

PEGASUS HAVA TAŞIMACILIĞI A.Ş. SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	<i>Information/link to publicly disclosed information must be provided whenever adherence to principles is marked as “Yes” or “Partial”.</i> <i>Information on compliance status will be provided in the “Explanation” column.</i> <i>Information on whether presented information is solo or consolidated will be provided in the “Explanation” column.</i>	COMPANY COMPLIANCE STATUS				EXPLANATION NOTE 1: All information provided below is on consolidated basis and covers both Pegasus Airlines and its subsidiary. NOTE 2: Please refer to the cross-referenced pages in our 2022 Corporate Sustainability Report/Annual Report for further information.	INFORMATION/LINK TO PUBLICLY DISCLOSED INFORMATION (including page number reference)
		YES	NO	PARTIAL	N/A		
	A. General Principles						
	A1. Strategy, Policy and Targets						
A1.1	The Board of Directors has determined priority ESG items, risks and opportunities.	●				All our ESG efforts are carried out based on the Pegasus Airlines Corporate Sustainability Policy adopted by the Board of Directors. See relevant section in our 2022 Corporate Sustainability Report for details.	• Pegasus Airlines Corporate Sustainability Policy • 2022 Corporate Sustainability Report, Pages 45-46 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub • Pegasus Airlines Sustainability Manifesto
	The Board of Directors has adopted and disclosed ESG policies (e.g., Environment Policy, Energy Policy, Human Rights and Employee Policy).	●				Various other policies are adopted that support our sustainability (ESG) framework. See relevant section in our 2022 Corporate Sustainability Report for details.	• Board Policies • Corporate Sustainability Policy • Corporate Social Responsibility Policy • Donations and Charitable Contributions Policy • Information Policy • Anti-Bribery and Anti-Corruption Policy • Policy on Representation in the Board of Directors • Compensation and Indemnification Policy • Dividend Policy • Share Buyback Policy • Ethical Behavior Guide • Other Policies • Environmental Policy • Quality Policy • Safety Policy • Occupational Health and Safety Policy • Information Security Policy • Privacy Policy • Human Resources Policy • Compensation Management Policy & Benefits
A1.2	Short and long-term targets determined in line with ESG	●				We are among the world’s leading airlines to join IATA’s 2050 Net Zero Target. We strengthened our 2050 net zero commitment by setting an interim carbon emissions intensity	• 2022 Corporate Sustainability Report, Pages 46-47 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub

	policies have been publicly disclosed.				goal for 2030. With this target, we aim to decrease flight-related carbon emissions per unit passenger km (RPK) by 20% by 2030, compared to 2019. We are one of the first airlines in the world to join IATA's "25by2025" initiative, 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. Our Board of Directors revised our "Policy on Representation in the Board of Directors" as a solid commitment to the campaign, stating there would be a minimum female representation of 25% on the Board of Directors by 2025.	Our 2050 Long-Term Net Zero Target Our 2030 Mid-Term Carbon Intensity Reduction Target Our 2050 Net Zero Carbon Emissions Journey Pegasus Airlines (flypgs.com) Our Diversity & Inclusion Initiatives Our Gender Diversity Initiatives Pegasus Airlines (flypgs.com)
	A2. Implementation/Monitoring					
A2.1	Committees and/or units responsible for implementing ESG policies, and persons with highest level authority on ESG matters and their duties have been determined and publicly disclosed.	•			Authority, duty and responsibilities have been determined with considerable vertical depth and horizontal breadth across the organization. A Sustainability Director directly reporting to the CEO is responsible for coordinating all sustainability (ESG) efforts. See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Page 47 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub Pegasus Airlines Sustainability Framework About Us & Our Sustainability Framework Pegasus Airlines (flypgs.com)
	Responsible committee and/or unit reported on activities carried out in line with the policies to the Board of Directors at least once during the year.	•			In 2022, our three-year sustainability (ESG) roadmap was presented to and was endorsed by the Board of Directors. Also in 2022, we developed a risk & opportunity framework under the auspices of the Corporate Governance Committee and incorporated ESG-related risks in our corporate risk ledger, subject to periodic review by the Risk Committee. Committee review takes place quarterly. Board review takes place annually and Board reporting is carried out quarterly.	• 2022 Corporate Sustainability Report, Page 47 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub Pegasus Airlines Sustainability Framework About Us & Our Sustainability Framework Pegasus Airlines (flypgs.com)
A2.2	Implementation and action plans have been developed and publicly disclosed in accordance with ESG targets.	•			In 2022, sustainability (ESG) was integrated into our main strategic roadmap by our Board of Directors. The framework endorsed by the Board of Directors identifies 24 specific initiatives targeted for completion between 2022 and 2025. In 2022, we launched our Sustainability Hub on our website flypgs.com. This section is dedicated to our sustainability efforts. It is meant to provide clear and accessible information on why sustainability is important to us and our relevant actions for anyone who is interested. We also published our Sustainability Manifesto as a key reference document that binds together our strategy and our aspirations for the future.	• 2022 Corporate Sustainability Report, Pages 47-48 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub • Pegasus Airlines Sustainability Manifesto
A2.3	ESG Key Performance Indicators (KPIs) and annual progress on these KPIs have been publicly disclosed.	•			Since 2021, we disclose our main ESG KPIs as part of our Annual Reports. Changes and trends are analyzed in the management's discussion & analysis section. As of 2022, we supplement this set of data with additional ESG KPIs and a presentation of lean & efficient operations with environmental impact. See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Page 48 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub Key Sustainability Performance Indicators Our Initiatives Towards Expanding Sustainability Culture Across the Value Chain Pegasus Airlines (flypgs.com)

						• UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations
A2.4	Actions to improve sustainability performance of work processes or products and services have been publicly disclosed.	•			We report on improvements in the sustainability performance of our work processes and products and services, in addition to the disclosure of ESG KPIs in our Corporate Sustainability Reports, Annual Reports, corporate presentations on performance and through specific disclosures (such as communication on the first use of sustainable aviation fuel in domestic flights in Türkiye, the first ever sustainability performance linked EXIM-backed aircraft financing we secured for 10 incoming Airbus 321neo aircraft and our Carbon Offsetting Project for June 5, 2022 World Environment Day). See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Pages 48-49 • 2022 Annual Report, Pages, 12-14, 15, 25-30, 32-33 • Pegasus Airlines Sustainability Hub • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Pegasus Airlines Press Room • Social Media Communication on June 5, 2022 Carbon Offsetting Project
A3. Reporting						
A3.1	Sustainability performance, targets and actions have been reported and publicly disclosed as part of the annual activity report in a direct, accurate and concise manner.	•			Please refer to explanations in A2.2, A2.3 and A2.4 above. Corporate Responsibility Report is annexed to our Annual Report. All information is provided accurately in a clear and concise manner.	• 2022 Corporate Sustainability Report, Page 49 • 2022 Annual Report, Pages 21-23
A3.2	Information on how activities relate to the United Nations (UN) 2030 Sustainable Development Goals have been publicly disclosed.	•			Our Corporate Sustainability Report provides a conceptual framework identifying the UN Sustainable Development Goals we contribute to and how we aim to do that.	• 2022 Corporate Sustainability Report, Page 49 • UN Global Compact – 2022 Communication on Progress
A3.3	Adverse litigation on ESG matters filed and/or finalized or otherwise material for ESG policies and/or with a potential to materially impact business have been publicly disclosed.			•	There is no material litigation falling within the scope of this reporting item. General information on files and/or finalized lawsuits is provided in Sections 4F and 4H of our Annual Report.	• 2022 Annual Report, Pages 16-17
A4. Verification						
A4.1	ESG KPI calculations have been verified by independent third parties and this information has been publicly disclosed.			•	We obtain third party verification for data disclosed in our CDP Report, on our CORSIA reporting and also on our Corporate Governance Rating. As part of the sustainability linked loan financing secured for 10 Airbus 321neo aircraft, our sustainability KPIs were verified by a second party opinion provided by an independent ESG ratings and analytics agency as to their alignment with sustainable finance principles.	• Pegasus Airlines 2022 CDP Report, C.10. Verification, Page 41-43 • Pegasus Corporate Governance Rating Reports, 2022 Report • Pegasus Airlines Press Room: Aircraft Financing
B. Environmental Principles						
B1	The Company has disclosed its policies and practices regarding environment management, its	•			We are committed to constantly improving our system by realizing environmental targets, enhance environmental performance, prevention of pollution and protecting the	• Environmental Policy • ISO 14001 Environmental Management System Certificate

	environment management systems (ISO 14001) and programs.				environment, complying with applicable laws and all applicable standards, creating sustainable environmental awareness in our passenger and cargo air transportation activities. Our environmental targets and deliverables are set out in the Pegasus Airlines Sustainability Hub and our environmental reporting under CDP and UN Global Compact CoP.	• Pegasus Airlines Sustainability Hub Our 2050 Long-Term Net Zero Target Our 2030 Mid-Term Carbon Intensity Reduction Target • Our 2050 Net Zero Carbon Emissions Journey Pegasus Airlines (flypgs.com) • Pegasus Airlines 2022 CDP Report • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)
B2	Scope, reporting period, reporting date, and reporting limitations have been disclosed in relation to environment reports prepared to deliver information on environment management.	•			Our ISO 14001 Environmental Management System geographically covers our headquarters located in Pendik, Istanbul and our facilities at Istanbul Sabiha Gökçen, Izmir Adnan Menderes and Antalya Airports. The scope and conditions relating to our CDP greenhouse gas inventory monitoring and reporting is provided in our CDP reports.	• ISO 14001 Environmental Management System Certificate • Pegasus Airlines 2022 CDP Report, C0. Introduction, Pages 1-2 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)
B3	Covered in Principle A2.1.	•			Authority, duty and responsibilities have been determined with considerable vertical depth and horizontal breadth across the organization. A Sustainability Director directly reporting to the CEO is responsible for coordinating all sustainability (ESG) efforts. See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Page 47 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub Pegasus Airlines Sustainability Framework About Us & Our Sustainability Framework Pegasus Airlines (flypgs.com)
B4	Environmental targets included in rewarding criteria for performance incentive schemes for stakeholders (e.g., Board members, management and employees) have been publicly disclosed.	•			There are various environmental target related performance incentives applicable to certain members of senior management as well as employees from different departments. In 2022, we launched a brand-new employee recommendation system “FLYDEA”, whereby employees are encouraged to submit innovative ideas on improving our business. Ideas are welcomed in eight categories, one of them being Sustainability, Environment & OHS. Ideas are evaluated by a tiered review system, voted by employees and selected ideas are scheduled for implementation while those submitting the ideas are rewarded.	• Pegasus Airlines 2022 CDP Report, C1. Governance, (C1.3a), Page 6 • 2022 Corporate Sustainability Report, Page 50 • 2022 Annual Report, Pages 21-23
B5	The manner by which material environmental issues are integrated into business targets and strategy has been publicly disclosed.	•			Since 2021, we disclose our main ESG KPIs as part of our Annual Reports. Changes and trends are analyzed in the management’s discussion & analysis section. As of 2022, we supplement this set of data with additional ESG KPIs and a presentation of lean & efficient operations with environmental impact. ESG performance is presented to investors as part of our quarterly results presentation. Furthermore, our Sustainability Hub provides a clear description of how we view sustainability and integrate sustainability into our business model. See Item A2.3 in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Page 50 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Sustainability Hub • Pegasus Airlines Quarterly Investor Presentations, ESG Slides • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations
B6	Covered in Principle A2.4.	•			We report on improvements in the sustainability performance of our work processes and products and services, in addition	• 2022 Corporate Sustainability Report, Pages 48-49 • 2022 Annual Report, Pages, 12-14, 15, 25-30, 32-33

						to the disclosure of ESG KPIs in our Corporate Sustainability Reports, Annual Reports, corporate presentations on performance and through specific disclosures (such as communication on the first use of sustainable aviation fuel in domestic flights in Türkiye and the first ever sustainability performance linked EXIM-backed aircraft financing we secured for 10 incoming Airbus 321neo aircraft). See relevant section in our 2022 Corporate Sustainability Report for details.	• Pegasus Airlines Sustainability Hub • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Pegasus Airlines Press Room
B7	The way environmental issues are managed and are integrated into business targets and strategy, in a way that covers operations and suppliers and customers across the value chain, has been publicly disclosed.			•		As part of our Corporate Sustainability Policy, we are committed to continuously improve our sustainability compliance framework by raising stakeholder awareness on corporate sustainability. We have plans and works in place to strengthen and infuse our sustainability initiatives across our value chain. We aim to implement these measures in the next three-year period.	• Pegasus Airlines Corporate Sustainability Policy • Pegasus Airlines 2022 CDP Report, C2. Risks and Opportunities, (C2.2), Page 8 • Pegasus Airlines Sustainability Hub, Our Scope 1/2/3 Impact Our Initiatives Towards Expanding Sustainability Culture Across the Value Chain Pegasus Airlines (flypgs.com) • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • 2022 Corporate Sustainability Report, Page 50
B8	The Company has publicly disclosed if it participates in policy development with relevant institutions and non-government organizations and cooperation areas with these institutions.	•				Exploring partnerships with stakeholders and non-governmental organizations is part of our sustainability (ESG) strategy. In 2022, we have been involved in policy work with ministries and other regulatory authorities, aviation stakeholders, non-governmental organizations, universities and private enterprises within and outside of the aviation industry. See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Page 51
B9	Information on environmental impact has been publicly disclosed in comparable format with previous term, in light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impact).	•				Environmental impact information with targets and comparable with previous performance is mainly provided in our CDP reports but are also communicated through different regular and specific reports.	• Pegasus Airlines Sustainability Hub, Our Scope 1/2/3 Impact Our Initiatives Towards Expanding Sustainability Culture Across the Value Chain Pegasus Airlines (flypgs.com) • Pegasus Airlines 2022 CDP Report, C4. Targets and Performance, Pages 16-21 C6. Emission Data, Pages 25-32 C7. Emission Breakdown, Pages 32-36 C8. Energy, Pages 36-40 • Environment & OHS Summary Report 2020-2021 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations
B10	Standards, protocols, methodologies and base year details used to collect and calculate data have been publicly disclosed.	•				Applicable standards, protocols, methodologies and base year details are provided in our reporting under CDP and CORSIA.	• 2022 Corporate Sustainability Report, Page 51 • Pegasus Airlines 2022 CDP Report, C5. Emission Methodology, Pages 21-25

B11	Increase or decrease in the levels of environmental indicators for the reporting year is publicly disclosed.	•				Details on indicators compared against previous years are covered in our reporting under Annual Reporting of main ESG KPIs, our reporting under CDP and UN Global Compact, our monthly traffic results and specific initiative presentations.	• 2022 Annual Report, Pages 21-23 • Pegasus Airlines 2022 CDP Report, C4. Targets and Performance, Pages 16-21 • C6. Emission Data, Pages 25-32 • C7. Emission Breakdown, Pages 32-36 • C8. Energy, Pages 36-40 • Environment & OHS Summary Report 2020-2021 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Comparative Traffic Results
B12	Short and long-term targets have been developed to reduce environmental impact, progress on these targets with information on targets from previous years have been publicly disclosed.	•				We disclose our short and long-term targets on environmental impact on our Sustainability Hub and in our reporting under Annual Reporting of main ESG KPIs, CDP and UN Global Compact. We also provide progress information in our monthly traffic results and specific initiative presentations.	• Pegasus Airlines Sustainability Hub • Our 2050 Long-Term Net Zero Target • Our 2030 Mid-Term Carbon Intensity Reduction Target • Our 2050 Net Zero Carbon Emissions Journey Pegasus Airlines (flypgs.com) • Pegasus Airlines 2022 CDP Report, C4. Targets & Performance, Pages 16-21 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Comparative Traffic Results • 2022 Corporate Sustainability Report, Page 52 • 2022 Annual Report, Pages 21-23
B13	Climate action strategy has been developed and planned actions have been publicly 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.	• Pegasus Airlines Sustainability Hub • Our 2050 Long-Term Net Zero Target • Our 2030 Mid-Term Carbon Intensity Reduction Target • Our 2050 Net Zero Carbon Emissions Journey Pegasus Airlines (flypgs.com) • Pegasus Airlines 2022 CDP Report, C1. Governance, (C1.2a), Page 5 • C2. Risks and Opportunities, (C2.2), Page 8 • C12. Engagement, (C12.2a), Page 47 • 2022 Corporate Sustainability Report, Page 52 • 2022 Annual Report, Pages 1, 7-8, 21-23
B14	Programs and policies to prevent or minimize potential negative environmental impact of products and/or services have been developed and have been publicly disclosed.	•				We disclose such content as part of our Annual Reports and through specific initiative presentations.	• 2022 Corporate Sustainability Report, Page 52 • 2022 Annual Report, Pages 1, 7-8, 21-23 • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations

	Actions were implemented to reduce greenhouse gas emissions of third parties (e.g., supplier, dealer) and these actions have been publicly disclosed.			•		As part of our Corporate Sustainability Policy, we are committed to continuously improve our sustainability compliance framework by raising stakeholder awareness on corporate sustainability. We have plans and works in place to strengthen and infuse our sustainability initiatives across our value chain. We aim to implement these measures in the next three-year period.	• Pegasus Airlines Sustainability Hub, Our Scope 1/2/3 Impact Our Initiatives Towards Expanding Sustainability Culture Across the Value Chain Pegasus Airlines (flypgs.com) • Pegasus Airlines Corporate Sustainability Policy • Pegasus Airlines 2022 CDP Report, C12. Engagement, (C12.2a), Page 47
B15	Environmental benefit/gains and cost savings derived from initiatives and projects aiming to reduce environmental impact have been publicly disclosed.	•				We disclose such content as part of our reporting under CDP and through specific initiative presentations.	• Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Pegasus Airlines 2022 CDP Report, C2. Risks and Opportunities, Pages 6-13 C4. Targets and Performance, Pages 16-21
B16	Energy consumption (natural gas, gas oil, LPG, coal, electric, heating, cooling, etc.) data have been publicly disclosed as Scope-1 and Scope-2 emissions.	•				This information is covered in our reporting under CDP.	• Pegasus Airlines 2022 CDP Report, C5. Emission Methodology, Pages 21-25 C6. Emissions Breakdown, Pages 25-32
B17	Information on electricity, heating, vapor and cooling generation within the reporting year has been publicly disclosed.	•				This information is covered in our reporting under CDP.	• Pegasus Airlines 2022 CDP Report, C5. Emission Methodology, Pages 21-25 C6. Emissions Breakdown, Pages 25-32
B18	Actions on the increase in renewable energy use and transitioning into zero or low carbon electricity have been developed and these have been publicly disclosed.			•		As part of our sustainability strategy, we have plans and works to increase use of renewable energy in our operations. We aim to implement these measures in the next three-year period.	• 2022 Corporate Sustainability Report, Page 53 • Pegasus Airlines 2022 CDP Report, C4. Targets and Performance, (C4.5a), Page 21 C7. Emissions Breakdown, (C7.9a), Page 36 C8. Energy, Pages 36-40 • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations
B19	Renewable energy production and consumption data has been publicly disclosed.		•			As part of our sustainability strategy, we have plans and works to increase use of renewable energy in our operations. We aim to implement these measures in the next three-year period.	• 2022 Corporate Sustainability Report, Page 53 • Pegasus Airlines 2022 CDP Report, C4. Targets and Performance, (C4.5a), Page 21 C7. Emissions Breakdown, (C7.9a), Page 36 C8. Energy, Pages 36-40 • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations
B20	Energy efficiency projects have been implemented and energy consumption savings and emission reductions realized through these projects have been publicly disclosed.	•				We disclose such content as part of our reporting under CDP and through specific initiative presentations.	• Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • Pegasus Airlines 2022 CDP Report, C4. Targets and Performance, Page 21 C8. Energy, Pages 36-40
B21	Information on water consumption, water sourced from above or underground if any, water recycled and discharged, the applicable resources and procedures have been publicly disclosed.			•		Publicly disclosed information is limited to water consumption rates and policy declarations.	• Environment & OHS Summary Report 2020-2021 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)

B22	Information on the applicability of any carbon pricing scheme (Emissions Trading System, Cap & Trade or Carbon Tax) on operations or activities has been publicly disclosed.	•				We participate in the carbon offsetting and reduction scheme for international aviation in accordance with ICAO and TDGCA regulations. EU-ETS and UK-ETS are applicable for only a limited number of flights carried out within the European Union or between the European Union and the United Kingdom in the same period. We also comply with carbon tax like measures implemented in various jurisdictions.	• 2022 Corporate Sustainability Report, Page 53 • Pegasus Airlines 2022 CDP Report, C11. Carbon Pricing, Pages 43-46
B23	Information on carbon credits accumulated or purchased in the reporting period have been publicly disclosed.				•	There is no carbon credit purchase obligation for the reporting period.	• 2022 Corporate Sustainability Report, Page 53 • Pegasus Airlines 2022 CDP Report, C11. Carbon Pricing, Pages 43-46
B24	Details on carbon pricing implemented within the Company is publicly disclosed.	•				We use a carbon scheme for our internal use, risk assessment, procurement needs and budgeting, based on our future projections and market price trends for carbon credits and other commodities such as sustainable aviation fuels.	• 2022 Corporate Sustainability Report, Page 53 • Pegasus Airlines 2022 CDP Report, C11. Carbon Pricing, Pages 43-46
B25	Platforms through which the Company shares environmental information have been publicly disclosed.	•				We report environmental performance through a number of platforms referred to in this document. See relevant section in our 2022 Corporate Sustainability Report for details.	• 2022 Corporate Sustainability Report, Pages 53-54
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Corporate Human Rights and Employee Rights Policy have been formed in a way that addresses the International Declaration of Human Rights, ILO Agreements and the national legal framework on human rights, and the policies and the roles and responsibilities for the implementation of the policies have been 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 Airlines Ethical Behavior Guide, Pegasus Airlines Human Resources Policy, Pegasus Airlines Compensation and Indemnification Policy and Pegasus Airlines Compensation Management Policy. We are the first airline in Türkiye 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.	• 2022 Corporate Sustainability Report, Pages 45-46, 54 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Ethical Behavior Guide • Human Resources Policy • Compensation Management Policy • Compensation and Indemnification Policy • Anti-Bribery and Anti-Corruption Policy • Pegasus Airlines Press Room: UN Global Compact Bulletin
C1.2	Corporate policies on employee rights cover fair workforce, improvement of working conditions, female employment and inclusiveness issues (gender, race, religious belief, language, marital status, ethnic identity, sexual orientation, sexual identity, familial responsibilities, union actions, political view, disability, social and cultural differences, 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 Airlines Human Resources Policy and Pegasus Airlines 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 Nations Women's Empowerment Principles. We carry out studies as a full member of the TDGCA's Gender Balance Development Commission and we support platforms such as Yanındayız (In Support) Association, wTech Women in	• 2022 Corporate Sustainability Report, Pages 45-46, 54 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Corporate Sustainability Policy • Pegasus Airlines Ethical Behavior Guide • Human Resources Policy • Compensation Management Policy

						Technology Association, PWN Istanbul, Women in Sales platform. We continue our proud tradition of naming our new aircraft after newborn 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.	
C1.3	Actions implemented throughout the value chain on providing equal opportunity to groups sensitive to specific economic, environmental, social factors (persons with low income, women, etc.) or on minority rights, have been publicly disclosed.			•		As part of our Corporate Sustainability Policy, we are committed to continuously improve our sustainability compliance framework by raising stakeholder awareness on corporate sustainability. We have plans and works in place to strengthen and infuse our sustainability initiatives across our value chain. We aim to implement these measures in the next three-year period.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 21-23, 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Corporate Sustainability Policy • Pegasus Airlines Ethical Behavior Guide • Human Resources Policy • Compensation Management Policy
C1.4	Developments aiming to prevent or remedy discrimination, inequality, human rights violations, forced labor and child labor have been publicly disclosed.			•		Our actions in this area are covered in various sections of the Pegasus Airlines Human Resources Policy and Pegasus Airlines Ethical Behavior Guide, and specific action is reported through Annual Reports, specific reporting on ESG performance and UN Global Compact Communications on Progress.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Corporate Sustainability Policy • Pegasus Airlines Ethical Behavior Guide • Human Resources Policy • Compensation Management Policy • Pegasus Airlines Additional ESG Performance Indicators
C1.5	Corporate policies on employee rights cover employee investment (training and development policies), indemnification, side benefits, unionization right, life/work balance solutions and talent management.			•		Our actions in this area are covered in various sections of the Pegasus Airlines Human Resources Policy and Pegasus Airlines Ethical Behavior Guide, and specific action is reported through Annual Reports, specific reporting on ESG performance and UN Global Compact Communications on Progress.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Corporate Sustainability Policy • Human Resources Policy • Compensation Management Policy • Pegasus Airlines Additional ESG Performance Indicators
	Mechanisms and remedy methods have been developed on employee complaints and dispute resolution.			•		Complaint and resolution mechanisms are established within our Ethics Governance Framework and are addressed through our Human Resources Policy, Pegasus Airlines Ethical	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • Human Resources Policy

						Behavior Guide and our Anti-Bribery and Anti-Corruption Policy.	• Pegasus Airlines Ethical Behavior Guide • Anti-Bribery and Anti-Corruption Policy
	Actions implemented during the reporting period aimed at employee satisfaction have been publicly disclosed.	•				Our actions are measured by employee effectiveness surveys and reported through Annual Reports and specific reporting on ESG performance and UN Global Compact Communications on Progress.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)
C1.6	Occupational health and safety policies have been developed and have been publicly disclosed.	•				We hold ISO 45001:2018 Occupational Health and Safety Management System certificate. Our Occupational 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 Occupational Health and Safety on our Investor Relations Website.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • Occupational Health and Safety Policy • Occupational Health and Safety Certificate • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators
	Preventive actions for workplace accidents and employee health, and accident statistics have been publicly disclosed.	•				We hold ISO 45001:2018 Occupational Health and Safety Management System certificate. Our Occupational 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 Occupational Health and Safety on our Investor Relations Website.	• 2022 Corporate Sustainability Report, Pages 45-46, 55 • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators
C1.7	Policies on the protection of personal data and data security have been developed and have been publicly disclosed.	•				We commit to the protection of personal data and ensuring data security at the highest level through the Pegasus Airlines Information Security Policy and Pegasus Airlines Privacy Policy. Efforts in these areas are coordinated by the Legal and Information Technologies Departments, managed by inter-departmental governance bodies and regulated by extensive Company-wide regulations. We maintain 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. We participate in the aviation-specific cybersecurity studies as part of a TDGCA-led task force.	• Pegasus Airlines Privacy Policy • Pegasus Airlines Information Security Policy • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)
C1.8	Ethics policy has been developed and has been publicly disclosed.	•				We adopted the Pegasus Airlines Ethical Behavior Guide to manage ethics compliance. Relying on this document, an efficient ethical governance if functioning under the direct supervision of the Audit Committee reporting to the Board of Directors. Information on our activities is reported in our Annual Reports and our UN Global Compact Communications on Progress.	• Pegasus Airlines Ethical Behavior Guide • 2022 Annual Report, Pages 25-30 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter)
C1.9							<i>Item C1.9 is intentionally omitted in line with the instructions in the Capital Markets Board reporting format.</i>
C1.10	Employees have been provided access to informative sessions and	•				Through training and development programs planned at Pegasus Academy and awareness campaigns, our employees are informed of ESG policies and actions. In 2022, trainings	• 2022 Corporate Sustainability Report, Page 56 • 2022 Annual Report, Pages 25-30 • Pegasus Airlines Additional ESG Performance Indicators

	training programs on ESG policies and actions.					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, occupational health and safety and sustainability actions. Awareness actions were carried out on the same subjects through online announcements and teasers	
	C2. Stakeholders, International Standards and Initiatives						
C2.1	Customer satisfaction policy has been developed regarding the management and resolution of customer complaints and has been publicly disclosed.	•				We regularly measure customer satisfaction, and we adopted customer satisfaction among our key management performance indicators. In the last three years, we 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.	• 2022 Corporate Sustainability Report, Pages 45-46, 56 • 2022 Annual Report, Pages 12-14, 25-30
C2.2	Information on stakeholder communication (which stakeholder, subject matter and frequency) has been publicly disclosed.	•				Information on this item is provided as part of our Annual Reports and Corporate Governance Reporting.	• 2022 Corporate Sustainability Report, Pages 45-46, 56 • 2022 Annual Report, Pages 9, 25-30 • Corporate Governance Compliance Reports, 3.3.5, 3.4.2, 4.2.7
C2.3	International reporting standards applied to reports have been publicly disclosed.	•				We report within the framework of CDP, UN Global Compact Enhanced Communication on Progress publicly, and within the framework of CORSIA, EU ETS and UK ETS on respective emissions monitoring, verification and reporting schemes.	• 2022 Corporate Sustainability Report, Page 57 • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines 2022 CDP Report, C0 Introduction, Pages 1-3 C5 Emissions Methodology, Pages 21-25
C2.4	Sustainability principles adopted by the Company and international institutions, committees and principles to which the Company commits have been publicly disclosed.	•				We are the first airline in Türkiye 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 under Item C1.2 above. We also committed to the 2050 Fly Net Zero campaign and 25by2025 by campaign initiated by IATA.	• 2022 Corporate Sustainability Report, Page 57
C2.5	Improvements were carried out to be included in sustainability indices of Borsa Istanbul and/or international index providers.	•				We are represented in the BIST Corporate Governance Index permanently since 2013 and in the BIST Sustainability Index between 2016-2019 and since 2020. We are committed to improving our performance on both indices and are considering other platforms to increase visibility on our sustainability performance.	• Pegasus Airlines Sustainability Hub • Pegasus Airlines 2022 CDP Report • UN Global Compact – 2022 Enhanced Communication on Progress (Enhanced Communication on Progress – Early Adopter) • Pegasus Airlines Additional ESG Performance Indicators • Pegasus Airlines Presentation on Environmental Impact of Lean & Efficient Operations • 2022 Corporate Sustainability Report, Page 57 • 2022 Annual Report, Pages 25-30, 32-33

	D. Corporate Governance Principles						
D1	Stakeholder opinion was sought in identifying measures and strategies regarding sustainability.	•				We redesigned our sustainability strategy through workshops bringing together around 60 employees from different departments and organizational seniority levels in a facilitated format. Communication of our sustainability actions are carried out with our stakeholders in a transparent manner. Our actions are enhanced through third party support, including advisor input. To that end we maintain open communication channels with the public on sustainability and evaluate stakeholder impact. Please also refer to our explanations for Item D2 below.	• Pegasus Airlines Sustainability Hub • 2022 Corporate Sustainability Report, Page 57
D2	Social responsibility projects, awareness campaigns and trainings have been carried out to raise awareness about sustainability and its importance.	•				Raising awareness on sustainability and its importance to all but also to Pegasus Airlines is part of our sustainability strategy. A significant number of demonstrative projects, employee training and awareness work is being carried out. This was also the main idea behind launching the Pegasus Airlines Sustainability Hub in 2022. We quote part of the Hub's welcoming message below: "At Pegasus, our sustainability ventures, whether related to climate action, gender balance, or transparency, only truly make sense if they form part of a larger, global effort. With that in mind, we aim to share easy-to-access information on the sustainability of our business that our passengers, investors, employees, and stakeholders may find interesting. Please use the topic links below to navigate this site, and if you would like to send us feedback, please contact us."	• Pegasus Airlines Sustainability Hub • 2022 Corporate Sustainability Report, Page 57 • 2022 Annual Report, Pages 25-30 • Pegasus Airlines Additional ESG Performance Indicators