and general standards regarding operational safety and security and occupational health and safety. Starting from ourselves, our expectations of priority from all suppliers and business partners in our value chain are:

- Adopting safety and security culture as a key responsibility for business,
- Complying with all applicable regulations on safety and security,
- Following and adopting good practices provided by national and international standards,
- Undertaking safety and security risk assessment and awareness in all planning and operational activities, and managing risks hierarchically by eliminating, replacing them and reducing their impact,
- Achieving continuous improvement to seize opportunities to improve safety, security and health,
- Supporting initiatives respecting just culture and human factors,
- Addressing the requirements of ISO 45001 standard on occupational health & safety.

2. People and Society Oriented Business Approach

2.1. Human Rights

Beyond compliance with the regulations governing working conditions, we adopt nationally and internationally recognized principles regarding human rights, decent work, and opportunities for professional and personal development. In this context, we support the principles and commitments of the United Nations Global Compact towards human rights and labor, we refuse discrimination and illegal practices such as forced labor and child labor in all our processes, and we take precautions to prevent them. We implement an ethical governance framework across our organization, based on the principles and procedures laid down in our Ethical Behavior Guide. We expect all our suppliers and business partners to adhere to the principal and universal human rights, including:

- Acting against non-compliance with and obstacles to human rights and working conditions in product and service development and offer processes, and preventing such non-compliance and obstacles,
- Implementing a salary and working hours policy meeting or exceeding the legal requirements of the applicable jurisdiction,
- Providing employees quality education supporting career pathways and professional and personal development,
- Supporting the principles and commitments of the United Nations Global Compact towards human rights and labor,
- Applying a no tolerance policy towards physical or physiological harassment, violation, threat or slur in the workspace and other aspects threatening the physical and physiological health of employees,
- Creating a trustworthy, fair, respectful and peaceful working environment.

2.2. Diversity, Equality and Inclusion

As Pegasus Airlines, we treat people based on the principle of equal treatment, considering each individual's contribution to the institution's diversity, and without discriminating them on the grounds of nationality, language, race, gender, color, age, ethnic origin or political views, etc. We aim to establish working environments where ideas are freely shared at ease, and where employee communication takes place in a respectful, honest, sensitive and fair manner. Supporting gender equality in the working environment is an area of priority for us. To this end, we expect all our suppliers and business partners to support diversity, equality and inclusion, and in particular gender equality.

3. Environmentally Respectful Business Approach

We act in line with the national and international regulations on environmental protection, to the environmental principles and commitments part of the United Nations Global Compact, aviation regulations and ISO 14001 standards. We adopt environmentally respectful business practices beyond legal requirements. We want our employees to comply with the regulations and company rules on the protection of the environment, and incentivize them to report environmental threats and share their environmental feedback. The goal for a cleaner future is part of our sustainability strategy and we carry out specific initiatives towards that goal. We take climate change and global warming seriously and we strive to implement precautions towards these phenomena. Additionally, we would like to further collaborate with our supply chain to increase environmental awareness, to develop cleaner solutions, to better protect public health and to enhance sustainability across our value chain. In this context, we aim to improve environmental performance across our value chain, and we expect all our suppliers and business partners to adhere to the environmental principles listed below:

- Increasing environmental awareness and carrying out operations sensitive towards the environment,
- Complying with national and international law protecting the environment,
- Supporting the principles and commitments of the United Nations Global Compact towards the environment,
- Addressing the requirements of ISO 14001 standard on the environment,
- Achieving stringent and more efficient use of natural resources such as water and energy,
- Engaging in collaborations towards reducing, reusing and recycling waste in line with the Zero Waste principle,
- Acting against climate change and carrying out risk management towards climate change risks,
- Protecting the environment and natural life from negative factors.

4. Fair and Ethical Business Approach

4.1. Legal Compliance

Complying with national and international regulations everywhere we operate is among our key responsibilities. To that end, we expect all our suppliers and business partners to comply with the applicable law in all jurisdictions where they operate.

4.2. Conflict of Interest

We expect all our employees to act diligently to prevent any conflicts between the interests of our company and their own interests or the interests of their affiliates, and to avoid situations that will create such perception. In principle, we do not allow our employees to accept gifts or similar benefits as part of business activities, and we exceptionally allow such transactions upon Ethics Committee approval. We do not allow our employees to form or operate enterprises in the aviation industry or in other areas creating a conflict of interest with our business, or to own or participate in or undertake any managerial or other active duties in such enterprises. To that end, we expect all our suppliers and business partners to make sure that there are no personal conflicts of interest or any circumstance that may be reasonably perceived so by third parties regarding their relationship with Pegasus Airlines. We also expect our suppliers and business partners to inform all parties concerned in case of such conflicts and to undertake necessary measures to address conflicts.

4.3. Fair Competition

While we undertake our business, we act in compliance with national and international fair competition rules. We avoid unfair, misleading, restricting and exclusionary competition practices. We expect all our suppliers and business partners to act in compliance with national and international fair competition rules and regulations.

4.4. Anti-Corruption and Anti-Bribery

While we undertake our business, we act in compliance with regulations on anti-corruption and anti-crime, and internationally recognized governance practices on anti-corruption including the principles and commitments of the United Nations Global Compact. We expect all our employees to comply with corporate rules and regulations and to be conscious to avoid any and all cases that may give away the perception of bribery or corruption. We expect all our suppliers and business partners to follow and comply with general principles on anti-corruption and anti-bribery as part of their business.

4.5. Information Security and Privacy

Adopting all necessary technical and administrative measures to prevent the processing of data against the law, to prevent unlawful access to personal data and to protect personal data is not only a legal requirement for us; it is also a prioritized focus area in our business operations. To that end, we follow national and international law to ensure compliance with the applicable requirements. We manage our processes in accordance with our ISO 27001 Information Security Management System. At the same time, while the necessary precautions are implemented effectively and in a safe manner, we support innovative developments where digitalization can positively impact stakeholder processes. We expect all our suppliers and business partners to comply with the applicable law and this framework to maintain the privacy, integrity and usability of all data with a view to protecting data security and privacy for institutions, employees and customers.

5. Transparency

With the aim of supporting widespread implementation of the Pegasus Airlines Sustainability Compliance Framework, we provide the necessary tools and support for our employees taking part in sustainability, procurement and operations functions to help them maintain regular communication between us and our suppliers and our business partners.

Our suppliers and business partners are encouraged to contact their Pegasus Airlines counterparts to seek our cooperation under the Sustainability Compliance Framework or to file any assessments, suggestions or complaints regarding its implementation, or to reach our Sustainability Working Group at all times at SUSTAINABILITY@flypgs.com.

We aim to implement all processes and assessments under the Sustainability Compliance Framework with the relevant participants and in a transparent manner.

As Pegasus Airlines, we expect our employees, our suppliers and our business partners to take our Sustainability Compliance Framework into consideration as they carry out business with us. Please note that any violation of the principles stated in this Framework may necessitate a review of our affected business relationships and the implementation of precautions. Our priority is to increase the sustainability performance of our value chain, to support our stakeholders who are willing to accompany us on this journey, to share best practices, to collaborate and to generate benefits by creating solutions for environmental and social issues. In this context, we invite our suppliers and business partners to work with us to develop collaborations around these principles.

Collaboration with our key suppliers is extremely important for us to achieve our own sustainability goals. To this end, we intend to implement a “Supplier Sustainability Performance Review and Assessment Program”, whereby we aim to improve the reporting and review of environmental, social and governance data, and overall supplier sustainability performance. We are expecting relevant stakeholders to join this program towards a sustainable future.

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