



2023 Sustainability
Report

PEGASUS

“Yesterday I was
clever, so I wanted
to change the
world. Today
I’m wise, so I’m
changing myself.”

Mevlana Celaleddin Rumi - 13th century

TABLE OF CONTENTS

ABOUT THIS REPORT	3
MESSAGE FROM OUR CEO	4
ABOUT PEGASUS	5
Pegasus in Numbers	5
Our Journey Since 2005	6
1 - OUR SUSTAINABILITY STRATEGY	7
Our Value Model	8
Materiality Matrix	18
Our Stakeholders	22
2 - OUR GOVERNANCE STRUCTURE	24
Shareholding Structure & Group Companies	25
Board of Directors & Committees	26
Board Processes	28
Our Governance Structure	28
Sustainability Governance Framework	29
Risk Management and Compliance	30
3 - OUR SAFETY AND SECURITY ORIENTED BUSINESS APPROACH	34
Flight Safety	35
Operational Security	39
Information Security	40
Occupational Health and Safety	42
4 - OUR DIGITALIZATION AND INNOVATION ORIENTED BUSINESS APPROACH	43
Our Innovative Mindset	44
Innovation	45
Our Digitalization Journey	46
Operational Efficiency	50
5 - WE ARE MOVING TOWARDS A CLEANER FUTURE	55
Climate Change and Our Net Zero Journey	56
Environmental Management System	59
Energy Management	62
6 - WE ARE MOVING TOWARDS AN EQUAL AND HARMONIOUS FUTURE	66
Our Human Resources Policy and Working at Pegasus	67
Our Recruitment Approach	68
Performance Management	70
Talent Management	71
Development of Our Human Resources	72
Employee Satisfaction	73
Our Diversity, Equality and Inclusion Approach: Harmony	74
7 - WE ARE MOVING TOWARDS A BETTER FUTURE TOGETHER	77
Governance	78
Value Chain Management	79
Supply Chain Management	80
Guest Experience	81
Our Collaborations	81
Legal Regulations and Policy Implementation	81
Corporate Memberships	82
Social Responsibility Projects	83
Awards	84
Sustainability Indices	85
ACRONYMS AND DEFINITIONS	86
ANNEXES	
Performance Indicators	87
Greenhouse Gas Verification Statement	92
GRI Content Index	93

ABOUT THIS REPORT

Our "Pegasus Airlines 2023 Sustainability Report" was prepared to present our work on sustainability, our relationships with our stakeholders, our impact on important environmental, social and governance issues, and the value we create.

The content of the report is shaped in line with the core topics obtained from the materiality analysis we concluded with our stakeholders, the management of their impact and good practices. This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards. In addition to our corporate goals, the report discusses our approach to the UN Global Compact (UNGC), IATA 2050 Net Zero Target and the IATA 25by25 targets.

For the first time in our corporate history, this report, presents our business model, the capitals we use, the results we achieve, and our contribution to the United Nations Sustainable Development Goals, through the Integrated Reporting value model approach. Following the description of our sustainability strategy and governance structure, this report includes information about our safety and security oriented business approach and our digitalization and innovation oriented work, each of which directly interact with our sustainability strategy. Later, our work reflecting our sustainability strategy is explained within the context of the three main pillars of our sustainability statement: "We are Moving Towards a Sustainable Future". In this context, our work on "Moving Towards a Cleaner Future", "Moving Towards an Equal and Harmonious Future" and "Moving Towards a Better Future Together" is presented.

Our report includes performance data from January 1, 2023 to December 31, 2023. In order to make the data comparable, performance for the last three years is included. We aim to publish our Sustainability Report, in a comparable manner as presented here for the first time, annually and to continuously improve its content.

You can send your feedback on this report to
sustainability@flypgs.com

PEGASUS



MESSAGE FROM OUR CEO

PEGASUS



Welcome to
the World of
Pegasus Airlines



Dear Stakeholders of Pegasus Airlines,

With the motto “Everyone has the right to fly”, we set out to change civil aviation in Türkiye on November 1, 2005. With our low-cost airline business model, we started to offer our guests a travel experience where they can personalize their flights so that they are served with the service they really want and need. The story and impact of Pegasus has grown rapidly since 2005, and has evolved into a well-known and preferred business model in Türkiye and other countries where we operate. We are extremely proud to be able to make air travel accessible to more people every year.

In 2005, we were a local airline operating six domestic routes with 14 aircraft. As of June 30, 2024, we are among the leading low-cost airlines globally, operating scheduled flights to 138 destinations in 53 countries, 35 of which are in Türkiye and 103 in other countries, with a fleet of 105 aircraft, and commanding operational and financial performance. Since 2005, we have carried more than 250 million guests to their preferred destinations.

The past years have witnessed some very important achievements. In 2012, our new generation Airbus 320/321neo order of 100 aircraft, which constituted the largest single aircraft order in the history of Turkish civil aviation at that time. This was followed by the initial public offering of our shares on Borsa

Istanbul in 2013. As we approached this decade, we became “Your Digital Airline” through the digital services we offer to our guests and employees across our service network. Today, with our long-term commitments for 2025, 2030 and 2050, “We are Moving Towards a Sustainable Future.” We are determined to progress on our way to further increasing the value we create for our stakeholders and to develop our business with a sustainable business approach.

Millions of people are behind this success. The business we carried out in 2005 with a team of 700 people is now being implemented with a workforce of nearly ten thousand people. My dear colleagues take on their job with great passion and belonging, while increasing their competence in their fields every day. On the other hand, millions of guests who have trusted us and continue to trust Pegasus add strength and dynamism to us. We sincerely thank everyone who contributed to our success with their effort and belief.

We didn't start aviation in Türkiye, but we transformed it! Together, we will carry on with the change we have initiated in Turkish civil aviation, and we will strive to continue being an airline that adds value to Türkiye and the world.

Respectfully yours,

Güliz ÖZTÜRK
CEO

ABOUT PEGASUS

Pegasus in Numbers

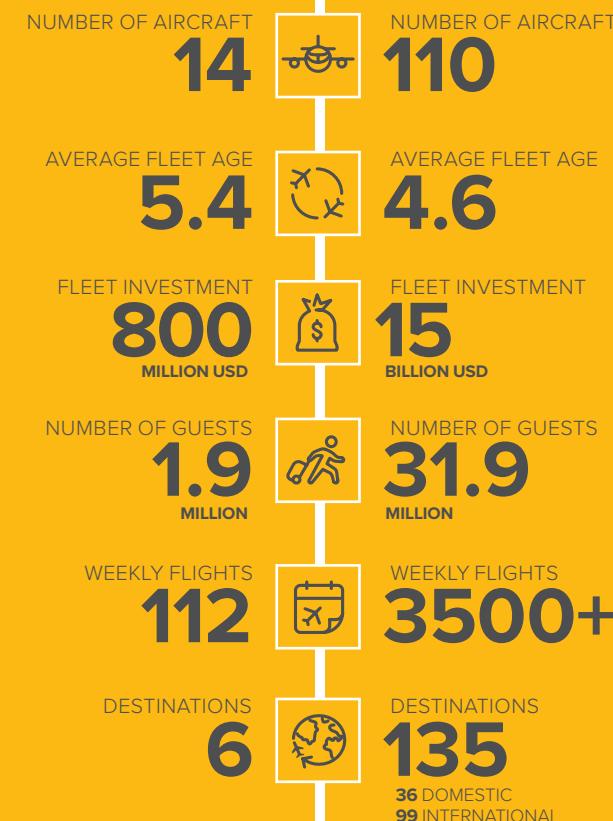
PEGASUS

Pegasus Airlines in Brief

- We were incorporated in 1990 as a joint venture between Aer Lingus, Silkar Investment and Net Holding.
- Between 1990 and 2005, we were an airline operating non-scheduled charter flights.
- In 2005, when Esas Holding took over the management, we adopted the low-cost airline model and started our domestic and international scheduled flights.
- By the end of 2023, we achieved a scheduled flight network serving 135 destinations in 51 countries, 36 of which are in Türkiye, with our fleet of 110 aircraft, and we carried approximately 32 million guests only in 2023.
- We are a publicly traded company. 41.53% of our shares are traded on Borsa İstanbul. The remaining 58.47% is under the control of Esas Holding, that transformed our company into one of the world's leading low-cost airlines.

We have successfully
grown our business in the
past 20 years

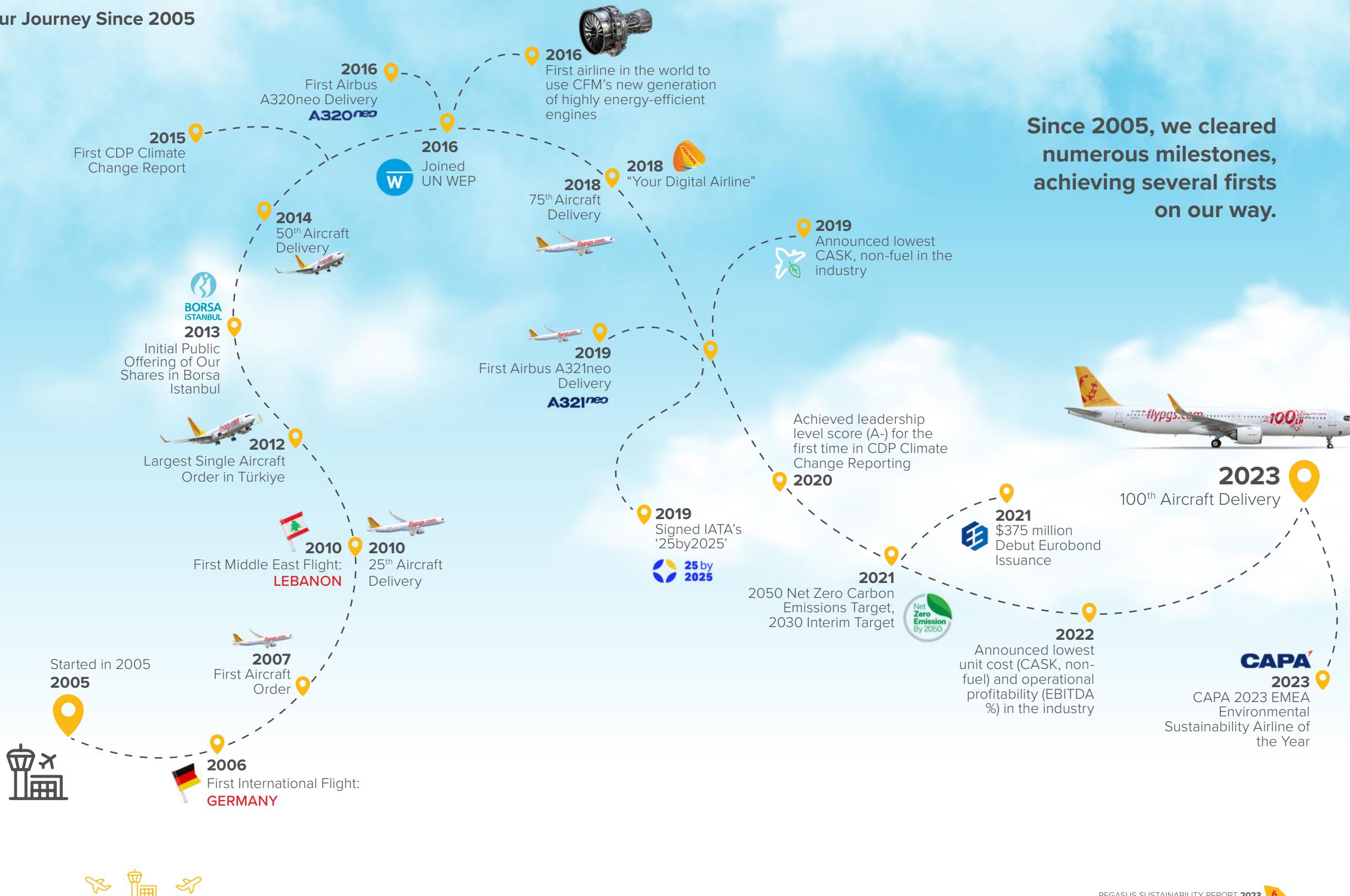
OUR FIRST
SCHEDULED
FLIGHT
2005
OUR MOST
RECENT YEAR
OF ACTIVITY
2023



ABOUT PEGASUS

Our Journey Since 2005

PEGASUS



Since 2005, we cleared numerous milestones, achieving several firsts on our way.



2023 100th Aircraft Delivery

CAPA
2023 CAPA 2023 EMEA Environmental Sustainability Airline of the Year



1 SUSTAINABILITY STRATEGY

PEGASUS

1.1 Our Strategic Priorities

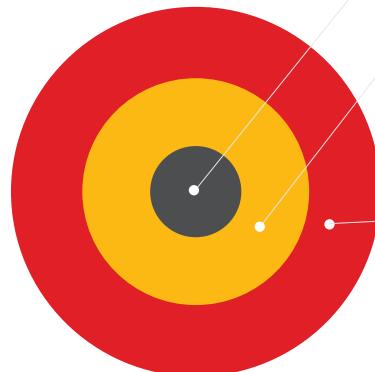
Sustainability is a strategic initiative.

Ensuring the continuity of business, maintaining its competitiveness, managing risks and opportunities can only be achieved by integrating sustainability approach into business processes. For this reason, it is important to disseminate a culture of sustainability across the organization. This approach allows matters to be evaluated from a

sustainability perspective while making decisions, allowing progress towards results that will benefit all stakeholders. We have come a long way in this regard. However, in order to keep up with the developments in a rapidly changing world, we take this perspective and make it a part of our everyday work.

Our corporate strategy is built on eight main goals. Our sustainability perspective is an integral part of the areas that this strategy focuses on, both in terms of our goal of building a new sustainability culture and in terms of contribution by other strategic goals to sustainability.

Pegasus Airlines Main Goals

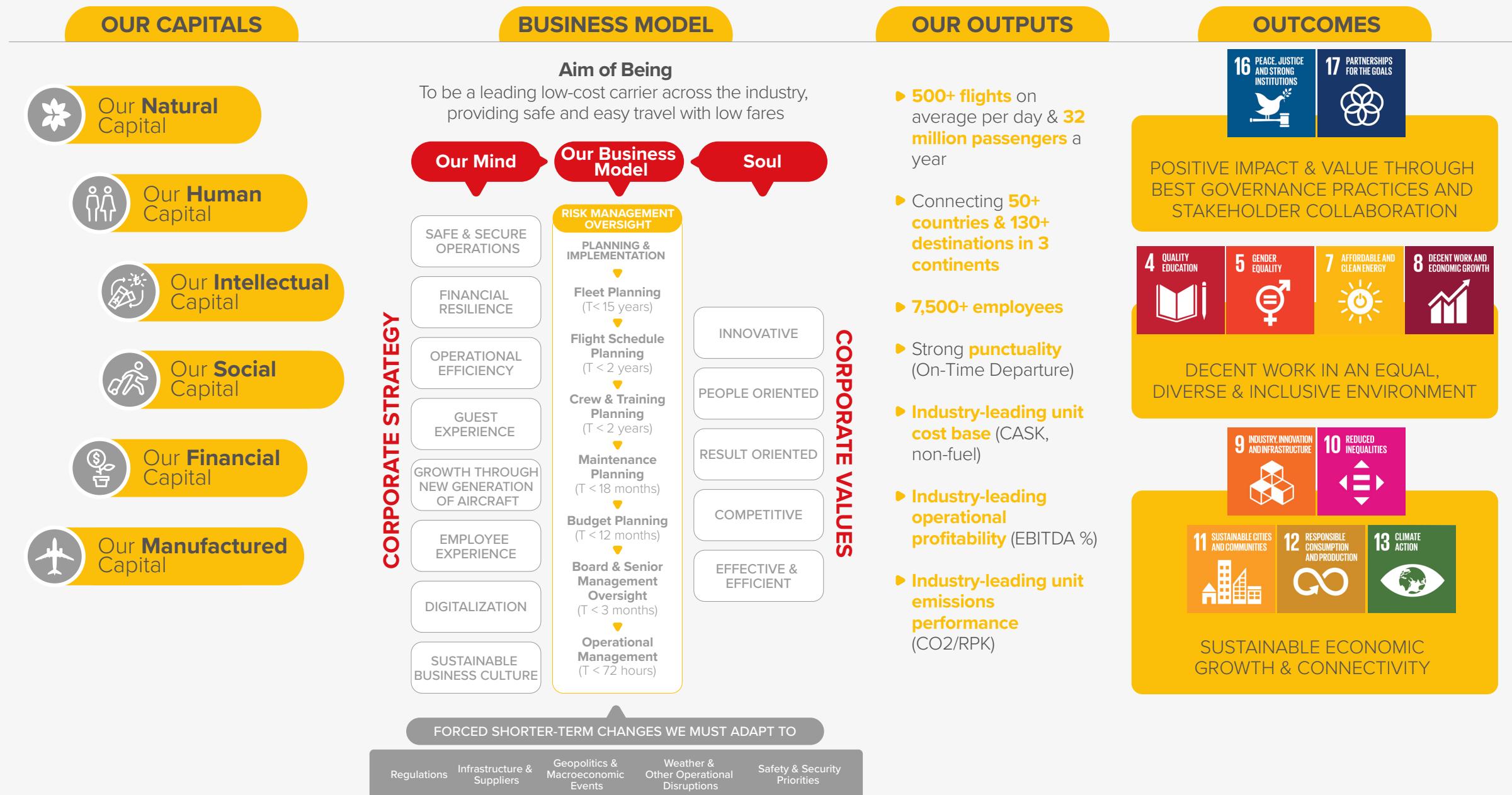


- Flight safety lays at the **CORE** of our main goals
 - Corporate Safety Strategy
- The **INNER CRUST** combines focus areas that will build upon our existing achievements
 - Sound & Robust Financial Ratios
 - Lean and Efficient Operations
 - Digital Airline Culture
- The **OUTER CRUST** combines focus areas that will seize new opportunities and propel our growth in the upcoming years
 - Growth Opportunities in Türkiye and Abroad
 - Employee Climate & Experience
 - Guest Experience & Services
 - Build Sustainability (ESG) Culture



1.2 Our Value Model

We create value by implementing our corporate strategy based on the following business model. Our business model is shaped within the framework of our aim of being, strategic goals and corporate values.



Our Aim of Being

To be a leading low-cost carrier across the industry, providing safe and easy travel with low fares.

Our Corporate Strategy

Safe and Secure Travel Experience

Ensuring that a safe and secure travel experience is delivered lays at the heart of our strategy. Providing a safe and secure flight experience is only possible if the company makes all the necessary investments in this regard as a matter of priority, takes the necessary precautions and develops its human resources within the framework of this perspective. We commit that we will implement safety management as our main responsibility and that we will continuously improve our safety performance. In short, safe transportation of everyone traveling to their destinations on our aircraft is the cornerstone of our working model, our strategic roadmap and the main assurance of our corporate sustainability.

Financial Resilience

Financial resilience means keeping unit costs at the best level through effective cost management and control, maintaining strong cash position and sustainable profitability, to ensure the continuity of our business. Financial resilience is an important prerequisite for the growth and development of the organization and for continuing its sustainability efforts to create value in the longer term.

Operational Efficiency

Operational efficiency means carrying out operations in the most efficient way, utilizing

new generation and efficient resources, and advanced technological infrastructure and tools, especially in terms of the aircraft fleet, using all kinds of resources including our people in the right place and time, and increasing efficiency in every step of the operation. Operational efficiency helps to achieve the important goal of efficient use of resources, contributing to sustainability.

Guest Experience

Guest experience is of significant importance to our growing and developing business, as we aim to realize serious further growth potential. Pleasant experiences of our guests increase their satisfaction, and in turn they prioritize us in their travel preferences. These positive experiences are recommended to others, contributing to the growth of our guest experience. A strong guest experience is important for both the economic and social sustainability of the institution. Guest experience is one of the key factors that directly affect corporate reputation. As Pegasus Airlines, we closely monitor the expectations, demands and needs of our guests by providing robust and open communication and interaction with our guests.

Growth through Next Generation Aircraft

Our company prefers to grow with a fleet of new generation aircraft. As part of our growth strategy, we are expanding our network and increasing the number of flights to our existing destinations. In parallel with this change, our need for aircraft is increasing, and within this framework, we are adding new generation aircraft to our fleet. We have the youngest fleet

in Türkiye and one of the youngest fleets in the world. As we grow with our fleet, we aim to increase the number of our passengers with our new services and guest experience initiatives. A young efficiency-oriented fleet and digital services that use its technological benefits allow us to achieve this growth in line with our long-term sustainability goals by better managing its environmental and social impacts.

Employee Experience

We achieve our success thanks to our employees. Employee experience is one of the most crucial factors that enable our company to work more innovatively, effectively and efficiently. We closely monitor the employee experience and take the necessary steps to strengthen and improve it.

Our human resources approach encapsulates the following:

- Diversity, equality and inclusion.
- Fairness.
- Development of human resources and personal development.
- Providing career opportunities to our employees at horizontal and vertical levels depending on their development and competencies.
- Competitive and performance-rewarding remuneration.
- A safe and secure working environment.
- Enabling our employees to contribute to the development of the company by freely sharing their ideas and to lead innovation efforts.
- We attach great importance to the strong satisfaction and loyalty of our employees.

By maintaining strong employee experience, we are working to ensure that our business, which has a very complex operational structure, is carried out without interruption. Strong employee experience is one of the most important parts of the sustainability approach.

Digitalization

Digitalization is one of the top priority areas for our company to carry out its operations effectively and efficiently. We believe that in the coming years, digitalization and technology, along with flight safety and sustainability, will gain higher importance in the development of aviation.

Digitalization of Processes help us:

- Achieve more effective measurement and monitoring, data-based decision-making and continuous improvement of processes,
- Increase flight safety and security,
- Access accurate information,
- Increase productivity with automation, internet of things and artificial intelligence supported applications,
- Make planning more effective,
- Increase guest and employee satisfaction,
- Use natural resources more efficiently,
- Foster innovation-oriented business model,
- Gain competitive advantage,
- Rapidly adapt to ever-changing conditions.

Digitalization especially supports the data-based development and dissemination of sustainability practices.



Our Corporate Values

Innovation: We didn't start aviation in Türkiye, but we transformed it! And we keep transforming it! We support innovation to improve our company's business processes. We closely follow the developments in the world and in our industry. We evaluate the suggestions of our employees. Inspired by these suggestions and the developments in the world and the industry, we improve our business processes through innovative studies in order to increase operational efficiency and strengthen employee and guest experience.

People Orientation: People are at the center of all our work. Our success in our business and its sustainability are based on the positive



experiences of both our employees and our guests. At the center of all improvement, development and innovation efforts is the value and benefit to be put forward for people. With the investments we make in the field of technology, we offer our guests economical, safe and easy travel opportunities.

Result Orientation: We do the necessary work and take the necessary precautions to achieve the results we aim for. We apply a target-oriented business approach and regularly measure our performance with a view to improving our business results. If the experience we gained during the implementation process requires revisions in our plans and targets, we make the necessary changes. We follow our targets and performance with clear, measurable and

comparable methods and share them with our stakeholders.

Competitiveness: Air transportation is an industry where competition is intense. Our company stands out as one of the competitive entities in its operating environment. We do this by increasing efficiency and service quality in business processes. We use what we learn from experience to improve business processes, and we focus on creating a competitive advantage. We closely follow the developments in aviation and continue to break new ground in our industry.

Being Effective and Efficient: We set out in 2005 with the belief that "everyone has the right to fly". To achieve this goal, we adopted the low-

cost airline business model. To make air travel more economical and accessible, we rendered non-essential parts of air travel optional. Thus, our passengers have the freedom to shape their travel needs. Efficiency and effectiveness are the basis of our ability to maintain this approach for nineteen years. Efficiency and effectiveness are at the center of our analysis while creating, developing and making new investments in each of our processes.

Our strategy, that we explained in the previous section, defines the path we will follow to achieve our goals. Our values guide us on this journey. The sustainability perspective and approach form an integral part of our strategy and values.



The Core of Our Business Model: Planning & Execution

Planning is the backbone of our business model, and change management is the core of what we do.

There is a very complex planning and operation behind the process, which is often perceived as a single flight for the traveling masses. With our systematic, data-based and holistic view in long, medium and short-term planning, we ensure efficiency and effectiveness. This way we can also take preventive and development actions by foreseeing risks and opportunities.

The two most critical elements of planning, a long-term and data-based perspective and the ability to keep yourself and others up-to-date according to developments, are supported by corporate systems and these two elements are an important competence acquired by all our employees. Reporting and evaluation studies with broad participation are approaches that are adopted and implemented at all levels in our organization. The ability to make quick decisions and to see the effect of the decisions on the whole is provided by "preparedness" – an experience that planning brings us – in an industry that is affected by many dynamics. The multifaceted scenarios realized during the planning phase allow us to have an insight into all possibilities and areas of influence.

On the other hand, air transportation is a highly regulated industry. All regulations directly affect

the way we do business and our business model. The impact of the regulations is not limited to Türkiye as the regulations of the countries we fly to, and sometimes even not, also affect our operations. In addition to states, standard-setting international organizations also have a significant impact on our operations by determining aviation-related rules and standards.

We have a strong flow of data and information. This way, we can access developments in the fastest way, interpret them, and reflect them on our plans and our actions. Thanks to our strong decision-making mechanisms, we are able to translate such developments to our planning and implementation in the right manner. This improves our strong adaptability skills and contributes to our operations.

Being an airline requires a lot of long-term thinking. The prediction for the future is shaped around the following:

- In which direction the industry will develop, and what risks and opportunities there are in this process.
- How much and how the company will grow, and what resources it will need for this.
- Transformation of the legal and regulatory infrastructure required for network development and related growth.
- National, regional and global economic, political and social trends.
- Creation of a range of services.
- Planning of infrastructure services (maintenance, ground handling, digitalization, etc.).
- Strategic transformation needs such as sustainability.
- Predicting consumer expectations.

At Pegasus, we shape our work with an approach based on this perspective.

Fleet Planning

Talking about a perspective that is shaped by the prediction of the future, the area that needs to be considered in the longest term is fleet planning. The time from the first order to the receipt of the aircraft is quite long. In order to grow and keep an aircraft fleet ready at the desired efficiency, it is necessary to foresee the risks and opportunities that may occur in a period beyond 10 years and to create an order plan accordingly. Managing the risks and opportunities in the long-term from order to delivery, stemming from cases where demand increases or decreases or in cases where there are disruptions or delays in the production line, is a significant challenge. For this reason, when planning the fleet, we sometimes think 15 years ahead.

Flight Schedule Planning

The planning of our flights begins with preparatory work dating back almost two years.

During the planning period, the following are considered:

- Continuing our existing flights, obtaining the necessary permits for new flights.
- Conducting feasibility to determine new flight destinations and planning for those that are found feasible.
- Controlling flight-related infrastructures on the targeted new routes.
- Determining the number of flights per day (existing and new) for each flight destination.
- Making the planning that will ensure the most efficient use of the existing aircraft, aircraft with maintenance planning, aircraft

that will join or exit the fleet in the relevant period.

- Creation of flight schedules in the following periods depending on these studies.
- Steps such as the organization of the sales network and ground handling services.





Crew & Training Planning

Fleet and flight schedule planning alone are not sufficient for the execution of flight operations. It is also critical to prepare the flight crew members who will perform on these flights. Since the training of licensed aviation employees is a long and costly process, this process should consider turnover in workforce as well as the growth of the fleet. Pilots, cabin attendants, technicians and dispatchers (flight operations specialists) working in our company must have a license approved by DGCA. Apart from this, many other employees working in ground operations or administrative processes are also required to complete trainings required by the DGCA.

Pegasus Airlines is not only an airline that is authorized to transport passengers and cargo on domestic and international scheduled and non-scheduled flights. Pegasus Airlines is also a training organization authorized to provide aviation training and simulator services in different fields. The planning process in this regard also covers a period of two years and it needs to be updated according to developments.

Maintenance Planning

The safe flight of aircraft is possible with effective maintenance planning and operation. The establishment of maintenance infrastructure, planning maintenance times, locations and durations depending on the flight schedules of aircraft is an important matter that needs to be addressed with a perspective of at least 18 months in advance. Airplanes need standard maintenance, which must be done when they reach certain flight limits. These maintenance

times are determined by the flight times stipulated in their planning. The frequency of maintenance can range from long-term to daily short-term, depending on the type of maintenance required. Due to daily operations, unexpected maintenance may have to be



carried out or maintenance periods may be brought forward. In addition, notices issued by manufacturers regarding specific aircraft parts can also affect maintenance planning. Therefore, maintenance planning should be reviewed regularly according to these changes.

Budget and Performance Management

The annual budget of our company is approved by our Board of Directors before each fiscal year. Our operational and financial results are regularly monitored by our Board of Directors in comparison with budget targets. Our strategic goals and strategic key performance indicators for the realization of these goals are also regularly reviewed by our Board of Directors. Performance on both the strategic plan and the budget and future projections are evaluated at Board meetings held every three months. This way, an effective oversight is carried out for the progress of the business in accordance with plans and corporate values.

Operational Management

Despite extensive planning and guidance, geopolitical risks, economic and social events, wars, weather conditions, public policies, industry actions, airport disruptions, and other factors that may alter safety and security priorities can directly affect our day-to-day operations. These changes are closely monitored under the supervision of our management team. In the remaining 72 hours up to the flight, our Integrated Operations Control Center (IOCC), working on a 24/7 basis and in shifts, carries out our flight planning, guest planning and technical planning in a holistic manner. For emergencies, we have plans for crisis and stakeholder management in line with our Emergency Plan. In 2023, we developed our emergency planning to include possible Istanbul earthquake scenarios, mindful of the recent earthquakes in our country and the earthquake risk for Istanbul. We also attach importance to an agile and resilient workforce planning so that the necessary interventions and changes can be carried out instantly in sudden events.

Inputs and Outputs of Our Business Model

In our business model, we focus on continuously improving our business performance and also on improving the value we create. Through our business model we elaborated based on integrated thinking approach, we transform six capitals into

“value” by using them in the most effective way with the guidance of our aim of being, values and strategy. The key components of the six capitals we use to bring our business model to life are described in the table below.



Natural Capital

We used **995 thousand tons** of Jet A1 fuel for our flights in 2023. Jet A1 fuel accounted for **77.9%** of our Scope 1, 2 and 3 Emissions in 2023.

In 2023, we consumed **5,988 MWh** of electricity and **112 thousand m³** of natural gas in our headquarters in Istanbul and in our operations at Ankara, Adana, Antalya, Bodrum, Dalaman, İstanbul Sabiha Gökçen, Izmir, Kayseri and Trabzon airports. Our Scope 2 consumption accounted for **0.07%** of our Scope 1, 2 and 3 Emissions in terms of emissions provision.

The total amount of Scope 1, Scope 2 and measured Scope 3 emissions arising from our activities in 2023 amounted to **3,874,631 tons of CO₂e**. Activities measured in the context of Scope 3 include our employees' commute and business trips, consumption of purchased goods and services, emissions from waste and investments.

In 2023, a total of **89.7 tons** of hazardous waste and **148.3 tons** of non-hazardous waste were separated and collected and largely recycled. In 2023, the Recycled Waste Rate Arising from Ground Services, Technical and Administrative Activities was **99.70%**.

Human Capital

By the end of 2023, the number of full-time employees in our company and subsidiaries reached **7,670**.

Intellectual Capital

We produced many novelties following our launch of the low-cost airline business model in Türkiye in **2005**.

While implementing these, we benefit from our intellectual capital, which is the accumulation of culture brought together by our strategic approach, business model and corporate values. We use this cultural experience to further our corporate goals and support collaborations with our stakeholders in order to create a more positive impact on our industry and society. We ensure that this intellectual development is supported by ensuring the personal and professional development of our employees.

We operate in an industry where competence is of paramount importance. Besides undergraduate, graduate and higher education qualifications, as of the end of 2023, the number of competency certifications our employees qualified in order to undertake a certain profession or expertise was above **4,300** for pilots, cabin attendants, technicians and dispatchers alone.

In 2023, our employees continued to take an active role at the level of the board of directors and advisory boards in industry organizations such as IATA and cooperation platforms for social development such as UNGC.

We take care to protect our corporate image and our brands in the best way possible. As of the end of 2023, we have a total of **495** trademark, industrial design and software registrations in **220** jurisdictions. The bulk of our registrations relates to our trademarks. Apart from this, our company benefits from licensed products and expertise and competencies in certain fields within the scope of the agreements it has made with its business partners and suppliers.

Social Capital

In 2023, we served approximately **32 million** guests, leaving behind the year in which we served the most passengers in a year in our history. In the same period, we served a flight network covering **135** destinations in **51** countries, **36** of which were domestic destinations within Türkiye and **99** were international destinations outside of Türkiye.

On the other hand, as of the end of 2023, the number of members in our passenger loyalty program Pegasus BolBol increased by **26%** compared to the end of 2022 and the program reached **10,596,909** members.

Our company purchased products or services from more than **10,000** different suppliers in 2023, and we worked with different agencies and business partners in sales and distribution channels.

Financial Capital

According to our financial statements prepared in accordance with IFRS, as of the end of 2023, our total assets are **EUR 6.2 billion** and our shareholders' equity is **EUR 1.7 billion**.

Our EBITDA margin, which shows the operational profitability of our company, was **31.4%** in 2023 and constituted one of the highest operational profitability performances in the industry in 2023.

Our main unit cost indicator CASK, non-fuel was at **2.26 €/cent**.

As of the end of 2023, our net indebtedness amounted to **EUR 2.4 billion**. Of this, **16%** had a term of one year or less. As of the end of 2023, our net cash resources amounted to **EUR 512 million** and total cash resources amounted to **EUR 1.1 billion**.

Manufactured Capital

As of the end of 2023, **110** aircraft operating in our fleet constituted our largest group of assets. **79%** of the aircraft in our fleet are new generation neo aircraft, **41** of which are Airbus A321neo and **46** of which are A320neo. With an average age of **4.6**, we closed 2023 as the airline with the youngest fleet in Türkiye, the fourth youngest fleet in Europe and the seventh youngest fleet in the world. While the share of neo aircraft in the aircraft seat capacity in our fleet reached **81%** in 2023, our unit carbon emission intensity, which we measure in grams of carbon dioxide per paid passenger kilometer, decreased by an average of **4.4%** annually between 2016 and 2023.

In order to ensure that our flight operations can be maintained on time and with the desired quality, we have been undertaking ground handling services at İstanbul Sabiha Gökçen Airport, our main operating base, since 2013 in the terminal and since 2016 on the airside operations, as well as terminal ground handling services at Izmir Adnan Menderes Airport. We carry-out operations in these areas with our own assets. As of the end of 2023, we used more than **1,000** ground equipment and passenger cars, **285** of which were motorized, and the share of electrically powered motorized ground equipment in total motorized ground equipment was **23%**.

In addition, we benefited from airport and infrastructure services at **135** flight destinations we flew to in 2023.

* Unless otherwise stated, the figures show the results for 2023.





We use the six capitals we use to implement our business model to produce the following outputs:

RESULT	IMPORTANCE
500+ flights on average per day and 32 million passengers a year	<p>With our low-cost business model, we make air travel accessible to a wider audience. We are connecting more destinations in Türkiye, Europe, Asia, the Middle East and North Africa. The success of our business model and its contribution to the economy is increasing every year as more of our guests prefer flying with us. On the other hand, we continue to operate our business in a safe and highly efficient manner, which has grown at an average annual rate of 9.7%* over the last 10 years. Despite a capacity increase of 17% in 2023, we operated our flights with a passenger load factor of 85.2%. * ASK value was taken as the activity indicator.</p>
Flight Network Connecting 50+ countries and 130+ destinations in Three continents	<p>With our low-cost business model, we are making air travel accessible to a wider audience and connecting more destinations in Türkiye, Europe, Asia, the Middle East and North Africa. The success of our business model and its contribution to the economy are increasing every year as more and more of our guests prefer us. On the other hand, we continue to operate in a safe and highly efficient manner, which has grown at an average annual rate of 9.7%* over the last 10 years. * ASK value was taken as the activity indicator.</p>
Employment (7.500+)	<p>The increase in the number of aircraft in our fleet, capacity and number of guests directly reflect on the growth of our staff. This way, we offer qualified job opportunities to more people. We completed 2023 with 7,670 employees. As of the end of the first half of 2024, when we published our report, we employed close to 8,500 employees. Beyond just employment, we grow our employment-based economic benefit with the side benefits we offer to our employees and their families, the individual and professional development opportunities we offer to our employees, the internship programs we offer to university students, and the resources we create for our business partners and suppliers in our value chain.</p>
Punctual Flight Performance (63.4% on-time departures)	<p>After COVID-19 disruptions of 2020, air travel is still negatively impacted by significant infrastructure and resource issues, as well as a climate of political instability and conflict that has increased over the past two years. On the other hand, the long-awaited second runway at our main hub, İstanbul Sabiha Gökçen Airport, was completed and put into service in 2023. Other infrastructure improvement works are also underway. We make a huge effort to ensure that our operations are carried out in accordance with the plan and punctual under all circumstances.</p> <p>In 2023, our on-time departure performance was 63.4%. The technical readiness rate for the aircraft types in our fleet was 99.53% on average, above industry averages. The daily usage of our aircraft was 12.57 block hours/day.</p>
Industry-Leading Unit Cost Base (CASK, non-fuel: 2.26€c)	<p>In the low-cost airline business model, unit cost excluding fuel (CASK, non-fuel) is an extremely important operational and financial metric. It shows the cost discipline of the airline business. We are among the leading airline companies in the industry in terms of unit costs through effective use of capacity, operational efficiency and effective cost management.</p> <p>In 2019 and 2022, we were the airline that achieved the lowest level among the CASK, non-fuel values announced to the public. Despite the increasing cost pressure in 2023, we maintained our effective cost management and stood out with our industry-wide cost management performance.</p>
Industry-leading operational profitability (EBITDA margin: 31.4%)	<p>EBITDA margin, which is an indicator of operational profitability, is an important financial indicator that shows the added value created by using the resources of an airline. In 2022, we became the airline with the highest level of EBITDA margins announced to the public. In 2023, we maintained our high operational profitability and stood out with our cost performance across the industry. Operational profitability plays a vital role for financial sustainability through its impact on net profit and the use of the value created from the operation for company growth.</p>
Industry-Leading Unit Emissions Performance (61.3 CO2/RPK)	<p>The largest cost item of airline operations is the jet fuel used in aircraft, which covers roughly one-third of the average costs, and sometimes more. Therefore, reducing fuel consumption is an essential component of the business model, especially for low-cost airlines. As a natural consequence of this, the reduction of unit fuel consumption results in unit emissions reduction.</p> <p>By operating more efficiently, an airline can reduce the carbon emissions from the unit production and manage the need for future growth and continuity of operations. Today, the most tangible gain that provides emissions reduction is to achieve unit fuel savings up to 20% through the use of new generation aircraft. In addition, efforts such as carrying more passengers in the cabin with high occupancy rates, and providing operational efficiency through measures such as weight and route management also contribute to this efficiency.</p> <p>In the upcoming period, the reduction in emissions in the fuel lifecycle with the increased use of Sustainable Aviation Fuel is expected to have a positive impact on airline emissions. In 2023, we achieved one of the lowest emission intensity performances in the industry. In consideration of this performance, our fleet structure and our operational and financial performance, we were recognized as the 2023 EMEA Region Environmentally Sustainable Airline in the CAPA Envest 2023 Global Sustainability Survey.</p>





In Conclusion: Our Contribution to Sustainable Development and the Value We Create

In line with our strategies and our sustainability approach, we linked our business model with the United Nations Sustainable Development Goals (SDGs).

Thus, we aim to monitor the contribution of the value we produce to the SDGs we focus on and to achieve continuous improvement in this direction. We plan our work on the following model, which we associate with three main pillars and 11 SDGs, and measure our contribution, and we focus on improving it.



POSITIVE IMPACT & VALUE
THROUGH BEST GOVERNANCE
PRACTICES AND STAKEHOLDER
COLLABORATION



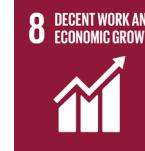
DECENT WORK IN
A DIVERSE, EQUAL
& INCLUSIVE
ENVIRONMENT



SUSTAINABLE
ECONOMIC
GROWTH &
CONNECTIVITY

SDG	How Do We Contribute?	How Do We Track and Measure?
Sustainable Economic Growth & Connectivity		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	With innovative approaches, we increase the efficiency of our business processes, reduce our impact on the environment, and offer a better flight experience with digitalization.	<ul style="list-style-type: none"> As "Your Digital Airline", we aim to take full advantage of the blessings of technology in all our processes. We use technological advances to make the lives of our passengers and the work of our employees easier. We think about and implement development not only for our own operations, but in all aspects of the travel experience. We measure all these efforts through our digitalization and innovation initiatives and their effectiveness.
10 REDUCED INEQUALITIES 	We provide the opportunity of affordable air travel to all segments of the traveling public.	<ul style="list-style-type: none"> We believe that everyone has the right to fly, and we carry-out our low-cost business model to enable it. With our approach that transforms aviation in Türkiye, we deliver air travel as an accessible, low-cost and lean service to our passengers. The range of services and fees we offer, the number of guests we serve each year, and the development of our flight network are the monitoring tools we use to make air travel accessible to a wider audience.
11 SUSTAINABLE CITIES AND COMMUNITIES 	By providing transportation between cities, we increase interaction in the domains of economy, culture, education and health.	<ul style="list-style-type: none"> Unlike other low-cost carriers in the world, we connect an extensive network of flights for our passengers. As of the end of 2023, we are connecting more than 150 flight destinations in more than 50 countries on three continents, including 36 in Türkiye and 99 abroad.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Our business model primarily emphasizes the understanding of consumption limited by need. Furthermore; we work to prevent waste generation, reuse waste and recycle more efficiently.	<ul style="list-style-type: none"> We evaluate our environmental impact and dimensions in all our processes. We carry out the necessary preventive and remedial actions. We work to apply this perspective throughout our supply chain. We serve our guests with a range of services and products based on freedom of choice. We contribute to minimizing negative environmental impact, especially by preventing waste generation on board, reuse of materials and separate collection of recyclable packaging waste on board.
13 CLIMATE ACTION 	We prepared our climate transition roadmap, and in line with this plan, we are renewing our fleet with new generation aircraft, increasing efficiency in operations and expanding our use of sustainable aviation fuel. These steps contribute to achieving the goals we have set.	<ul style="list-style-type: none"> We published our Climate Transition Roadmap for our 2050 Net Zero Carbon Emission target. In line with this plan, we are making investments and different domains to reduce our emissions to support the fight against climate change. We participate in and support national and international legislation, research and impact analysis studies directly or through industry representatives. We consider technological developments, alternative fuels and sustainable energy sources as important opportunities. We have been measuring our greenhouse gas emissions since 2015 and publishing them on the CDP platform.



SDG	How Do We Contribute?	How Do We Track and Measure?
Decent work in a diverse, equal and inclusive environment		
4 <small>QUALITY EDUCATION</small> 	With our scholarship and internship programs for young people, we support their education regardless of their gender and contribute to the development of human resources in aviation.	<ul style="list-style-type: none"> • We implement Training and Development Programs for the personal and professional development of our employees. • In partnership with Pegasus Flight Academy and universities, flight schools and vocational schools, we develop Pilot and Cabin Crew Development and Technician Long-Term Internship Programs. • Under the coordination of Pegasus Academy, which is responsible for all our employee training, we offer our employees MBA and similar graduate and certificate program opportunities in cooperation with universities. • In the field of education, we contribute to quality education in a wider area with donations and voluntary contributions.
5 <small>GENDER EQUALITY</small> 	Through Pegasus Harmony, our diversity equality and inclusion program, we ensure that women have equal representation in employment. We are initiating new projects to increase employment of women in areas where the rate of female employees in our company is low.	<ul style="list-style-type: none"> • We are the first airline to join the UN WEP. • We have been supporting IATA's "25by2025" initiative since 2019. • We take part in different non-governmental organizations on gender equality. • We share our work within the scope of Pegasus Harmony with the public through annual reports. We have published our first public report for 2023.
7 <small>AFFORDABLE AND CLEAN ENERGY</small> 	We meet our energy needs with electricity produced from renewable energy sources at our headquarters and at Istanbul Sabiha Gökçen Airport, which is our main operating base.	<ul style="list-style-type: none"> • We aim to reduce fossil fuel consumption through technology and infrastructure investments. • We obtain I-REC and YEK-G certificates for renewable energy investment for electricity consumption at our Headquarters campus in Istanbul and at our main operating base at Istanbul Sabiha Gökçen Airport. • We are continuing our project to switch to ground equipment that works with electricity and uses renewable energy at the main operation base at Istanbul Sabiha Gökçen Airport. As of the end of 2023, 23% of the motorized ground equipment we use at Istanbul Sabiha Gökçen Airport runs on electricity.
8 <small>DECENT WORK AND ECONOMIC GROWTH</small> 	We offer a decent work environment; we encourage innovation; and we grow our operations as we improve. We pay equal pay for equal work for employees in equivalent conditions.	<ul style="list-style-type: none"> • We adopt a more environmentally and socially sensitive growth model with fleet strategy and planning, and investments in technology and infrastructure that reduce fossil fuel consumption. • We are committed to creating a decent work environment through employee experience surveys and similar workplace actions that cover the way we work, communicate, process and work together. • For sustainable and profitable growth, we implement human resource practices that encourage high performance in line with our long-term goals and strategies.
Positive impact and value through best governance practices and stakeholder collaboration		
16 <small>PEACE, JUSTICE AND STRONG INSTITUTIONS</small> 	We adhere to the principles of good governance. Responsibility, transparency, accountability, anti-corruption, inclusivity and participation form the basis of our governance approach.	<ul style="list-style-type: none"> • As a strong organization, we are committed to improving our governance practices in order to increase our positive impact and value on our stakeholders. • Our company has been included in the BIST Corporate Governance Index since 2013. We have the third highest rating in the index in 2023 with a compliance score of 97.5%. We are the company with the highest rating in the aviation industry.
17 <small>PARTNERSHIPS FOR THE GOALS</small> 	We contribute to the development of our sector with collaborations. We also participate in the efforts to produce sustainable aviation fuel to reduce the environmental impact of air transport.	<ul style="list-style-type: none"> • We are in constant communication with all our stakeholders for development ideas and feedback. • In 2023, we represented the aviation industry in many sectors and economic organizations, especially IATA, TÖSHİD, HIB, TOBB. Apart from this, we take an active role in initiatives such as UNGC to increase the impact of the business world on social development and especially in working groups for the development of energy transition and sustainable aviation fuels in Türkiye. • We consider the output of our work in this field as tools that create value and provide solutions to social issues.

1.3 Materiality Matrix

We created our Materiality Matrix to identify the most important risks and opportunities that affect us while developing our strategies and planning, and to prioritize these topics according to their impact on our business and performance.

For this, we evaluated and identified our high-importance issues with a comprehensive study in 2023. We followed a process that included preliminary work, senior management approval, stakeholder opinion and the creation of the matrix.

Briefly, in our materiality study;

- **Preliminary Study:** With the participation of our employees working in the Sustainability Working Group, we identified important sustainability issues specific to the industry and our company. In this context, we considered our sustainability strategies and prominent sustainability trends in the industry.

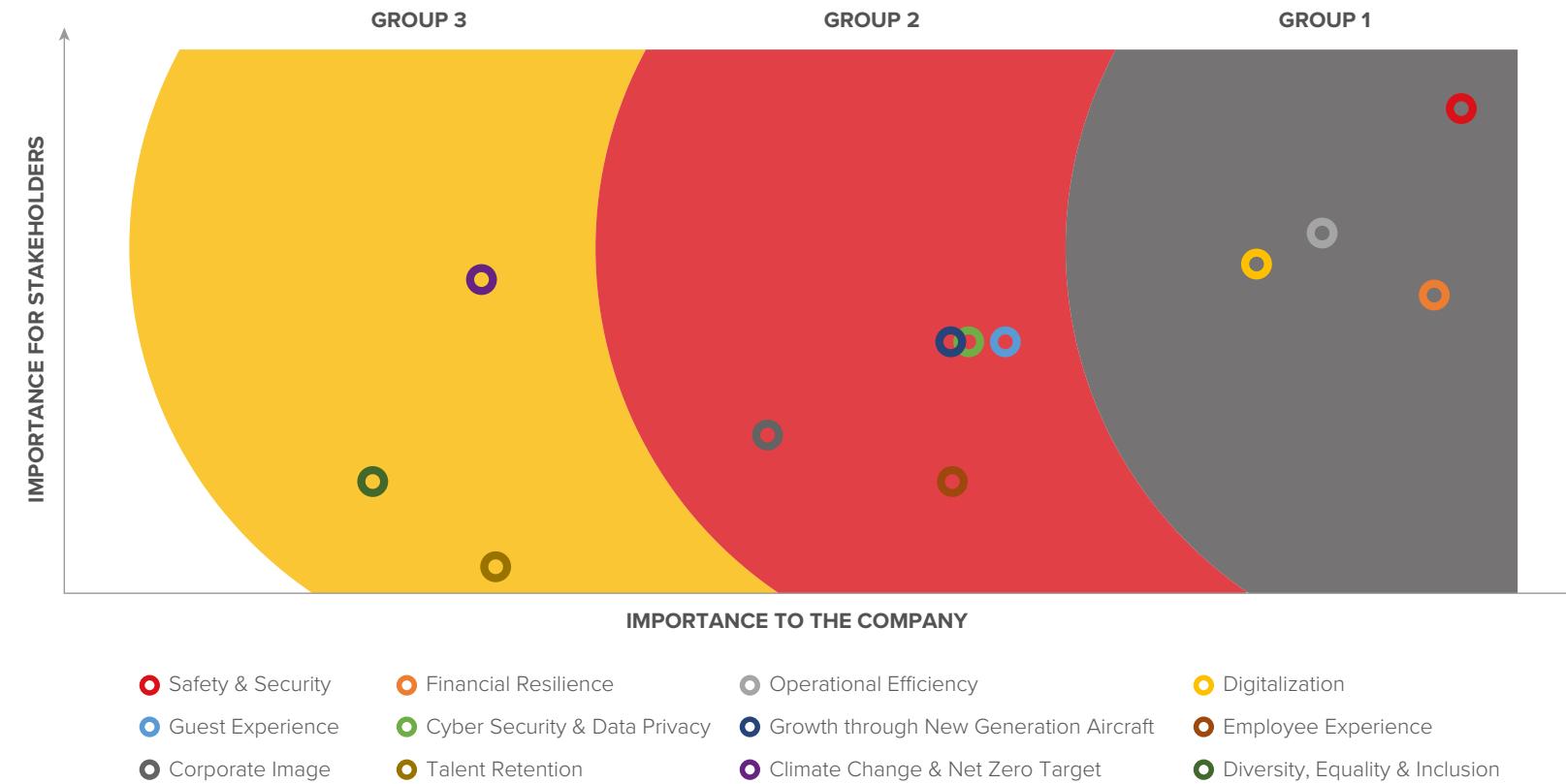
- **Senior Management Approval:** The issues we identified in the preliminary study were presented to our senior management and the importance of each item was evaluated. In addition, high-priority issues were examined for alignment with the company's strategic plan and sustainability goals. As a result, high-priority issues were identified, which were approved by senior management.

- **Stakeholder Opinion:** We presented the material issues we identified to the opinion of our stakeholders (public, suppliers, investors, non-governmental organizations, etc.) through surveys and interviews and received their feedback.

- **Materiality Matrix:** Finally, we created a materiality matrix that reflects the perspectives of both our company and our stakeholders.

In the matrix, the impact of each sustainability issue for the company (financial, operational, reputational) and for stakeholders (social, environmental, economic) was evaluated.

Accordingly, our report provides transparent information on issues that are important for our company and at the same time have an important impact on our stakeholders.



Our Management Approach to Key Issues

IMPORTANT ISSUE	WHY IS IT IMPORTANT?	HOW DO WE MANAGE?
GROUP 1		
Flight Safety and Security	Flight safety and security are primarily important in terms of ensuring the safety of both flight staff and passengers, and ensuring that they reach their destination. In addition, operational continuity is important for a good travel experience and corporate reputation.	The most important matter for the aviation industry is flight safety and security. Our company's policies, strategic plan and procedures in this area are currently implemented, measured and audited in diverse ways and at all stages of the operation. We take improvement steps according to the measurement and audit results.
Financial Resilience	Financial resilience is important for our company's business continuity and profitability. Effective management of the balance sheet and attention to the cash balance ensure the continuity of the company.	Our company is among the leading companies in the industry in terms of unit costs (CASK, non-fuel) operational profitability (EBITDA margin), especially in recent years. In addition, we focus on cash generation and maintaining cash balance. We manage financial risks, especially fuel price risk, by hedging transactions when necessary.
Operational Efficiency	Operational efficiency is important in terms of managing our costs and using our fleet and staff effectively.	Planning has a very important place in our business model. Our ability in this domain enables us to carry out our operation with effective planning and to produce quick solutions to emergencies that arise.
Digitalization	Aviation industry is one of the industries where digitalization is spreading at a fast pace. Digitalization is of significant importance especially in areas such as increasing process efficiency and productivity, flight safety and security, continuous information exchange, data collection and analysis and improvement, and improving the passenger experience.	As "Your Digital Airline", we appeal to our guests. We have been investing in this field for many years, and we develop solutions for this area by working in cooperation with both our own team and our affiliated companies. In order to continue our development in the digitalization process, we established a new subsidiary to operate in the Silicon Valley, in the United States at the end of 2023.



Our Management Approach to Key Issues

IMPORTANT ISSUE	WHY IS IT IMPORTANT?	HOW DO WE MANAGE?
GROUP 2		
Guest Experience	A strong customer experience is crucial in building a loyal customer base and encouraging customers to recommend us to their circles.	We strive to provide a strong customer experience by allowing our guests to customize their flights to their own preferences, through our in-flight services, on-time departure performance, and services that facilitate the post-flight stages of their journey.
Cyber Security & Data Privacy	Cyber security is one of the most important challenges of today. It is important both in terms of ensuring the continuity of operations, ensuring that flights are not disrupted, and ensuring the confidentiality and security of passenger information.	We identify and manage risks that will threaten the confidentiality, integrity and accessibility of our information assets. We carry out all these works in accordance with the legislation and globally accepted standards. We have ISO 27001:2017 certification. In addition, we determine and monitor our Information Security Maturity level using international standards such as COBIT 4.0, ISF (The Standard of Good Practice for Information Security) and NIST - Cybersecurity Framework.
Growth through New Generation Aircraft	Growth with new generation aircraft is important for our company to carry out an efficient operation, to strengthen the customer experience with the latest technology aircraft, and to combat climate change.	We attach importance to continuing our activities with a new generation fleet. As of the end of 2023, we have a fleet with an average age of 4.6 years. This fleet is the youngest fleet in Türkiye and also one of the youngest in the world. We meet our aircraft needs arising from our growing operating volume with new generation aircraft. This way, we keep our carbon footprint, operational efficiency and costs under control as our operations continue to grow.
Employee Experience	We implement pioneering employee experience practices for our employees. In this way, we take strong steps towards efficiency and innovation by increasing the motivation of our employees.	We aim to be the company that everyone wants to work for. In order to improve the experience of our employees, we attach importance to working conditions, career and development opportunities, loyalty and satisfaction.
Corporate Image	Corporate reputation positively affects the competitiveness of the organization, attracting talent, customer loyalty and trust of stakeholders.	We attach importance to guest, supplier, investor and employee satisfaction. We are carrying-out the necessary work in this regard. We aim to be transparent and accountable. In this way, we ensure a strong interaction with our stakeholders.



Our Management Approach to Key Issues

IMPORTANT ISSUE	WHY IS IT IMPORTANT?	HOW DO WE MANAGE?
GROUP 3		
Talent Retention	Attracting and retaining talent is at the heart of sustainable success. In order to differentiate ourselves from our competitors, we create an environment where our employees can use their potential at the maximum level and innovative ideas come to life.	In order to retain and develop talents, we focus on their development by offering the right career planning. We closely monitor our employee turnover rate and offer fast and innovative solutions when there is need for precautions.
Climate Change and Net Zero Target	Climate change is one of the most important problems facing the world. Companies that cannot adapt to the low-carbon economy will not have the opportunity to survive in the long-run.	Taking climate change into account, we set our 2050 Net Zero Carbon Emissions target and created our roadmap that describes how we want to achieve this goal. On the way to the target, we have set our 2030 Emission Intensity interim target with the idea of reducing our emission intensity. Accordingly, we aim to reduce carbon dioxide emissions per unit (revenue passenger kilometer) by 20% by 2030 compared to 2019. From this point of view, we are renewing our fleet with new and more efficient aircraft. We are adding more electric vehicles to our fleet of ground handling equipment. We are working on energy efficiency. In addition, we offer options together with our business partners to raise awareness of our guests on this issue and to offset emissions from flights. Since 2022, we have been using sustainable aviation fuel in more volumes and more flights from the ground every year.
Diversity, Equality and Inclusion	Pegasus has a culture that believes in diversity, equality and inclusivity, and we aim to grow all of these. Because we know that a better future is possible from the unity of different voices. We believe that we have the power in our genes that will add value to our present, that will build an equal and sustainable tomorrow for future generations together, and that will make our dreams come true.	We implemented the 'Harmony initiative' as an important part of our sustainability strategy. We focused on topics such as gender balance, understanding of each other by our employees from different countries and cultures, and intergenerational harmony, and we continued with our awareness activities at full pace. We set targets to increase women's representation and make measurements at regular intervals. In 2023, we compiled our work in this area in the "2023 Pegasus Harmony Report" and shared it with the public.



1.4 Our Stakeholders

In our industry, it is a part of our job to be able to act together with different stakeholder groups and to manage stakeholder interaction in all processes from planning to service delivery.

We believe that it is critical to manage stakeholder participation and relations in order to use common resources efficiently and to minimize risks in safety and security dimensions, which are the most critical elements for the industry. For this purpose, we worked to determine the correct definition and cooperation areas, and revealing the methods and frequencies of relationships. We consider this work necessary for the healthy management of stakeholder relations.

We identified all our stakeholders with a comprehensive study. A comprehensive list of stakeholders was created with the contributions of all our units, stakeholders were grouped according to their activities, and then our stakeholder study was finalized and up-to-date with the review of our employees in the Sustainability Working Group, the Sustainability Management Committee, the Corporate Governance Committee and our Board of Directors.



Our Stakeholder Communication Approach

#	STAKEHOLDER GROUP	CONTACT METHOD	FREQUENCY	CONTEXT	CONTACT CHANNEL
1	Employees	Corporate E-mail Accounts, Office Communication Channels, Social Media	Permanent	Employee Experience	Human Resources
2	Guests	Corporate Website, Pegasus Mobile Apps, Airport Service Locations, E-mail, SMS, Social Media, Call Center, Authorized Travel Agencies	Permanent	Guest Experience, Business Growth	Commerce
3	Shareholders & Investors	Public Disclosure Platform, Investor Relations Website, General Assembly Meetings, Investor Presentations, Investor Events	Periodic & On-Demand	Business Growth	Board of Directors, CEO, Finance/Investor Relations & Legal/Corporate Secretariat
4	Board of Directors	Board Meetings, Committee Meetings, E-mail, File Management Systems, Notifications & Reports	Periodic & On-Demand	Business Growth, Stakeholder Value Maximization	Chairperson of the Board of Directors, CEO, CXOs, Legal/Corporate Secretariat
5	Critical Service & Product Suppliers	E-mail, Notifications & Reports, Company Representatives	Permanent	Lean Operations, Guest Experience, Business Growth	Procurement & Related Departments
6	Public Authorities	Official Correspondence, E-mail, Notices & Reports, Regulatory Oversight	Periodic & On-Demand	Regulatory Oversight	Chairperson of the Board of Directors, CEO, CXOs & Managers Appointed with the Approval of DGCA
7	International Organizations & Regulators	Official Correspondence, E-mail, Notifications & Reports, Company Representatives	Periodic & On-Demand	Industry Oversight	Chairperson of the Board of Directors, CEO, Company Representatives
8	Financing Institutions	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Permanent	Business Growth	Finance
9	Fuel & Airport Operations Service Providers	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Permanent	Lean Operations, Guest Experience, Business Growth	Procurement & Related Departments
10	Subsidiaries & Joint Ventures	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Periodic & On-Demand	Business Growth	Chairperson of the Board of Directors, CEO, Legal/Corporate Secretariat & Company Representatives
11	Independent Audit, Certification & Rating Firms	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Periodic & On-Demand	Third-Party Assurance	Procurement & Related Departments
12	Sales & Distribution Channels	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Permanent	Guest Experience, Business Growth	Commerce
13	Business Partners	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Permanent	Guest Experience, Business Growth	Commerce
14	Other Service & Product Suppliers	E-mail, Digital Portals, Notifications & Reports, Company Representatives	Permanent	Lean Operations, Guest Experience, Business Growth	Procurement & Related Departments
15	Non-Governmental Organizations	Membership, Notifications & Reports, Collaborations, Company Representatives	Permanent	Growth, Stakeholder Value Maximization	Chairperson of the Board of Directors, CEO, Legal/Corporate Secretariat & Company Representatives
16	Airlines	Industry Organizations, Contracts	Permanent	Guest Experience, Business Growth	Commerce
17	Media Stakeholders	E-mail, Press Releases, Press Conference, Social Media, Notifications & Reports, Company Representatives	Periodic & On-Demand	Guest Experience, Stakeholder Value Maximization	Commerce



2 GOVERNANCE STRUCTURE

PEGASUS

We know that strong and dynamic governance structures give significant impetus to the progress of organizations on their sustainability journey.

It is indispensable to establish and effectively implement the governance structure to develop and implement sustainable approaches in environmental, social and economic dimensions, and to ensure deepening in the corporate culture by considering them as an integral part of the main strategy of the institution. SDG 16 and SDG 17 are among the SDGs we focus on at Pegasus, and they are included in our business model to support "Creating positive impact and value through best governance practices and stakeholder collaboration".



2.1 Shareholding Structure & Group Companies

As of the end of 2023, our issued capital within the scope of our registered capital ceiling of 500,000,000 ₺ was 102,299,707 ₺. With the capital increase registered on May 30, 2024 and realized through bonus share issuance from available equity sources, our issued capital increased to 500,000,000 TL.

Since 2013, our shares are traded on Borsa İstanbul (BIST) Star Market. On the other hand, Esas Holding has been our controlling company since 2005.

Founded in 2000, Esas Holding is Türkiye's largest family-owned investment company and is backed by the first- and second-generation family members of Şevket Sabancı, one of the five founding partners of Hacı Ömer Sabancı Holding A.Ş., a leading Turkish conglomerate. With offices in Istanbul and London, Esas Holding invests in various asset classes globally, including private equity, real estate, venture capital and public markets.

Our company has two subsidiaries that are

wholly owned and controlled by our company, and two joint ventures that are subject to joint management with other shareholders. One of our joint ventures is Htit Computer Services, whose shares are traded on the BIST Star Market, since 2022.

At the Ordinary General Assembly meeting held in 2024 of the Pegasus Flight Training Center (PUEM), in which our company holds a 49.40% stake and from which we received flight training services with a Boeing 737 simulator between 2010 and 2023, taking into account the evolving training needs within the framework of fleet planning, shareholders unanimously decided to liquidate PUEM.

Pegasus Airlines Innovation Lab, in which our Company holds a 100% stake and has an issued capital of USD 150,000, was established in December 2023 in the State of Delaware, United States of America, to operate in Silicon Valley in order to explore applicable technology and software solutions and cooperation opportunities in air transportation.



Pegasus Airlines Capital and Shareholding Structure

Shareholder	As of December 31, 2023		As of May 30, 2024	
	Number of Shares	Share %	Number of Shares	Share %
Esas Holding	57,959,838	56,66%	283,284,477	56,66%
Halka Açık Paylar	42,482,689	41,53%	207,638,371	41,53%
Emine KAMIŞLI	619,060	0,61%	3,025,717	0,61%
Ali İsmail SABANCI	619,060	0,61%	3,025,717	0,61%
Kazim KÖSEOĞLU	309,530	0,30%	1,512,859	0,30%
Can KÖSEOĞLU	309,530	0,30%	1,512,859	0,30%
TOTAL	102,299,707	100,00%	500,000,000	100,00%

Pegasus Airlines Affiliates and Business Partners

Group Company	Nationality / Area of Activity	Issued Share Capital	Nominal Shareholding	Share %	Affiliation with Pegasus
Pegasus Aviation Technologies	Türkiye / Simulated Flight Training	100,000 ₺	100,000 ₺	100,00%	Subsidiary
Pegasus Flight Training Center in Liquidation	Türkiye / Simulated Flight Training	200,000 ₺	98,800 ₺	49,40%	Joint Venture
Htit Computer Services	Türkiye / Information Technologies Solutions	127,500,000 ₺	46,939,893 ₺	36,82%	Joint Venture
Pegasus Airlines Innovation Lab	U.S.A / Collaboration for and Development of Applicable Aviation Technology and Software Solutions	150,000 \$	150,000 \$	100,00%	Subsidiary

2.2 Board of Directors & Committees

At Pegasus, we have a rich governance culture that is shaped by our open perspective to innovation and continuous development.

We are proud of our heritage of good corporate governance practices, some of which date back to the launch of our low-cost scheduled flights business in 2005. These practices are backed by an independent Board of Directors with a global perspective on aviation, a strategy-driven, highly motivated and successful management team and staff, and an accountable and transparent shareholder and stakeholder communication.

The highest management body of our company is the Board of Directors. Since 2005, our Board of Directors has consisted of eight members with different areas of experience and expertise and with work experience in different countries.

Our Board of Directors, in particular:

- Provides entrepreneurial leadership of the Company by taking decisions and guiding and overseeing the Company management, maintaining its risk, growth and income balance at the most appropriate level and by giving priority to the long-term interests of Pegasus Airlines with a diligent risk-management approach.
- Guides corporate strategy, determines the

human and financial resources required by Pegasus Airlines and approves the Company's annual budget, and while preventing conflicts of interest and balancing competing demands on Pegasus Airlines, supervises the performance of Pegasus Airlines and its management.

- Supervises the compliance of Pegasus Airlines' operations with the applicable legislation, the Articles of Association, the internal regulations, and corporate policies.

None of the members of the Board of Directors, except for the Chairperson of the Board of Directors and another member of the Board of Directors who take part in the management of our controlling shareholder, Esas Holding, are involved in the execution of the day-to-day activities of our company. We secure this approach by defining the roles and responsibilities of the members of our Board of Directors in writing in our company processes.

In addition, we publish the Bylaws (excluding annexes) of our Board of Directors and all Committee Charters on our Investor Relations website. Our Board of Directors and Board of Directors Committees are formed as shown on the side.

The Board of Directors and the Committees operating under our Board of Directors meet regularly and carry out their work effectively. All studies are recorded by our Corporate Secretariat. These activities are further summarized in Section 1/H of our Annual Reports. In 2023, the attendance at the Board of Directors and Committee meetings was 96.0%. Details of individual participation are given in the table on the side.



Pegasus Airlines Board of Directors

Name/Surname	Duty	Executive?	Serves Since ¹	Committee Duties
Mehmet Tevfik NANE	Chairperson of the Board of Directors	Yes	2022	Member, Technology Committee
Ali İsmail SABANCI	Board Member	Yes	2005	-
Mehmet Cem KOZLU	Board Member	No	2013	Member, Corporate Governance Committee
Hatice Zeynep Bodur OKYAY	Board Member	No	2016	Member, Risk Committee
Stephen Mark GRIFFITHS	Board Member	No	2016	Member, Corporate Governance Committee
Agah UĞUR	Independent Board Member	No	2019	Chairperson, Audit Committee Member, Risk Committee
David Alexander Florenz VISMANS	Independent Board Member	No	2022	Chairperson, Risk Committee Member, Technology Committee
Ayşegül İLDENİZ	Independent Board Member	No	2022	Chairperson, Corporate Governance Committee Member, Audit Committee Member, Technology Committee

¹ Appointments to the Board of Directors are renewed every year. Our current Board members were appointed for a period of one year at the Ordinary General Assembly Meeting dated March 30, 2023. Serves Since marks the beginning of the first term of membership in the Board of Directors.

Pegasus Airlines Board of Directors & Committee Meeting Attendance

Member of the Board of Directors/Committee	Audit Committee	Corporate Governance Committee	Risk Committee	Technology Committee	Board
Mehmet Tevfik NANE	-	-	-	2/2 (100%)	4/4 (100%)
Ali İsmail SABANCI	-	-	-	-	3/4 (100%)
Hüseyin Çağatay ÖZDOĞRU ¹	-	-	-	-	2/2 (100%)
Mehmet Cem KOZLU	-	4/4 (100%)	-	-	4/4 (100%)
Hatice Zeynep Bodur OKYAY	1/1 (100%)	-	2/3 (67%)	-	4/4 (100%)
Stephen Mark GRIFFITHS ²	-	2/2 (100%)	-	-	2/2 (100%)
Agah UĞUR	4/4 (100%)	-	3/4 (75%)	-	4/4 (100%)
David Alexander Florenz VISMANS	-	1/1 (100%)	4/4 (100%)	2/2 (100%)	4/4 (100%)
Ayşegül İLDENİZ	3/3 (100%)	3/3 (100%)	-	2/2 (100%)	4/4 (100%)
Mustafa TERCAN	-	-	4/4 (100%)	-	-
Ömer Lütfü ÖMERBAŞ	-	4/4 (100%)	-	-	-
TOPLAM	100%	100%	87%	100%	97%

¹ In 2023, he served from August 28, 2023.

² In 2023, he served until August 28, 2023.

At Pegasus Airlines, we operate an effective system for the follow-up and completion of the actions requested by the Board of Directors and Committees. For 2023, 95.3% of the actions proposed or requested by the Board of Directors and Committees have been completed by the end of 2023. As of December 31, 2023, there are no significant actions that are overdue.

Our Board of Directors regularly conducts a self-assessment study and as a result of this study, it determines the areas of development and determines action plans in order to carry out its activities more effectively. The most recent changes implemented after the self-assessment study carried out in 2022 include, a written rule-set on Board of Directors member nomination and appointment, a new Board skills matrix regarding the qualifications required for Board memberships and the status of existing members to meet them, reformulation of communication channels between the Board of Directors and senior management, formulation of processes relating to Board site visits, and new reporting and oversight methods on sustainability and stakeholder relations.

Members of the Board of Directors

Detailed information about the members of the Board of Directors [is available on our Investor Relations website](#). The experience of our members in our company and the industry in which we operate is summarized on the side.



Pegasus Airlines Board of Directors Industry Experience

Mehmet T. NANE

Chairperson of the Board of Directors

- Between 2016 and 2022, he served as Pegasus CEO
- Former Chair of the IATA Board of Governors and Member of the IATA Board of Governors
- He has nearly 20 years of senior management experience in the retail sector

Ali İ. SABANCI

Member of the Board of Directors

- Between 2005 and 2023, he served as the Chairperson of the Board of Directors of Pegasus
- Chair of the Board of Directors of Controlling Partner Shareholder Holding

M. Cem KOZLU

Non-Executive Board Member

- Between 1988-1991 and 1997-2003, he served as the Chair of the Board of Directors and General Manager of Turkish Airlines
- 19th Session Member of the Turkish Grand National Assembly (Turkish Parliament)
- Between 2013 and 2020, he served as the Chair of the Pegasus Audit Committee

H. Zeynep Bodur OKYAY

Non-Executive Board Member

- President of Kale Group, a prominent Turkish Conglomerate
- Chair of the Board of Directors of the Kale-Pratt Whitney Joint Venture
- Between 2020 and 2022, she served as the Chair of the Pegasus Audit Committee

Stephen M. GRIFFITHS

Non-Executive Board Member

- MAG East Midlands Airport General Manager and Group Operational Transformation Director
- Between 2018 and 2023, he held various management positions at Manchester Airports Group (MAG)
- He served as Chief Operating Officer (COO) at Virgin Atlantic & London Underground
- Between 2016 and 2022, he served as the Chairperson of the Pegasus Corporate Governance Committee

Agah UĞUR

Independent Member of the Board of Directors

- He served as Group CEO at Borusan Holding, a prominent Turkish Conglomerate, for 18 years
- Since 2023, he has been the Chairperson of the Pegasus Audit Committee
- Between 2019 and 2023, he served as the Chairperson of the Pegasus Risk Committee

David F. A. VISMANS

Independent Member of the Board of Directors

- Chief Product Development Officer (CPO) at Sennder
- He served as Chief Product Development Officer (CPO) at Booking.com
- Has experience in artificial intelligence, software & product development management in different sectors
- Since 2023, he has been the Chairperson of the Pegasus Early Risk Detection Committee

Ayşegül İLDENİZ

Independent Member of the Board of Directors

- President of TÜSİAD Silicon Valley Network
- She served as Chief Operating Officer (COO) at Silver Springs Network International and as Vice President of New Devices at Intel Corporation
- Has experience in Internet of Things, wearable technology and innovation management
- Since 2023, she has been the Chairperson of the Pegasus Corporate Governance Committee

2.3 Board Processes

We define the functions of the Board of Directors, skill-sets that the members must have, nomination and election processes, meetings of the Board of Directors and decision-making methods, conflict of interest rules, self-evaluation processes, reports regularly submitted to the Board of Directors and processes relating to secretariat services in the Board Bylaws. We apply a similar approach to the Board Committees within the framework of their Committee Charters.

Since 2022, we have been carrying out our work in the field of sustainability under the supervision of our Corporate Governance Committee and Board of Directors. Our Corporate Sustainability Policy, which forms the basis of our work on this issue, was approved by our Board of Directors in 2021.

In 2023, our work in the field of sustainability was discussed as an agenda item at four meetings of the Corporate Governance Committee and at one meeting of our Board of Directors. Apart from this, our work was reported to the Board of Directors in the form of written information at all its meetings, and also important developments were reported monthly from March 2023 onwards. On the other hand, risks relating to our performance in the environmental, social and governance impact areas under the heading of sustainability were included in our corporate risk inventory in 2023 and included in the risk management reporting oversight of the Risk Committee every two months.

2.4 Our Governance Structure

Senior management team of our company consists of our CEO and the department managers who report directly to her. Information on Pegasus Airlines' senior management and their duties can be found [here](#).

While each business unit of our company carries out activities in line with company and department goals, each business unit also regularly cooperates with other business units on common platforms. Company senior management meets regularly on a weekly basis to discuss the issues on its agenda. Operational coordination issues and flight delays are monitored weekly in well-attended meetings. In addition, important safety items and the corporate risk inventory are reviewed by senior management in quarterly review meetings. The Information Security Committee, on the other hand, brings together the senior management and relevant business units to carry out regular studies on the information security risks of the company.

In addition to these, in accordance with our quality management systems, coordination between units is ensured through studies such as Management Review meetings, management meetings for civil aviation compliance monitoring, and review and management meetings carried out by working groups formed for various projects, and performance is monitored by management with the follow-up of company targets.

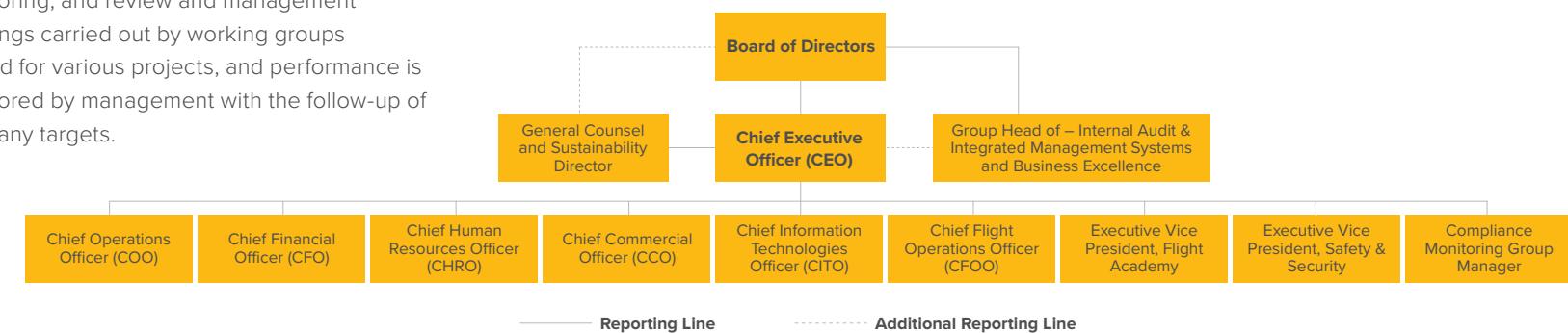
Pegasus Airlines Senior Management Team

Name/SURNAME	Duty	Serves Since ¹	Serves Since in Position ²
Güliz ÖZTÜRK	Chief Executive Officer (CEO)	2005	2022
M. Barbaros KUBATOĞLU	Chief Financial Officer (CFO)	2007	2018
Onur DEDEKÖYLÜ	Chief Commercial Officer (CCO)	2010	2022
Ergün DEMİRCİ	Chief Operations Officer (COO)	2013	2022
Gençer KARATEPE	Chief Flight Operations Officer (CFOO)	2018	2020
Dilara OĞUR	Chief Human Resources Officer (CHRO)	2015	2015
Bariş FINDIK	Chief Information Technologies Officer (CITO)	2017	2017
Murat TÜNAY	Executive Vice President, Safety & Security	2011	2020
Yavuz Selim ÖZMEN	Executive Vice President, Flight Academy	2016	2020
Ali UZUN	General Counsel and Sustainability Director	2013	2022
Sinan Onur ÖZTUNA	Compliance Monitoring Group Manager	2016	2020
Ayşe Naz ÇAĞIL	Group Head of – Internal Audit & Integrated Management Systems and Business Excellence	2024	2024

1 Refers to the date on which the manager started working at Pegasus Airlines Group Companies

2 Refers to the date on which the manager took office

Pegasus Airlines Organization Chart



2.5 Sustainability Governance Framework

In February 2022, we established a dedicated Sustainability Office responsible for implementing our sustainability policy and our strategic sustainability targets. Our Sustainability Office is also responsible for coordinating and reporting on company-wide sustainability and ESG efforts. Our Sustainability Director (who also undertakes the role of Company General Counsel) reports directly to our CEO.

Our Sustainability Working Group continued to work effectively in 2023 in order to ensure the flow of information about sustainability and ESG studies between our different business units. Many of our employees, who undertake different duties in our company, and are interested in sustainability, voluntarily take part in this platform. In 2023, 85 of our colleagues participated in our Working Group.

The members of our Sustainability Working Group continue to work through Seven Focus Groups, bringing together the specific set of knowledge and experience required for particular targets. In addition, the coordination of internal and external communication activities for our sustainability and ESG activities is handled in a separate working group with internal and external participants.

On the other hand, monitoring the progress of studies in the field of sustainability and ESG and overseeing the issues related to long-term goals and plans are carried out by the ESG Steering Committee, which includes the Sustainability

Director and our senior management. The Sustainability Director facilitates communication between the Steering Committee and the Working Group and reports all activities to our CEO. At the same time, work carried out by these units are reported to our Corporate Governance Committee and the Board of Directors at regular intervals.

Our Corporate Sustainability Policy, sustainability risks and opportunities framework, strategic objectives in this area, key performance indicators and reporting content are reviewed and approved by our CEO, Corporate Governance Committee and/or Board of Directors as determined in our relevant corporate procedures.

In 2023, the Sustainability Working Group and the ESG Steering Committee came together in 107 different focus groups and plenary sessions, and the participation rate in the Working Group meetings was 70.40%. The participation rate in the meetings of the ESG Steering Committee, which held four meetings, was 97.78%. We ensured the participation of relevant business partners and other stakeholders with whom we worked in a significant part of these sessions.



Sustainability Governance Structure

Governance Structure	Area of Responsibility
Board	Annual review and guidance of policy, strategy and reporting
Corporate Governance Committee	Quarterly review and direction of policy, strategy and reporting
CEO	Highest level of implementation responsibility
Sustainability Office	Fulfilment of senior management responsibility in strategy, planning, coordination and management of risks and opportunities under the leadership of the Sustainability Director
ESG Steering Committee	Regular evaluation of work at the management level, long-term goals and planning
Sustainability Working Groups	Ensuring communication between the relevant departments at the intermediate level management level
Focus Groups	Achievement of 24 main sustainability goals for 2022-2025



2.6 Risk Management and Compliance

The industry in which we operate largely does not tolerate the realization of risks. The planning perspective, which forms the core of our business model, stems from the need to anticipate possible risks and to be prepared in light of scenarios for different risks. On the other hand, we have a layered compliance model in which we deploy different functions and controls together to manage these risks.

Enterprise Risk Management

At Pegasus, corporate risk management activities are monitored at the level of the Board of Directors. The Board of Directors, with the support of the committees and subcommittees formed under it, performs the following duties:

- Risk Management Policies and Standards:** Establishes, reviews and approves risk management policies, understanding and standards throughout the company.
- Monitoring of Strategic and Critical Risks:** Regularly monitors strategic and critical risks and evaluates developments related to these risks.
- Monitoring Risk Management Activities:** Monitors and evaluates the effectiveness and results of risk management activities throughout the company.

The Risk Committee consists of three members designated by the Board of Directors. The chairperson of the committee is elected from among the independent members of the Board of Directors. The other two members may be elected from among the members of the Board of Directors or from outside the Board of Directors. The Committee convenes at least four times a year and submits a written report to the Board of Directors after reviewing the risk

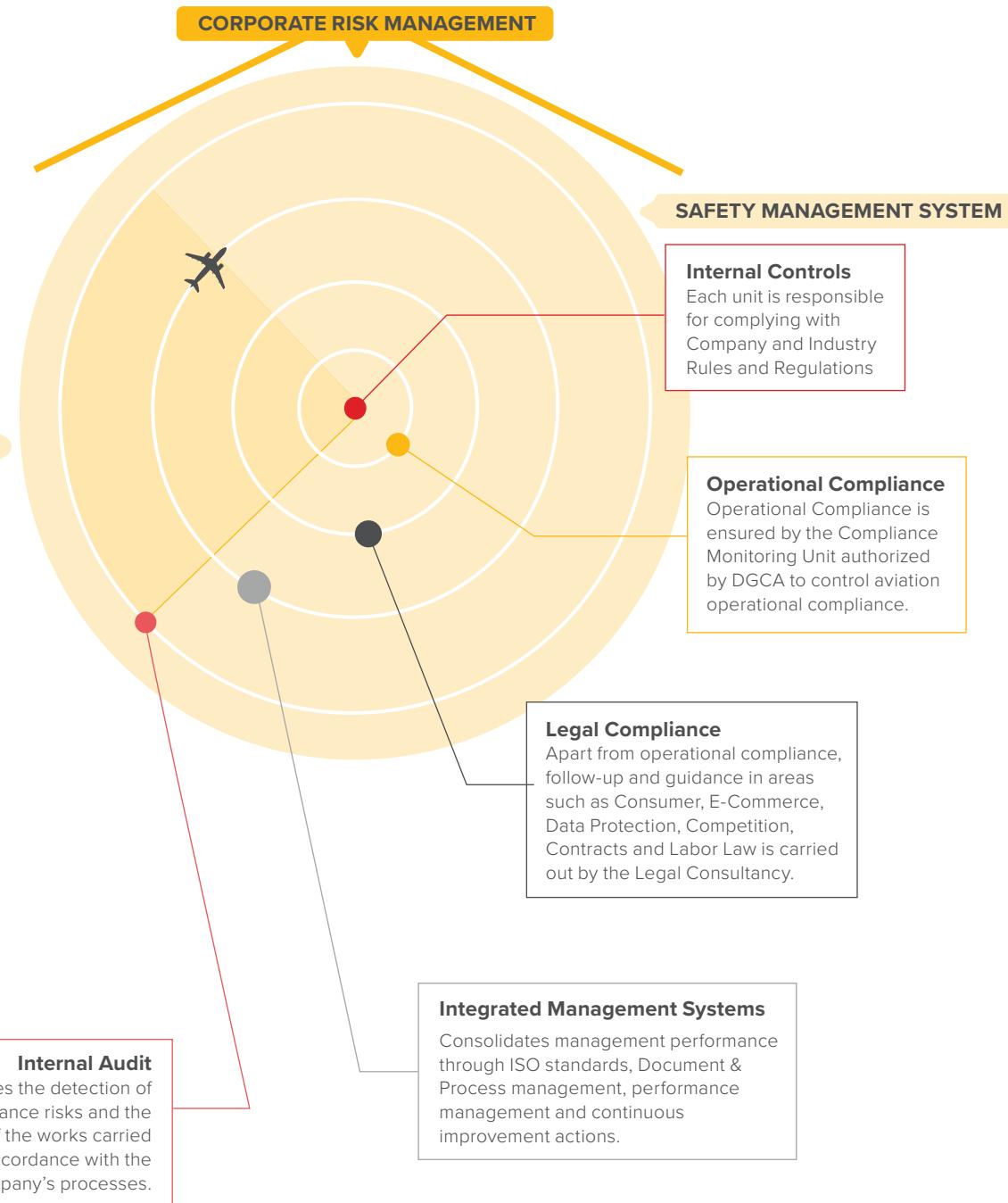
status of our company in two-month-periods. The Committee ensures early detection of all kinds of risks related to commercial, financial, legal, human resources, information systems, operational and sustainability issues that may jeopardize the existence, development and continuation of Pegasus.

In addition, it provides support in the implementation and management of the necessary measures related to the identified risks. The Committee reviews its risk management systems annually and evaluates the effectiveness of Pegasus' risk management and internal control systems and their compliance with the company's corporate structure.

Safety Management System

When conducting our operations, we manage a formidable network of compliance layers that span across different jurisdictions and expertise areas. While doing all this, the **Pegasus Safety Policy** fills the background. The Safety Management System requires the participation of all employees. Managers and employees at all levels are expected to perform at the highest level of safety performance. All practices, including the safety approach, use the Risk Management approach, which aims to identify, measure and manage the risks of our company, best epitomized by **Enterprise Risk Management**.

Pegasus Risk Management and Compliance Framework



CEO is responsible for the implementation of risk management processes and risk management at the highest level with the authority she receives from the Board of Directors. CEO is the main owner of the corporate risk management process within the company. The main responsibility for the actual realization of risk management belongs to the relevant managers.

Risks relating to flight safety are monitored within the framework of a separate governance model within the scope of the company's safety management system. Detailed information on this subject can be found in Section 6 of our Sustainability Report. In addition, special risk issues in the context of ISO 9001 Quality Management System, 14001 Environmental Management System, 45001 Occupational Health and Safety Management System and 27001 Information Security Management System are monitored according to the monitoring systems established in line with the authorities and responsibilities related to the relevant management system.

The Risk Review Board, which brings together the CEO and relevant managers, convenes before each Risk Committee. It evaluates the issues to be communicated to the Risk Committee and the risks that may affect the sector in general with risk reporting. It carries out evaluations on matters of particular importance.

In connection with all these duties and responsibilities, all employees at Pegasus are obliged to strictly comply with the established

risk management policies, standards and processes and to report to their superiors in a timely and complete manner any risk resources that have arisen and/or may arise.

With Enterprise Risk Management, we aim to achieve the following:

- Decision-making and planning being carried-out carefully and on confident basis,
- Better identification of opportunities and threats,
- Creating value from uncertainty and variability,
- Proactive management instead of reactive management,
- More effective allocation and use of resources,
- Better management of incidents and reduction of their damages, thus reducing the cost of risk,
- Developing the trust of stakeholders,
- Ensuring continuity in compliance with legal regulations,
- Improving corporate governance within the company.

Monitoring the effectiveness of each step of the enterprise risk management process is necessary. This is very important for continuous improvement. Adapting and updating the enterprise risk management process as soon as necessary will minimize the possibility of the company facing unidentified risks. It is necessary to document and record every stage of the process, to review the decisions taken later for continuous improvement and to improve the process.

Our corporate risk management process is effectively carried out and continuously improved under the supervision of the Board of Directors across the entire organization.

In this way, we continue to take firm steps towards a sustainable future.



Compliance Monitoring

Airlines operating in civil aviation are required to have a Compliance Monitoring unit in order to ensure that they operate in compliance with the applicable civil aviation legislation. The unit manager works subject to the approval of the DGCA. While our Compliance Monitoring unit carries out continuous monitoring of operational compliance, on the other hand, it monitors the compliance of our corporate procedures and manuals with current regulations by following the rules and standards published by institutions such as ICAO, DGCA, IATA, EASA for flight operations, audits company activities in this context and performs the necessary reporting to the relevant authorities.

Legal Compliance

In our company, the management of compliance programs that concern different departments apart from the scope of civil aviation compliance monitoring is carried out under the coordination of Legal Department. Harmonization studies for areas such as protection of personal data, competition law, commercial law, capital markets legislation are handled in this context. Plans and controls are carried out through

committees formed with the participation of relevant business units in different fields and implementation projects are implemented.

Integrated Management Systems

At Pegasus, we carry out our activities with an integrated management perspective. In this context, we apply ISO 9001 Quality Management System, 14001 Environmental Management System, 45001 Occupational Health and Safety Management System and 27001 Information Security Management System in all our processes and focus on continuous improvement. Our work in this field is carried out under the coordination of our Internal Audit and Integrated Management Systems & Business Excellence unit.

Managing our activities in a sustainable way, protecting the health and safety of our employees, increasing our environmental performance and protecting our information assets are among our important topics. For effective management, we develop policies and procedures in line with these principles and implement them in our processes. With our quality management perspective, we use the

feedback we receive from our guests to improve our processes and strive to continuously improve the quality of the experience we offer to our guests. This approach increases our customer satisfaction, allowing us to contribute to the long-term success of our business and create social value.

We are constantly reviewing, maintaining, improving and supporting our policies and procedures with innovative solutions. In order to maintain our integrated quality management approach, we regularly carry out impartial audits, both internal and external, and make improvements by taking the necessary actions in this direction.

An important way to contribute to our Business Excellence efforts by observing the effectiveness and adequacy of our management systems is the audits we perform. In this way, we continue to build a solid foundation that allows us to achieve our sustainability goals, while fulfilling our responsibility to our guests and all our stakeholders. In 2023, we carried out 54 internal audits, 18 supplier audits, 32 person/day external audits and 32 person/day

third-party audits within the scope of Integrated Management Systems.

On the other hand, we monitor our targets and performance based on our company processes with the Balanced Scorecard model. We link our targets in the Pegasus Balanced Scorecard with company strategies and company objectives, and we regularly monitor our performance with key performance indicators (KPIs). We describe in detail the processes and resources that need to be implemented to achieve these goals within the scope of Integrated Management Systems. We also associate the individual goals of our employees with the company goals and serve our total quality approach. We evaluate the performance of all processes and individual targets at least annually within the scope of our relevant procedures.

In order to manage our processes efficiently at Pegasus, a total of 381 processes are defined in our digital process management system. We measure and monitor the performance of these processes with 643 performance indicators associated with our 6 strategic goals that we have defined.



ISO14001



ISO45001



ISO9001



ISO27001



Internal Audit

Pegasus Internal Audit Department was first established in 2006. Since 2011, our Internal Audit Department has been operating under the Audit Committee. When we became a public company in 2013, the Audit Committee was restructured to comply with CMB regulations.

The Internal Audit unit is responsible for coordinating and harmonizing the audit activities within Pegasus in line with the generally accepted International Internal Audit Standards and local regulations published by the International Institute of Internal Auditing (IIA).

Pegasus Internal Audit implements an Assurance Concept based on the COSO Model, which is in line with generally accepted standards and best practices, in its business processes and audit work. The COSO model consists of five main components: control environment, risk assessment, control activities, information and communication, and monitoring. According to the COSO model, internal control is defined as a broad structure that is influenced by the board of directors, senior management and other employees of an enterprise and ensures that a reasonable assurance is obtained that the main objectives of the enterprise are met.

In order to ensure the structuring of an effective Internal Control System, Internal Audit activities are carried out under the responsibility of the Board of Directors and under the supervision of the Audit Committee. Accordingly, the Audit Committee evaluates the information received from the company management, the Internal Audit unit and the independent auditor and notifies the Board of Directors of its opinions and suggestions regarding internal controls.

The Company's Internal Audit Unit carries out its activities under the supervision of the Audit Committee and in line with the work plan approved. The annual audit plan is prepared using a risk-based audit methodology.

During audits, analytical procedures are applied, observations and physical examinations are carried out, existing internal controls and operational activities are reviewed. In addition, detailed research, document reviews, verification from third parties and recalculation methods are used. These studies enable the evaluation of audit work and internal control activities and help to obtain reasonable assurance.

The audit reports prepared as a result of the studies are presented at the Audit Committee meetings held four times a year.

As of 2023, a separate Internal Control unit has been established within the Internal Audit unit. With this formation, it is aimed to make the company's control processes more efficient and to diversify both operational and managerial control points.

The Internal Audit unit also operates ethics governance processes in which situations in violation of the corporate culture and the Pegasus Ethical Behavior Guide are examined and investigated upon notification or detection. Pegasus ethical governance consists of the Ethics Committee, which conducts investigations within the scope of the Pegasus Ethical Behavior Guide, the Audit Committee, the oversight authority where the decisions of the Ethics Committee are reported on a quarterly basis, and the Disciplinary Committees, which evaluate sanctions for violations of violations.



3 OUR SAFETY AND SECURITY ORIENTED BUSINESS APPROACH

Our top priority is to provide our guests with a safe and secure travel experience.

This also reinforces our perspective on providing a safe and secure working environment for our employees and other stakeholders while conducting our activities.

According to ICAO definitions, safety refers to the state in which risks associated with aviation activities, related to, or in direct support of the operation of aircraft, are reduced and controlled to an acceptable level. Security, on the other hand, describes the protection of civil aviation against acts of unlawful interference.

As Pegasus Airlines, we focus on continuously improving our own performance by evaluating the environmental and human factors of safety and security, benefiting from existing expertise within and outside the company, and making use of the best technological tools, while operating our practices in this field in accordance with national and international standards at the highest level. We contribute directly or indirectly to Sustainable Development Goals such as SDG 8 and SDG 9 through our efforts where we continuously improve our focus on Safety and Security.



PEGASUS



3.1 Flight Safety

Safety, Reporting and Auditing

Our Safety Policy includes our commitment to implement safety management as the main responsibility of our managers and employees. Owning the topic primarily depends on the creation of a working environment that allows all kinds of incidents and hazards affecting safety to be reported in a transparent, measurable and accountable manner. The purpose of our safety reporting system is to identify safety risks and developments that may lead to these risks, to monitor them through systems and reporting, and to act where there is room for improvement, especially for company practices, in managing the observed risks. At the same time, it aims to ensure that all individuals and systems that make up the safety system become more competent with safety awareness.

As of 2022, we switched to the use of the Integrated Quality and Safety Management System (IQSMS), one of the most advanced software tools available in this area in the industry, for reporting, hazard/risk identification, risk management and auditing. IQSMS is a comprehensive, integrated toolkit that supports safety management and compliance monitoring activities. We perform all functions from incident reporting, analysis and investigation, audit and corrective action follow-up with IQSMS software. With the transition to IQSMS, we achieved a 40% increase in reporting rates.



Modern and Predictive Risk Management

State-of-the-art and predictive safety risk management plays a key role in achieving our sustainability goals. By identifying and proactively responding to potential future risks through this form of risk management, we support ensuring and maintaining long-term success in sustainability in the context of a safe operation. The main points about the contribution of this approach to sustainability are as follows:

- First of all, we implement measures to protect human life.
- We contribute to using resources more efficiently.
- We help reduce environmental risks.
- By identifying possible risks in advance, we support sustainability by preventing financial losses and increasing business performance.
- It is an important and effective form of management for innovation and long-term planning.

In our safety risk management, we use a data-based risk picture and decision-making mechanism by using all data collection sources. We subject each report and the collected data to a risk assessment together with its own conditions and operational factors, and at the same time transfer it to the database. By evaluating incident investigations, audits, flight data records, reports, and data obtained from global sources, we evaluate the risks from a holistic perspective and ensure that the necessary measures are taken to ensure that our operation takes place safely.



Corporate Security Strategy

Continuous improvement of the corporate safety culture is necessary for the continuity of safe operations. Existing and emerging risks must be proactively addressed, and safety culture must be the top priority in all decision-making processes to create a safe working environment. We review our Safety Strategy annually and update it to cover a three-year period. Our Corporate Security Strategy is published with the approval of the Safety Review Committee and our CEO and is reported to our Board of Directors.

We consider the risks that arise in the aviation industry, the efforts to create a safe operation culture by ensuring that these risks are eliminated or minimized, and the technological developments in the organizational structure of the aviation industry as the focus areas of Pegasus Airlines.

In line with our company's strategy to demonstrate an exemplary safety management approach by maintaining a strong corporate safety culture during and after the pandemic, focus areas and safety targets for the 2022-2025 period have been determined and prioritized.

Pegasus Airlines Integrated Operations Management Center (IOCC)

The Integrated Operations Management Center (IOCC) is our unit where all our operational teams are managed from a single point of communication and are thus integrated. In the Pegasus Airlines Value Model image, it refers to our operations center, which works on an uninterrupted basis 24 hours a day, 7 days a week, where flight operations are managed instantly from three days before the flight at the end of years of long-term planning. IOCC was established in order to ensure the management of daily operations safely with the efficient use of resources at the right time with an integrated management style. Today, we manage weather, regional conflicts and technical problems that develop suddenly and may adversely affect our operations in a timely, effective and safe manner with our competent staff and technological tools at IOCC.



Our Safety and Security Practices

New Generation Aircraft

At Pegasus Airlines, we aim to maximize safety through the use of new-generation aircraft equipped with modern technology and continuous learning outcomes. Having a new generation fleet; means cabin safety, fire extinguishing systems, emergency evacuation procedures and other safety measures are provided at an up-to-date and effective level. In addition to having many up-to-date and safety-enhancing state-of-the-art systems, we have features such as advanced protection and warning systems that increase flight safety, sensitive navigation equipment and more reliable engines in our understanding of safety and security.

Simulator Training

We believe that effective and efficient training is the basis of safety. We attach significant importance to simulator training, which is one of the most important steps in the implementation of this policy. Going beyond legal requirements, we provide at least five simulator trainings per year to our pilots. We evaluate the current issues identified during the training within the scope of change management and integrate them into our training.

At our Flight Academy, we have three flight simulators serving our Airbus fleet training needs. In addition, we have training devices that provide training content on certain topics and simulator devices for our cabin attendants to gain competence in different subjects such as emergency evacuation, fire extinguishing and emergency management.



Artificial Intelligence-Based Safety Software

We actively use technological developments to improve our safety practices. Thanks to our Safety AI project, which we designed in-house and developed together with our expert business partners, artificial intelligence analyzes our past flight data, predicts events that may occur in the future and provides pre-flight notification. This way, our pilots can know in advance the risks that may be encountered in the flight as a result of an estimation by analyzing and evaluating all factors before each flight and take the necessary precautions.

Wellbeing

Sustainability and wellbeing are interconnected. Considering these two concepts together contributes to the creation of a healthier, fairer and more sustainable corporate culture. With our sustainable process flow and procedures, we create a working environment with a high focus on safety and well-being.

We can define human factors as human competence and the limits of this competence. Human factors can directly affect safety, security, and effectiveness in aviation activities. Because of this direct relationship, we are developing practices that take more into account the mental health of our employees. We carry out many projects and practices under the title of Wellbeing with our perspective that adopts a preventive and proactive approach within the framework of the principle of fair culture for the mental and mental health conditions of cabin and cockpit crews. With this approach, we encourage individuals to focus on their own and others' well-being and play a supportive role while creating a culture of inclusion.

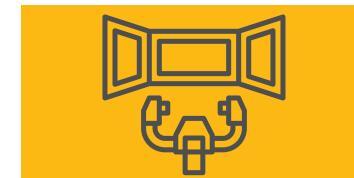
We proudly continue the Pegasus Airlines Peer Support Program (PAPS), which we started working on in 2018, put into practice in 2019, and completed the DGCA certification in 2020, which is the first example of practice in this field in Türkiye.

As the first aviation company in Türkiye to implement the Peer Support Program, we continue our leadership in this field. We share the experiences of this program, which we have developed specifically for Pegasus, on national and international platforms in order to improve the safety performance of the sector, and we continue to set an example for other companies.

With the website we created specifically for PAPS, which we launched in 2020, we offered our flight crews an application system that they can easily access 24/7.

Safety TV

With Pegasus SafetyTV, we broadcast to our flight crews in their crew rooms before each flight to raise awareness about safety issues and remind them of current issues. On SafetyTV, we broadcast important topics such as risk areas, information about airports, recent changes, assessments made within the scope of threat and error management, and we provide visual information to our teams before they go to the flight or between flights.



Safety and Security in All Areas

Safety and Security in the Application and System Area

FDX: By sharing the Flight Data Tracking information of all the flights we operate with IATA, we compare the safety performance indicators with the 214 airlines that are members of the IATA Flight Data Exchange FDX all over the world. FDX provides participating airlines with a comparative overview in flight safety-related areas, with comparisons available at global, regional and airport level.

ACARS: By using the digital data link system, which enables the transmission of short and relatively simple messages between aircraft and ground stations via radio or satellite, we provide instant monitoring of the operation, increasing its efficiency and safety. Thanks to real-time ACARS communication during the flight process, we provide the necessary guidance and information, so that we can manage sudden risks at the right time.

EFB: We have an Electronic Flight Bag (EFB)

system on all our aircraft. EFB is a tablet containing software that allows aircraft to perform static documents and dynamic calculations electronically without having a hard copy of any document in the cockpit. We have been specially authorized by DGCA for the use of EFB, for which we have developed our own software. Since 2015, our pilots have been carrying out all kinds of preparation and technical issues in flight electronically through EFB within the framework of the paperless cockpit concept. We manage the technical information of the aircraft, flight plans, passenger and cargo information, weather and airport conditions and many other parameters with Pegasus EFB, for which we have developed our own software.

CEFA FAS: Flight Animation System is a software that we use to improve pilot training and flight safety by developing 3D animation and services. Innovative solutions developed by experts recreate flights with high detail and accuracy based on data from aircraft flight recorders, allowing them to be used for inspection and training purposes.

Safety and Security in the Contribution and Value Area

As Pegasus Airlines, we participated in three research projects funded by the European Union, SafeClouds, SafeOPS and SafeTeam, as principal members. In general, we provide data sharing, data analysis, investigations, simulator, field and expert personnel support in projects that cover studies on safety-related data analysis, risk management and human factors, and we fully contribute to research.

IATA Operational Safety Audit (IOSA) Program

It is an internationally recognized and accepted assessment system designed to evaluate an airline's operational management and control systems. We participate in the IOSA audit and certification process every two years. In this way, we ensure that the most up-to-date regulations are applied to the company's documentation and procedures, and that the operation is carried out safely.

Our safety audit program includes periodic or instant audits carried out by DGCA and other relevant Ministry of Transport and Infrastructure units, as well as inspections by the civil aviation

authorities of the countries where we operate, IATA's external audits within the scope of IOSA and internal audits planned by our compliance monitoring unit. For our operations in the European Union and the UK regions, we are also subject to EASA and TCO requirements. Therefore, we also carry out our processes in full compliance with all EASA regulations.

SAFA audits carried out by civil aviation authorities for airline operators registered in other countries are among the key performance indicators we monitor for safety performance. Since 2021, we have been sharing our SAFA rating in our annual reports in comparison with previous years. In 2023, a total of 60 inspections were carried out on 36 aircraft in 39 international arenas. As a result of these audits, we concluded the average of the 2023 Enterprise SAFA Audit with a value of 0.21. Our SAFA performance and target for the last three years are set out below. Our performance was in line with the target in 2023 and as of June 30, 2024, the current situation is below the reported year-end performance.

Pegasus Airlines 2021-2023 SAFA Rates

Non-Financial Indicator	Indicator	Goal	2021	2022	2023
SAFA Ratio	Flight Safety Assessment	Do Not Exceed Türkiye Average (0.43 in 2023)	0.10	0.19	0.21



3.2 Operational Security

We operate an aviation security system to protect our activities, especially our flight operations, from unlawful interventions.

In this context, our focus is on ensuring the safety of the operation and our guests, employees and service providers in all our activities. Implementation tools to achieve this include creating a corporate security culture, threat assessment and risk management, security training, internal communication, incident reporting system and target-oriented performance management.

We work in close cooperation and coordination with the DGCA and the civil administration and security units at the airports where we operate, and the private security companies operating in the terminal and other areas.

Domestic and international security risks and threats are reviewed regularly or upon significant developments.

On the other hand, the illegal passenger system, which we have designed in line with the ICAO, IATA and DGCA guidelines in order to protect flight safety and the safety of life and property of our guests, employees and service providers, has been an effective means of implementing measures to prevent incidents that may disrupt the operation before or during the flight for about 10 years.



3.3 Information Security

We have applications at various levels to ensure information security. We act in accordance with the law and the applicable standards by defining our information assets and identifying and managing risks that may threaten the confidentiality, integrity and accessibility of our assets.

In this context, we are committed to defining the roles and responsibilities required for the operation of information security processes, providing all the resources needed, and continuously improving the system by raising awareness of information security among our stakeholders.

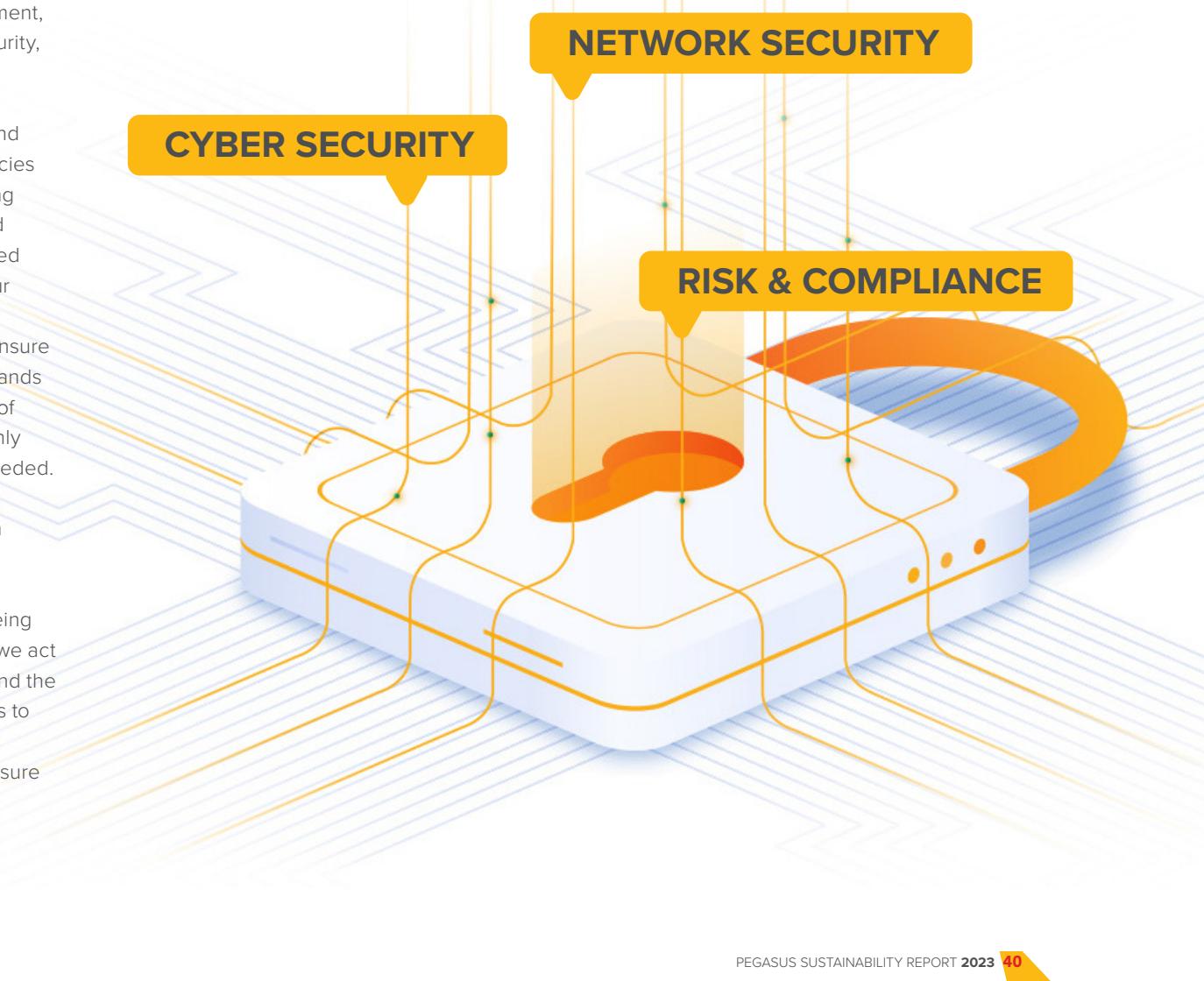
We have built our Pegasus cyber security approach within the framework of an Information Security Management System that is in line with our strategic objectives and within the scope of providing the expected outputs, where good practices are effective. We strive to create an environment where resilient cybersecurity, collaboration, and awareness are flawless. In Information Security, we carry out

assessments with three main sections: Cyber Security, Network Security, Risk and Compliance. We evaluate many areas such as risk management, standards and compliance, data and brand protection, infrastructure security, access security, identity and access under the three main sections we have determined and work to take appropriate operational measures. We have an information security team that specializes in information security and has worked in the sector for many years. Under the heading of information security, we work on many issues such as vulnerability management, 24/7 monitoring and intervention, data security, governance, network security.

As part of our activity, we offer fast, easy and secure online services to our guests, agencies and the airlines we cooperate with. Ensuring the security of commercial, operational and personal information that is produced, stored and distributed is of high importance for our employees, guests, business partners and suppliers. We consider it an obligation to ensure that this information does not fall into the hands of unauthorized persons, that the integrity of the information is protected and that it is only accessible by authorized persons when needed.

In accordance with the legal regulations on the Protection of Personal Data, we take the necessary technical and administrative measures to prevent personal data from being obtained by others illegally. In this regard, we act in accordance with the rules of the KVKK and the GDPR, and we operate control mechanisms to reflect these rules in business processes. In our management structure, we aim to ensure

that an Information Security Management System (ISMS) is established, implemented and maintained in line with our business strategies in order to protect our information assets. We have included all the activities we carry out within the scope of Pegasus Headquarters, all the activities and critical systems we carry out at Istanbul Sabiha Gökçen Airport, our main base of operations, all information systems and disaster recovery systems hosted in our data centers, within the scope of Information Security.



We operate and audit the information security management system as a reference to various industry standards such as PCI DSS credit card security standard, Presidential Digital Transformation Office-Information and Communication Security Guide, DGCA Cyber Aviation Instruction.

In 2023, we successfully completed our ISO 27001:2017 Information Security Management System audit and decided to move to the ISO 27001:2022 version. Within the scope of the Information Security Management System, we carried out 54 internal audits throughout the year.

We regularly provide mandatory information security awareness training to our employees and at the end of the training, we require an exam to measure whether the participants have reached a certain maturity. In addition to the awareness activities we have carried out, we regularly share our content with our employees on our corporate screens within the company and via e-mails every month. We share short information security videos that are educational. In order to raise awareness outside of our employees, we share a comprehensive program on information security with certain suppliers and agencies.

We identify our suppliers who are critical in terms of information security and ensure that awareness is raised about information security

by auditing our suppliers with whom we do business. We undergo regular security scans of our systems and take data protection measures against unauthorized access and improper use.

We have independent auditing organizations conduct assessments to determine the level of information security maturity and monitor development using international frameworks such as COBIT 4.0, ISF (The Standard of Good Practice for Information Security) and NIST – Cybersecurity Framework. By identifying our areas that are open to development, we evaluate opportunities for all our stakeholders, including our guests, in line with the philosophy of continuous improvement.

An information security consultant is involved in every project we develop within Pegasus and provides guidance to the project team in the development and testing of all processes in accordance with procedures and up-to-date technology.

We regularly inform our Information Security Committee, which has been established at the senior management level, about the assessment of cyber security risks within the organization and our corporate perspective on current threats. As Pegasus, we aim to become one of the airlines that make the best use of technology, and we aim to move forward without compromising on information security through regular checks.



3.4 Occupational Health and Safety

We are aware that the basis of our operational safety is to ensure the health and safety of our employees, business partners, stakeholders, suppliers and guests. Therefore, our priority in all our operations focuses on this area. In this approach, we attach special importance to ensuring the participation of our employees in the decisions to be taken in consultation.

With our 62 employee representatives, we hold OHS boards chaired by employers' representatives every two months in our intensive operation areas. We held 42 board meetings in 2023. In these meetings, the events and actions taken during the month are evaluated. At the end of the meeting, each employee representative is given a special time to bring their ideas to the board with a free approach.

In our Occupational Health and Safety Policy, we clearly state the value we attach to health and safety, from operational processes to the service area we provide, and the importance we attach to development in this field.

By taking an open approach to development and innovations in the field of occupational health and safety, we come together with our sector stakeholders throughout the year and share the good practices implemented. We believe that these sharing meetings provide development in the field of OHS and are of significant importance in revealing the strengths and weaknesses of the company's muscles and disseminating projects that benefit in practice

In order to establish health and safety in our

work areas, we involve all our colleagues in the processes, implement good practice examples, and evaluate how we can improve them. With the system we have established at Istanbul Sabiha Gökçen Airport, our main base of operations, we aim to manage risks with a proactive approach by providing 24/7 occupational safety expertise surveillance in the field. We also contribute to the health and safety culture with effective field surveillance at other airports.

Occupational safety and occupational health training is provided to all our recruited employees before starting work and to be repeated every two years. We also provide field training to our newly recruited employees to work on the occupational health and safety risks and hazards they will encounter in the operation before starting the operation. On the other hand, we provide on-the-job training, which we call toolbox, for all our employees involved in the operation. We carry out training in an unplanned manner with OHS experts working in the field 24/7 while the employees perform their duties.

We aim to implement exemplary practices by carrying our occupational health and safety perspective above the minimum expectation drawn in legal regulations. One of these applications is the training project with Virtual Reality (VR) Glasses technology, which we have implemented to increase efficiency in training. By using the developing technology, we convey the working area to our employees in the closest way to reality before they go to the field with VR Glasses. We ensure that our employees and trainees are trained with the feeling of being in the field and we ensure that they gain the closest experience to reality in the safest way.

As part of disaster and emergency

preparedness, we conduct drills at least once a year in all of our work areas. We measure the occupational health and safety efficiency of the institution with a parameter. Occupational accidents, reported near misses, and employee feedback form the basis of these.

Audits are of significant importance in terms of evaluating the implementation status of occupational health and safety studies and making determinations. During these audits, we audit not only our own work but also our suppliers.

Occupational Health and Safety Trainings

Name of the Training	Number of Participants		
	2021	2022	2023
Basic Occupational Health and Safety Training	3,485	3,660	3,732
Induction Training (OHS)	24	19	156
On-the-Job Training (Toolbox)	10,807	17,153	21,038
Search-Rescue-Fire Extinguishing-First Aid Training	186	92	160



Occupational Health and Safety Data

Occupational Health and Safety Data	Data for Employees		Data for Subcontractors
	2021	2022	2023
Accident Frequency Rate	16.68	30.06	33.97
Accident Severity Ratio	29.57	49.67	64.67
Lost Work Time Accident Frequency Rate	4.14	7.1	12.49
Number of Occupational Diseases *	2	1	2
Number of Near Miss Notifications	56	62	95
Total Number of Accidents	298	406	549
Total Number of Fatal Accidents	0	0	0
Total Number of Lost Workdays	477	721	1,045
Total Number of OHS Inspections (All Airports)	1,539	1,469	1,704
Total Number of OHS Audits (Suppliers)	8	11	6
OHS Board Meeting	-	-	42
			10

* The main type of work-related disease is musculoskeletal diseases.



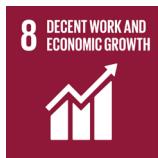
4 OUR DIGITALIZATION AND INNOVATION ORIENTED BUSINESS APPROACH

We developed our low-cost business model, which is branded with the motto “We did not start aviation in Türkiye, but we transformed it!”, by always staying young, innovative and productive.

In 2018, we set our goal of being among the leading airlines that use technology best in the world with the claim of being “Your Digital Airline”.

Our journey of digitalization and innovation allows us to always offer new services to our guests that are easy and accessible, to provide a comfortable travel experience, and at the same time to make our employees more competent and efficient in their work.

We contribute directly or indirectly to Sustainable Development Goals such as SDG 4, SDG 8, SDG 9, SDG 11 and SDG 12 with all our efforts where we constantly improve our focus on digitalization and innovation.



4.1 Our Innovative Structure

As Pegasus Airlines, we define ourselves as “Your Digital Airline”. Since 2018, we have been progressing on our digitalization journey by introducing our brand-new applications. We focus on the concepts of People and Technology to sustain our success.

First of all, we strive to provide a rich service with technological opportunities so that our guests can have a better travel experience, and to create a business environment where we can render our employees more competent and effective in their jobs. On the other hand, thanks to technology, we have the opportunity to differentiate and customize the service we offer. We aim to be among the leading airlines that use technology best in the world permanently. In this direction, we continue to increase our technology investments every year.

In our digitalization journey, we take our strength and energy from our innovative, inquisitive and entrepreneurial approach, which has not changed since 2005. We carry out important projects by using the power of technology in every field in order to provide our guests with an easy and self-managed travel experience, to create an easy working experience for our employees, to carry out an efficient and safe operation and to make effective income/expense management.

In our company, we operate a model that constantly researches and develops digitalization and innovation opportunities in corporate, commercial and operational areas. We evaluate our innovative works and solution proposals that will cooperate with technology within our fields of work and business requirements, with the guidance of our business units or the information technology department. We are working on bringing practical and development-oriented solutions into the system by evaluating practical and development-oriented solutions in every field where we can use technology. Every value we add to our processes with technology contributes to the improvement of the travel experience with each passing day.



4.2 Innovation

The work we do at Pegasus largely moves across technological infrastructures. For this reason, innovation studies in our company are largely intertwined with our work in the field of technological infrastructure and digitalization.

Through research and development, we incorporate reliable, simple and easy-to-apply transaction processes in line with the suggestions of our employees and the positive experiences we observe from our sector and other sectors. We focus on development with our investments in areas such as making our employees more competent in innovation,

creating a thinking environment where ideas can be freely shared, openly discussed and evaluated within the company, and providing the necessary resources for the implementation of ideas.

In the context of technological development, we examine and analyze digitalization and innovation demands within the scope of our corporate, commercial or operational portfolios. Together with our business partners, we ensure that the process starts in order to develop suitable products and services.

Every year, we evaluate the needs and development-oriented expectations with the

business units on behalf of the next planning period. We evaluate the specified and proposed changes as software, hardware, licenses, services, or a combination of these to determine the budget requirements. After a detailed evaluation process with the participation of the relevant business units, Information Technologies and Finance units, we determine our priorities and put them into practice.

Considering the growing impact of digitalization and innovation developments, Pegasus Airlines established a Technology Innovation Lab within our company at the end of 2023 in order to ensure the development of this digitalization and innovation process in the coming years and to

monitor and evaluate the latest developments in the world on site. In this context, we established Pegasus Airlines Innovation Lab as our 100% subsidiary based in the United States to operate in Silicon Valley. As of 2024, we will make our digitalization and innovation efforts even more effective with the momentum created by this new structuring.

PEGASUS INNOVATION LAB



FLYDEA

In 2022, we launched our “FLYDEA” employee recommendation system to encourage innovation within the company. With our FLYDEA suggestion system, we encourage our employees to offer innovative ideas under the headings of guest experience, new revenue generation, unit cost reduction and savings, sustainability, environment and occupational health and safety, safety culture, lean business processes, innovative services, new business models and markets, digitalization and N+1. The suggestions of our employees are submitted to the votes of our other employees after going through a detailed review process. While we plan the winning ideas after evaluating their feasibility, we reward our employees who

submit suggestions. In addition to the implementation of the innovative ideas we have achieved with FLYDEA, we also strengthen the employee experience and internal participation by contributing to the realization of value-creating projects. Since the beginning of our FLYDEA project, we have received a total of 1,332 innovative proposals, and a considerable number of them have been voted on throughout the company after the evaluations of the Proposal Commission. We rewarded our employees who submitted suggestions with 25 Appreciation Awards and 70 Appreciation Awards, and as a result, we have implemented three valuable projects with FLYDEA.

4.3 Our Digitalization Journey

We continue our digitalization efforts with more than 25 large, over 50 medium-sized projects and over 1,000 development-type software development activities per year.

We have a wide network of business partners including large international companies such as Microsoft, Oracle, Salesforce, more than 30 software companies established in Türkiye and the universities we cooperate with.

With the investments we made in 2015 and 2016, we became a partner in Htit Computer Services, which is among the leading companies in the world in the field of aviation software. We have used Htit Computer Services products since 2005, and we continue our shareholding in Htit Computer Services, which carried out its initial public offering on BIST in 2022.

We invest in the world's leading technology

services in areas such as authorization management, internal awareness, internal and external fraud management, and cyber security. We carry out software development within our own structure, albeit in a limited scope for unique needs.

All this working and service network provides an advantage for us to manage developments, risks and opportunities in the dynamic sector fed by the technological needs we are involved in. Since 2022, we have been developing our digitalization projects within the scope of the "N+1" program that we started within the company. Our slogan "N+1" inspires us to constantly work for the better by expressing the better of "N", which is the best of the available. Many of the projects we have carried out are first-of-its-kind applications in the sector or in Türkiye or in the field of technology.

On the other hand, we develop our strategies in line with our company's digital airline discourse. Half of our sales are made through our digital channels, our website and mobile applications. The number of users of our mobile applications has reached 1 million. We had over 120 million visitors from 200 different countries on our digital channels in 2023.

Since 2021, we have been announcing our

important digitalization projects in our Annual Reports. In recent years, we have implemented more projects using automation and artificial intelligence. As of the end of 2023, within the scope of Robotic Process Automation (RPA), we have automated a total of 38 processes that cause routine workload in all units.

N+1

FIRST IN THE WORLD

- Light and Voice Guidance **in Express Baggage**
- Express Baggage **Fallback**
- **IATA Pay** (among LCC Airlines)
- **Trip Planning with Flybot** (LCC)

FIRST IN TURKEY

- **Whatsapp Boarding Pass**
- **Mobile DCS**
- **OHS Training with Virtual Reality**

PIONEER IN THE TECHNOLOGY LEAGUE

- **Pricing with Artificial Intelligence**
- Mobile/Web **360 Flight Search**
- **Digital Place Management with TAMS**
- **New PIN**

The number of users of our mobile applications reached **1 million**. We had over **120 million visitors** from **200 different countries** on our digital channels in 2023.



Pegasus Airlines 2021-2023 Number of Reported Digitalization Projects

Non-Financial Indicator	Indicator	Target	2021	2022	2023
Number of Digitalization Projects Reported as of the End of the Year (in the Annual Report)					
	Digital Airline Promise	-	17	18	32



Digital Applications for Guest Experience

- We became the leading airline in Türkiye to launch the “Travel with ID” application on **our domestic flights with our project, which aims to enable our guests to travel only with their ID cards by eliminating the obligation to show a large number of travel documents at airport control and boarding points**. We provide door-to-plane transitions on our domestic flights and all passes, including security checkpoints at Istanbul Sabiha Gökçen Airport, with new generation ID cards without the need for a boarding pass.
- From 2021, we started to show the **best flight ticket prices on the calendar and graph** so that our guests can make their travel plans flexible. Aiming to provide our guests with easy access to flight information and boarding passes, **we added flight gate and baggage band number** information to our mobile application in 2021, and with our new developments, **we started to announce gate change and boarding information** within our mobile application. With this development, we ensure that our passengers can access the information they need most during their travels only through our mobile application.
- In November 2023, **thanks to our joint project with** ChatGPT, we enabled our chatbot application, **Flybot**, to provide travel support to our guests. Our guests can get suitable destination suggestions by contacting

our Flybot virtual assistant and go as far as purchasing tickets with a virtual assistant. With Flybot, an average of 30 thousand guests per month interact and enjoy digitalization to manage their processes and have a better travel experience.

- We implemented Europe’s largest self-service baggage drop station **at Istanbul Sabiha Gökçen Airport** with our own design and R&D studies. We manage **more than 50% of total passenger operations fully automated**. We developed our own **Express Baggage kiosks**, including visual and application design, with a business partner operating in Türkiye. Another innovation we implemented within our Express Baggage application is that we offer the opportunity to sell seats through the Express Baggage system during the flight registration (check-in) process. We continue our efforts to take the user experience to a higher level by guiding with light and sound during luggage drop-off.
- In 2023, we launched the Smart Reissue development, **which made significant changes to the calculation structure and views on the change summary screens in flight change transactions**. This enhancement has made the fee calculation more understandable and accessible to our reservation system users and guests. With this enhancement, we optimized guest notifications, reduced the workforce spent on guest services, and increased guest satisfaction.

- In the digital world, we added a new dimension to our efforts in the areas of continuity of interaction with guests and user experience **with the Pegasus Application Offline Access Opportunity**. We implemented the ability for our guests to save their Boarding Pass before their flight so that they can access information about their flight

even if they are not connected to the internet (including the time zone in which the flight took place). With this feature, we took the first step in the world where we will continue to stay connected with our guests even if they do not have an internet connection.



Practices for Lean and Efficient Operation

- In 2022, we launched the Smart Payment Routing (SmartSwitch) system. Thanks to our application, which we continuously improved so far, we started to direct unsuccessful payment transactions in the ticket purchase process to alternative payment channels with the smart rules we created. In the event that an error is received due to the system, network or bank in order to complete the payment successfully, the situation is resolved without reflecting it to the user. We ensure that the payment is received in a healthy way with our smart technology, which is looking for a successful channel in the background.
- The basis of a good travel experience is that our guests complete the procedures at the airport quickly and are not affected by unexpected system and infrastructure problems. In 2023, we brought the work we have been carrying out for more than two years to an important stage in order to ensure that **our Departure Control System (DCS)**, where we carry out our basic processes such as check-in and boarding, can work under all conditions. With Fallback DCS, we ensure that the secondary system can continue operations from where it left off with backed-up up-to-date data in case of any system and infrastructure-related problems.
- Our SmartGO (Smart Ground Operations) mobile application, **which is designed to manage all operations of our aircraft in a single application during their time** on the ground, includes the Turn Around

Management System (TAMS), **which enables proactive actions to be taken by tracking all the work that needs to be done during the time on the ground with smart algorithms in 2023**. Added. With the addition of the TAMS

application, we provide the opportunity to manage all sub-operations carried out on an aircraft basis and to intervene instantly in delays thanks to alarms. We can track the time our planes spend on the ground in real time. Thanks to our TAMS product, we can process the data of ground vehicles and our employees working on the ground in real time from ACARS and IoT systems, where we monitor aircraft data.

- The high potential of developments in wearable technologies and augmented reality technologies also appeals to a wide range of uses in the aviation industry. We continue to increase our work in this area, and we are working to implement practices that support our operational processes. In order to create time and cost advantages by shortening fault detection times and the time the aircraft stays on the ground; We provide remote technician support in case of structural damage and other failures. We distributed wearable technological equipment to our stations in order to shorten maintenance recording processes, support detection/repair processes with visual records, and optimize the process in training and inspections.
- In order to solve all kinds of problems that may occur during flight operation, we completed the developments by designing the **IROPS – Aircraft Optimizer** product. With Aircraft Optimizer, we aimed to create the most appropriate flight sequence according to

the feasibility rules, field closures, planned/unplanned maintenance and the operational cost of these situations. Aircraft Optimizer is a program that we created to plan our flights with the least number of cancellations, delays, and aircraft changes within the framework of the determined constraints.

- In order to improve and develop operational processes, we support the instant task assignment process managed by **RTM (Real Time Management)** officers with the location information of apron bus operators, and we provide proactive control of potential problems. By matching the location, communication and speed information we obtain from the IoT devices in the vehicles with the location information from the Bluetooth cards, we enable the office staff to instantly access the vehicle location information on the apron. Thanks to this data, we ensure that the task is automatically started and finished by the system according to the points where the vehicles and personnel enter and leave the area determined on the map. We ensure that decisions are made by evaluating the data transmitted to the personnel to whom new tasks will be assigned, and that alarms are generated for vehicles in the wrong area.

- In 2023, as part of the digitization of Aircraft Maintenance and Repair activities, we added new features to our SmartTechnic mobile application. Some of the highlights of the SmartTechnic app features are the QR code aircraft selection system, warehouse material checks, and the display of job listings to cabin crews.

- We regularly allocate resources to breakthroughs in aviation technologies and research and development activities within the company. In our R&D studies for operations in 2023, we focused on a more precise and in-depth analysis of our operational data. With our Xml AHM565 project, which will facilitate ground handling services at the airports where we operate, **we contributed to flight safety and fuel savings by ensuring that the loading and balancing processes of our aircraft are carried out correctly and completely. We also had a significant positive impact on the elimination of technical elements that can cause aircraft delays at airports and the reduction of aircraft ground times.**

- **Our ground handling module in the Electronic Flight Bag (EFB)** system is a project we developed to provide easy access to contract and service information of service providers at airports and the management of contracts. With this project, we enabled our personnel to take quick action against the demands coming from the cockpit during the operation and to take precautions against ground handling problems that may be encountered during the operation.

- With the **PegasusConnect project** we implemented, we enabled online communication between our teams and ground support teams, enabled document sharing between teams, and contributed to an effective and faster operation by providing easy access to the necessary information.



Enterprise Applications for Employee Experience

- We added the “Location Based Check-in” feature to our SmartOPS mobile application, **which enables our flight crews to manage the processes related to their duties from anywhere.** Thanks to this feature, our flight crews can transmit their information with a single click through the application when they arrive at the airport and are ready for flight. At the same time, we moved traditional card scanning methods to the digital environment by using the location feature in mobile technologies. In this way, we aim to make the lives of our employees easier.

- With the QR Code scanning technology we added to our SmartCabin application, our cabin supervisors can also report from inside the aircraft that their teams are ready for flight. Thanks to the queue-based QR codes we placed on the aircraft, **we started to use the “In-Flight Check-in” function** on the SmartCabin application. Thanks to this system, we can learn in real time that our cabin crew is ready on board and measure the time it takes to reach the aircraft from the airport. With this information we obtained, we aim to evaluate the team-related delays in our flights more accurately and to take the necessary remedial measures for our teams to board the aircraft.
- We moved the process of printing out the documents requested by the users from the Human Resources team, signing them wet, and then physically transmitting them to the employees to the end-to-end digital environment. Now, self-service and instantly requested documents can be obtained in Turkish and English via Airflow. The requested documents are digitally signed and sent to the relevant person by e-mail by the system. The document can be verified through our systems by scanning the QR code or with the process number/tracking number information. Thanks to this technological development, while improving our processes with a focus on digitalization, we also contribute to our

sustainability goal by reducing the amount of paper used.

- We developed **the Pilot Training Dashboard** application, which is another project of ours, to meet the training needs of the pilots of our rapidly growing fleet in an effective and user-friendly way. With this project, we digitized the calligraphy training forms and made the training processes accessible and traceable for both teachers and students.



4.4 Operational Efficiency

We operate one of the youngest and most fuel-efficient fleets in Türkiye and the world. As Pegasus, we closed 2023 with a fleet of 110 aircraft with an average age of 4.6 years.

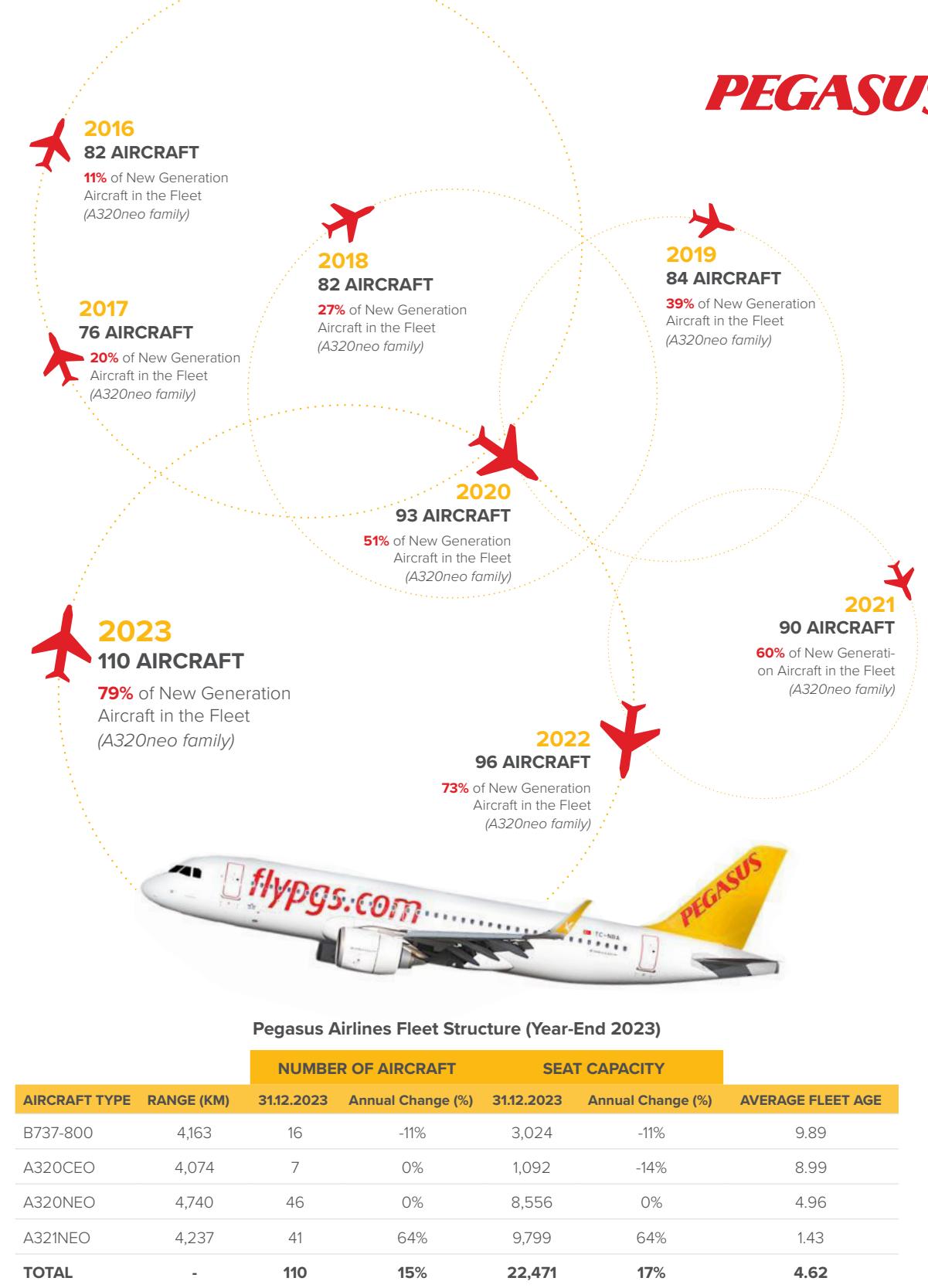
Our Fleet of New Generation Aircraft

In July 2012, we ordered a total of 75 aircraft, including 57 A320neo and 18 A321neo, as well as 25 optional aircraft, for a total of 100 new aircraft. This order was the largest single aircraft order in the history of Turkish civil aviation at that time. In December 2017, we exercised our option for 25 additional aircraft and converted them into orders in A321neo configuration. Airbus has also ordered a total of 50 additional A321neo aircraft in 2021, 2022 and 2023. Thus, as a result of our orders, which we improved and increased our purchase order in 2012, we updated it to include a total of 150 new aircraft, consisting of 42 A320neo aircraft and 108 A321neo aircraft.

On the other hand, we were the first user of the CFM-Leap series engines used in A320neo aircraft in the world. The CFM-Leap engines we use in our A320/A321neo family aircraft are among the most efficient in the industry, consuming up to 20% less fuel than the previous generation Boeing 737-800NG and Airbus A320ceo aircraft.

Since our first step towards the Airbus neo fleet structure in 2012, we steadily oriented our fleet composition towards Airbus A320neo family aircraft, and in particular the A321neo type, which provides greater seat capacity and lower CASK. This contributes to our goal of maintaining a simple fleet structure with young and modern aircraft to ensure the operational efficiency of our fleet with an emphasis on fuel efficiency. At the same time, it provides a reduction in our unit carbon emissions.

By the end of 2023, the share of A320/321neo aircraft in our fleet reached 79%. In terms of available seats on aircraft, the ratio of the number of seats in our neo fleet to the total seat capacity is 82% in the same period. We expect to add 16 more Airbus A321neo aircraft to our fleet in 2024 and 44 between 2025 and 2029. Thus, we aim to gradually increase the proportion of new generation neo aircraft in our fleet. As part of our fleet transformation strategy, we anticipate that we will continue to make improvements in fuel efficiency by increasing the proportion of fuel-efficient A320neo family aircraft, thereby reducing our carbon emissions.



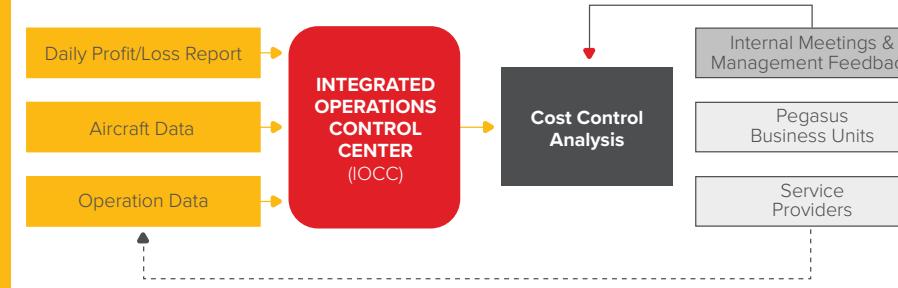
Lean & Efficiency Oriented Operation

The low-cost business model requires the control of this fleet with lean and efficient operational management as well as the existence of an efficient aircraft fleet. Our strong commitment to maintaining lean and efficient operations is a key factor in the continuity of our low-cost business model, enabling us to operate with a low unit cost base and high efficiency.

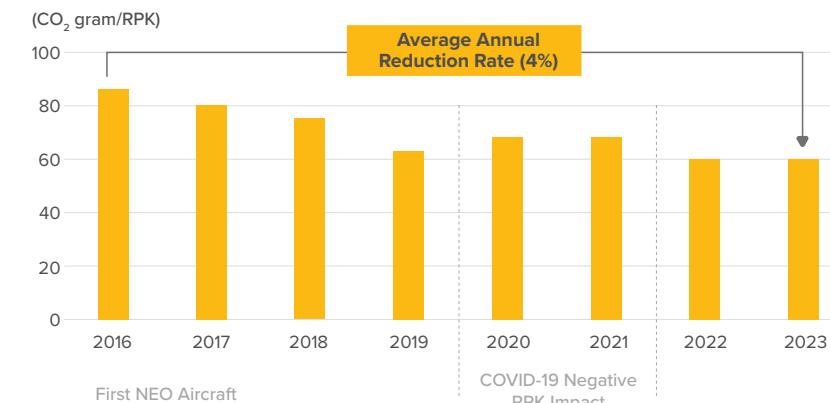
With the strong support of our Board of Directors and management, led by our operational teams, coordinated by our Cost Control and Analysis Team, and executed through our support functions, various operational initiatives consistently deliver significant efficiency and cost savings by breaking the mold of traditional practices.

These initiatives are shaped by our promise to be a Digital Airline and our environmental goals, and are an important source of strength for our sustainability efforts.

Our Approach to Developing a Lean & Efficient Operation



Increased Fuel Efficiency & Reduced Emission Intensity



Examples of Our Lean & Efficient Operation Practices

Selected Application Examples

Airbus NEO Fleet Investment

Flight Altitude Optimization

Electronic Flight Bag (EFB) & Paperless Cockpit

Auxiliary Power Unit (APU) Usage Optimization

Alternative Airport Optimization

Flight Plan Fuel Optimization

Aircraft Weight Reduction Applications

Artificial Intelligence Supported Inflight Catering Optimization

Aircraft Exterior Wash & Engine Wash Optimization

Use of Electric Vehicles in Ground Operations

Internet of Things (IoT) Optimization in Airport Ground Operations

Terminal Optimization Applications

(Express Baggage Kiosks, ID Card Travel, Check-in Optimization)

PegasusEFB Project as a Focus Area



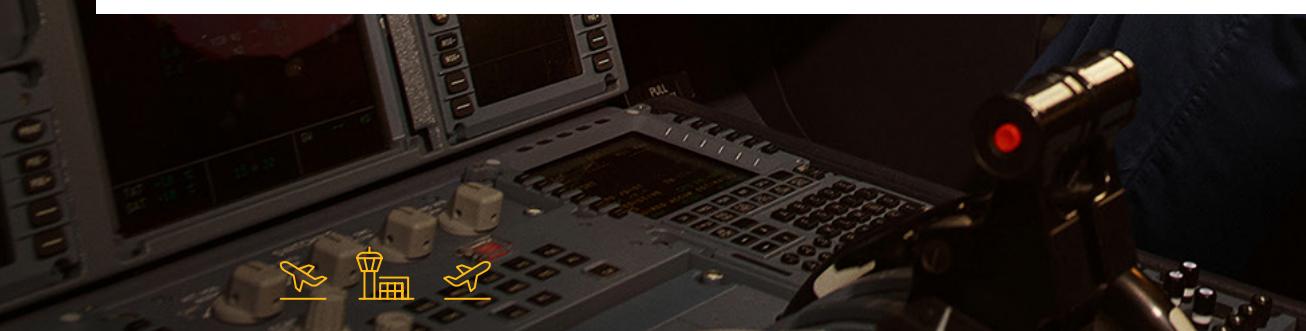
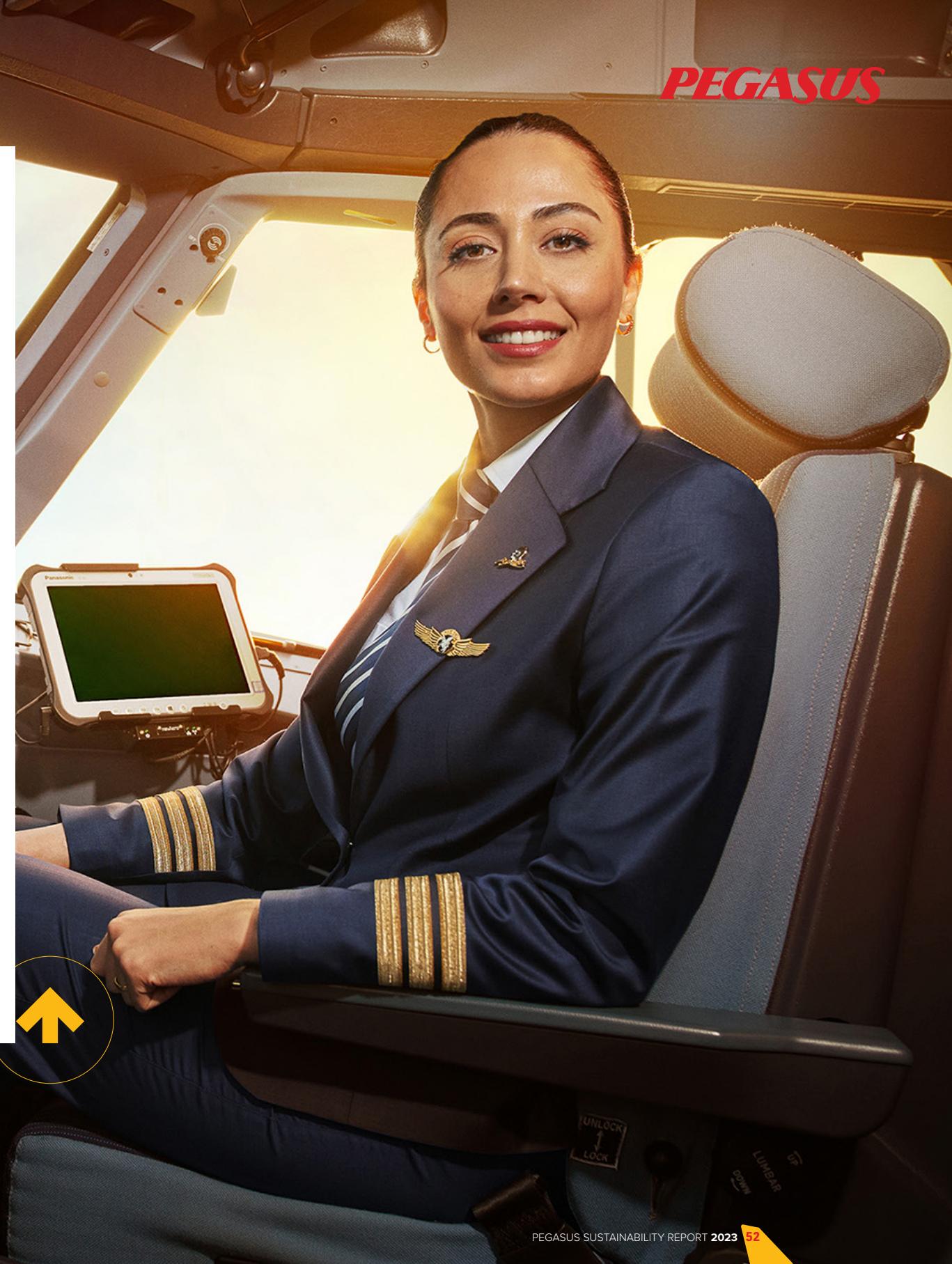
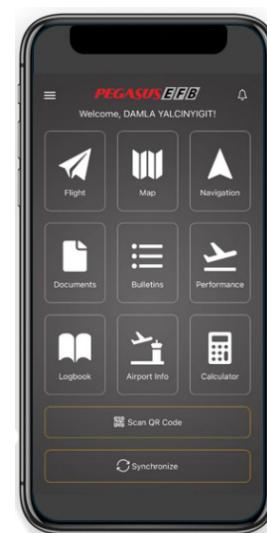
The foundations of the Electronic Flight Bag, also known as the PegasusEFB Project, were laid in 2014. In 2015, we started using PegasusEFB on our Boeing 737-800NG aircraft, and in the same year, we made a standardized progress in the management of our flight operations by putting it into full use in our entire fleet, including all operational efficiency processes. We continue to enrich the PegasusEFB software with new features every year.

In 2018, we launched the PegasusEFB Mobile project. Since the first day of PegasusEFB's launch, more than 1.5 million flights have been carried out smoothly and uninterrupted.

In general terms, Pegasus EFB is a platform that includes live flight maps, where the operation can be monitored 24/7 with live and real data, where all flight information can be viewed, and where all documentation of the aircraft is up-to-date; It is a system that is fully integrated with

all other operational systems of the company, where weight and balance, take-off and landing analyzes are made, information of the ground handling companies is included, weather conditions and bulletins can be received and processed instantly, pilots can easily fill out all flight-related forms, save them and send them to the necessary systems, and enable two-way digital communication between the aircraft and ground units (PegasusConnect). Past and present, Pegasus EFB has been the foundation of our safe, economical and efficient operation.

PegasusEFB has significant financial and non-financial benefits to our operation. In addition to the direct financial savings, this benefit is multiplied by the effects such as a reduction in the time on the ground of aircraft, a reduction in delays, an increase in the use of crew duty time, increased flight crew satisfaction due to a decrease in workload, increased flight safety and a decrease in SAFA findings, the financial impact of which we cannot directly measure. With PegasusConnect, which is part of the EFB, radio conversations have almost disappeared.



Various applications within the scope of our technical activities as a focus area

Engine Wash

In line with our sustainability and cost goals, we attach importance to engine washing applications in terms of engine performance and efficiency. In addition to complying with the washing intervals recommended by the manufacturers, we carry out additional applications to prevent operational losses.

Engine wash is an important way to ensure optimal engine performance, reduce emissions, and extend engine life. The efficiency increase we have achieved helps us achieve our environmental sustainability goals and ensure the long-term economic sustainability of our fleet. In addition, we carry out our operations with less water consumption by using water-saving equipment during engine washing.

Aircraft Wash

We are taking various steps in our aircraft wash operations to achieve our sustainability goals. Aircraft washing not only maximizes the aerodynamic performance and fuel efficiency of aircraft, but also prolongs aircraft life by preventing corrosion.

With our aircraft washing operations, we save energy and significantly reduce the amount of chemical waste. The increase in efficiency we achieve with aircraft washing plays a key role in achieving our sustainability goals. In this way, we both reduce our environmental impact and ensure the long-term sustainability of our fleet.

Chromate-Free Paint Application in Our New Generation Aircraft

The aircraft industry is becoming increasingly aware of the environmental impact of chromate-

containing paints. This increases the importance of chromate-free paints. The use of chromate-containing dyes is a cause for concern due to the potential of toxic chromate compounds to harm the environment and human health. Chromate-free paints, on the other hand, offer a more suitable alternative to the environment and human health. These paints reduce the emission of toxic emissions during application. In addition, with the application of chromate-free dyes, waste management is facilitated, recycling processes are more effective, and negative effects during disposal are reduced. Another important benefit of the use of chromate-free dyes is their positive effects on workers' health. Thanks to its non-toxic components, workers are prevented from being harmed by inhalation or skin contact. Considering the effects on the environment and occupational health, we carried out our maintenance operations in 2023 with chromate-free paint applications.

Reuse of Seat Covers Project and Circularity

In line with our desire to contribute to a sustainable future, we have implemented the reuse of seat covers project. Within the scope of the project, all seat covers removed from airplanes are examined in detail. We meticulously repair the usable seat covers and reuse them in accordance with hygiene rules. In this way, we both reduce our negative impact on the environment and manage our costs better. By reusing old seat covers, we significantly reduce the number of raw materials and energy needed in the production of new seat covers. Thus, we save natural resources. We are also significantly reducing the carbon footprint of the production and transportation of new seat covers. We also significantly reduce the amount of waste by reusing old seat covers instead of disposing of them.

In addition, we ensure that the parts needs

are met faster and more economically in the maintenance operation, that they are prevented from taking up unnecessary space in the warehouse areas, that pollution formations are prevented, that the systemic density is reduced and that the process follow-up is facilitated. Since the beginning of the project, we have reduced waste generation by preventing the replacement of 750 parts.



Optimization in Our Maintenance Operations

Within the scope of our Preventive Maintenance approach, thanks to the data received from the aircraft, maintenance estimates are made in advance and operational efficiency is ensured with early interventions. When the maintenance situation is foreseen, we reduce operational interruptions by operating at the most appropriate interval and in the most appropriate place, according to the flight interval of the aircraft and the length of the operation to be performed. In this way, we reduce situations such as guest dissatisfaction due to delays.

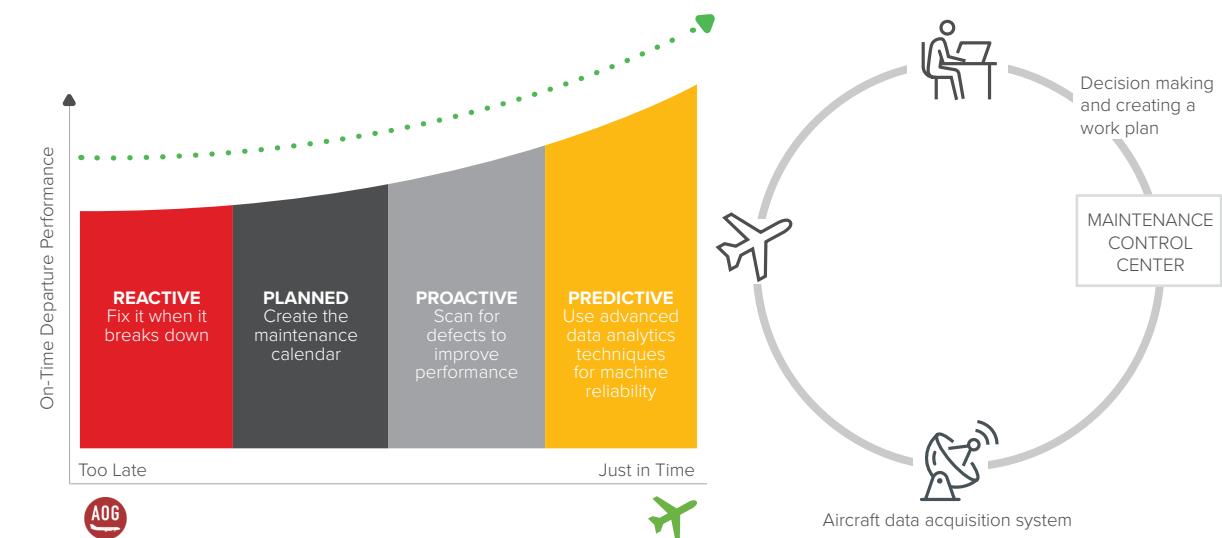
By making unplanned situations planned, additional waiting times such as sending extra materials and customs processes are prevented. Thus, resources such as experience, labor and time spent in fault diagnosis are used effectively. Apart from routine maintenance, these measures not only improve the continuous airworthiness of the aircraft, but also prevent limited operations that may occur due to restrictions arising from

the minimum equipment list. In this way, savings are achieved in terms of preventing the use of additional equipment and saving fuel. In addition to these, improvements are made in areas such as the procurement of technical services from external stations and the reduction of time spent on the ground.

The parts of the aircraft whose performance decreases are detected, and the material is replaced without negative effects on the relevant system. Since these parts are removed from the aircraft at a repairable level, they can be returned to the system without incurring larger scrap costs.

In 2023, we ensured our continuous airworthiness with approximately 500 corrective actions for which we applied preventive maintenance. At the same time, we have significantly reduced costs and used our resources effectively.

Preventive Maintenance Approach and Application Cycle



BENEFITS		
Operational Stability	Aircraft Usage	Efficiency in Maintenance Organization Activities
<ul style="list-style-type: none"> • Increase in On-Time Operation Performance • Guest Satisfaction • Reduction of Flight Disruption Costs • Increased Efficiency in Team Working Hours • Savings in the use of Ground Equipment (Electrical Power Supply) 	<ul style="list-style-type: none"> • Reduction in Reserve Aircraft Use • Reduction in Additional Catering Service and Baggage Operations • Reduction of Renewal of Flight Crew Security Checks 	<ul style="list-style-type: none"> • Saving Time and Experience in Fault Diagnosis • Dismantling damaged material with less impact on the system • Effective Stock Management • Reduction in Customs Processes

5 WE ARE MOVING TOWARDS A CLEANER FUTURE

PEGASUS

While providing our air travel services to our guests to take them to the places where they want to go for various purposes, we would like to make sure that they have a pleasant experience. At the same time, we are moving towards a cleaner future with an approach based on environmental awareness. For this purpose, all our capitals develop systems focused on climate change management, environmental management and energy efficiency in our journey to create value, as we comply with many voluntary standards as well as mandatory regulations. With our business model, we aim to contribute to SDG 7, SDG 12 and SDG 13.

Moving towards a sustainable future



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



5.1 Climate Change and Our Net Zero Journey



We have been measuring and reporting our carbon emissions since 2015. As an airline that embraces a low-cost business model, we have been investing for more than a decade in initiatives that will significantly reduce fuel consumption and our carbon footprint, with a focus on cost control and efficiency.

We became one of the first airlines to sign the "2050 Net Zero Carbon Emission" decision adopted at the IATA 77th Annual Meeting in 2021. In line with this commitment, we aim to

achieve a net-zero carbon emission business model by 2050.

In order to achieve our Net Zero Carbon Emission target by 2050, we continue to work under four main headings: New Aircraft Technologies, Operational Efficiency, Legal Carbon Offsetting and Sustainable Aviation Fuels (SAF, including LCAF).

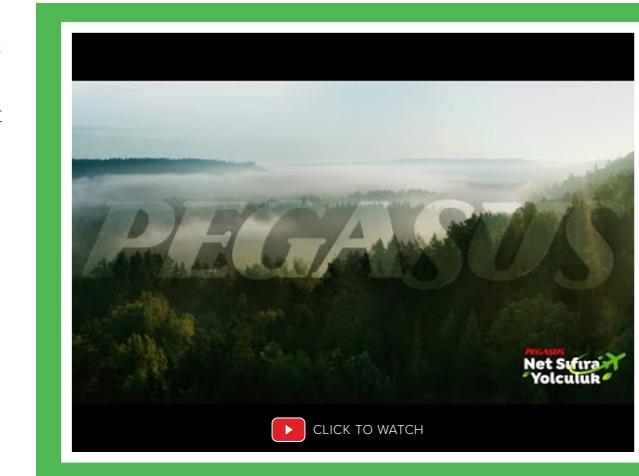
In the period when we anticipate growth above the industry averages by 2035, our most important emission reduction tool will be the transformation of our fleet. Our next-generation fleet currently has the biggest impact on our emissions reduction target. Our new generation aircraft also provide significant reductions in NOx emissions and engine noise levels.

In addition to our total emissions, we monitor our carbon dioxide emissions per revenue passenger kilometer as a key performance indicator. In line with our commitment to 2050 net-zero carbon emissions, we have set our target to reduce carbon emission intensity for 2030. As part of this goal, we aim to reduce carbon emissions per unit passenger kilometer (RPK) from our flights by 20% by 2030 compared to 2019 levels.

In 2019, the unit carbon emissions from our flights were 65.1 grCO₂/RPK. Due to the severe contraction in capacity due to the impact of COVID-19, our performance increased to 71.3 grCO₂/RPK in 2020 and 71.0 grCO₂/RPK in 2021. However, with a strong recovery in the

post-COVID-19 normalization period in 2022, we reduced our unit emission performance to 61.3 grCO₂/RPK in 2023. We aim to reduce this rate to 52.1 by 2030.

We are building a low-emission and fuel-efficient fleet to support our sustainability goals. We financed 10 of the 17 new Airbus A321neo aircraft we received in 2022 through a sustainability-linked loan backed by the UK Export Credit Agency. We see our investments in our young and efficient fleet and in next-generation aircraft as an indication of our commitment to improving our commitments. We are also leading the way in gender equality, and we are the first airline in Türkiye to sign IATA's "25by2025" commitment, which aims to increase women's representation in aviation.



	2019	2020	2021	2022	2023	Target (2030)
Emissions Intensity (grCO₂/RPK)	65.1	71.3	71.0	62.1	61.3	52.1
Average Fleet Age	5.35	5.20	5.00	4.37	4.62	-

Unit Emission Performance

2023	2030 TARGET
61.3 grCO ₂ /RPK	52.1 grCO ₂ /RPK



Our sustainability-linked financing agreement combines our environmental and social goals with an innovative financing approach for our 10-aircraft investment. This agreement directly contributes to UN SDGs 13 and 17, while also supporting economic growth and the accessibility of air travel (UN SDGs 8, 10 & 11).

Highlights of Our 2022 Sustainability-Linked Loan Financing

- As of the date of the transaction, the largest volume of sustainability-linked aircraft collateralized loans
- The first sustainability-linked transaction in the aviation industry guaranteed by an Export Credit Agency
- First sustainability-linked loan transaction verified by an independent rating agency with a second-party opinion
- It was deemed worthy of the “Sustainability Supported Finance Deal of the Year” award within the scope of the “Aviation 100 Deals of the Year 2023” Awards held by Airline Economics.
- It was deemed worthy of the “Guaranteed Financing Deal of the Year” award at the AFJ Global Awards held by Airfinance Journal.

Within the scope of our activities, we work to reduce our carbon footprint in every possible area. In addition to the fleet transformation, where we have already achieved the greatest gains, we continue our efforts to reduce our carbon footprint through operational efficiency studies.

Many lean and efficient operation practices, from fuel efficiency projects, improvements in route and flight management, to efficiency in ground operations, contribute to our roadmap and will continue to contribute in the coming years. Apart from these, sustainable aviation fuels are an important part of our roadmap. We expect the energy transition to become a key driver for our Net Zero Target in the long term, as the supply and prices of SAF/LCAF products become affordable.

We evaluate and support projects to provide and use low-emission alternatives to the aviation fuel we use while performing our operations. We continue to increase our initiatives for the production and use of non-fossil aviation fuels that will have an impact in this field with SAF, which provides CO₂ emission reduction in circular consumption, which we used for the first time in 2022 and continue to use by increasing its use in 2023.

As Pegasus, we increased the volume of SAF to be replenished with our contracted fuel suppliers in 2023 and continued our flights using SAF. With this approach, we aim to increase our use of SAF every year in line with our 2050 Net Zero target roadmap.

We attach importance to information and project workshops organized in order to increase the use of SAF on our domestic flights and to encourage its supply.

We participated in the studies on the Sustainable Aviation Fuel Instruction (SHT-SAF) published as a draft by DGCA. By sharing our feedback on the relevance and functionality of the draft regulation published in the national context, we contributed to the progress and effectiveness of the procurement of SAF and the future regulation in a feasible manner.

We also actively participate in the activities of the Turkish Sustainable Aviation Platform in order to support domestic initiatives.

In addition to our fleet transformation and SAF utilization targets, we aim to achieve our goal through operational efficiency and carbon offsetting efforts in line with ICAO’s CORSIA legal framework. Although it is not possible to prevent all carbon emissions from our activities at the source with today’s technology, we support carbon neutralization projects in order to help offset them through production activities that create less emissions in different areas and to support renewable energy projects. For example, two years ago, on June 5, World Environment Day, we voluntarily neutralized the carbon emissions from our flights with our support for a wind power plant.



Countries Where We Use SAF

Türkiye

France

Norway

Netherlands

Sweden

United Kingdom

* The year 2023 is arranged according to our SAF purchase and usage information.



In 2023, we launched a partnership with climate technology company CHOOOSE, allowing our guests to offset carbon dioxide (CO₂) emissions from their flights. This cooperation is not part of our own net zero roadmap, but we attach importance to the development of this cooperation as it opens a separate window of interaction with our guests on this issue. As Pegasus, we offer our passengers who purchase tickets on our website the opportunity to offset the emissions from their flights by calculating the carbon dioxide (CO₂) emission impact of their flights and supporting verified climate solutions through the link we provide on the ticketing confirmation page. By taking action on the carbon footprints of their own flights, we enable them to contribute to projects that advance climate action around the world, including sustainable aviation fuels.

Our Climate Transformation Roadmap shows the contribution of each main topic in achieving our goal from 2016, when we first took delivery of the new generation Airbus NEO aircraft, until 2050. Our plan is presented with our significant expectations and also illustrates the opportunities and risks to our current projections. The realization of these or other opportunities and risks may require changes to our current projections.

Key Assumptions

- New generation of Airbus NEO aircraft will account for approximately 80% of the fleet by the end of 2023.
- New-generation aircraft fleet will provide unit fuel savings of up to 20%.
- Operational efficiency improvements, including on fuel, ground operations and premises, will contribute 2-5% per year.
- IATA's global forecast of 3% for air traffic management is adopted.
- Only carbon offset obligations under CORSIA are considered.
- Existing EU SAF use obligations are considered.
- For Türkiye, the usage obligations of the Draft Sustainable Aviation Fuel (SHT-SAF) Directive until 2030 are considered and a projection of 2050 is made.
- Discretionary use of SAF is limited until 2035 due to supply and price barriers.
- With the increased use of SAF, the reduction in total emissions will begin in 2035.

OPPORTUNITIES

New Aircraft Technologies

- With new gains in fuel consumption efficiency, savings over the 20% efficiency achieved today.
- Commercial use of the next generation of hydrogen-propelled aircraft that produce no or minimal emissions.

Operational Efficiency

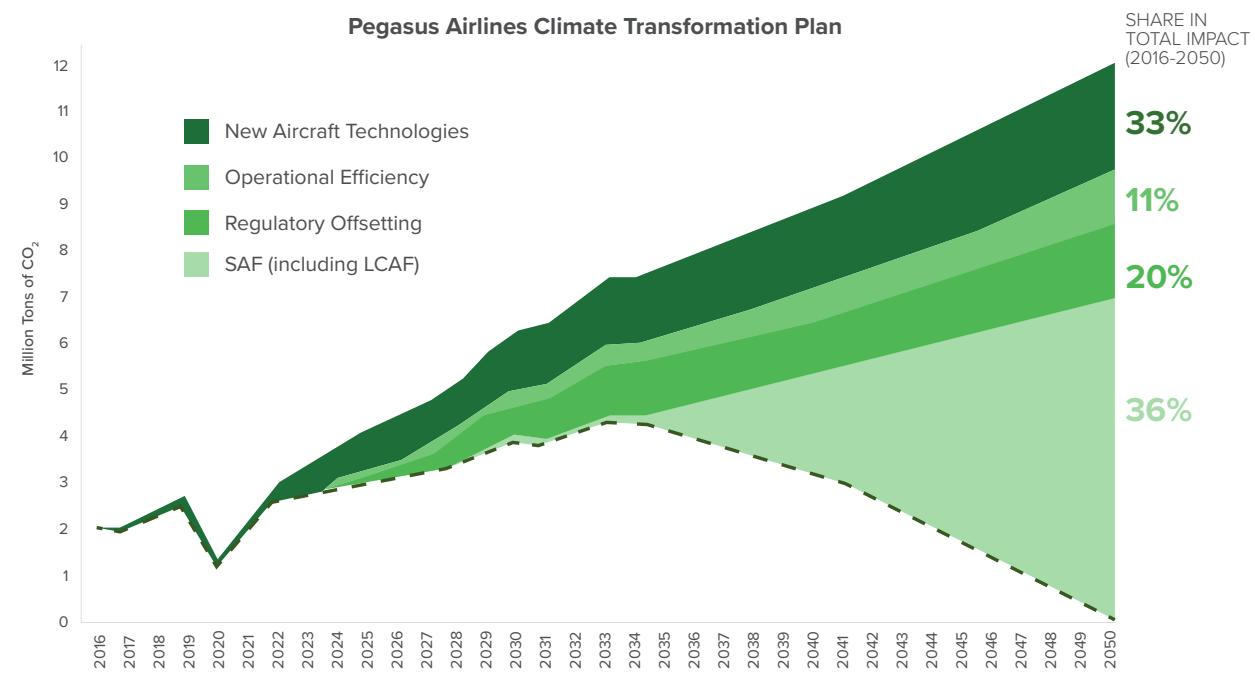
- Air traffic management route efficiencies deliver fuel savings of more than 3% predicted by IATA.
- Implementation of new initiatives that lead to greater fuel savings through observation and improvement of flight processes.
- Ensuring widespread use of renewable energy technologies in airport operations.
- Additional energy efficiency gains in airport operations through energy consumption monitoring and control capabilities.

SAF (including LCAF)

- Reduction of JetA1 Fuel & SAF/LCAF price differential.
- Carbon capture technologies are accepted as a valid tool for the Net Zero Target and constitute an alternative to SAF/LCAF
- Synthetic SAF products can be widely used before 2036. This development will increase the emission reduction impact of SAF from 80% to 100% compared to the same amount of jet fuel.



Pegasus Airlines Climate Transformation Plan



Additional Information About Our Climate Transformation Plan

RISKS

Greenhouse Gas Emissions Calculation Method

- Expansion of the scope of carbon footprint by the addition of new greenhouse gas components such as water vapor to the calculation method.

Regulatory Offsetting

- Introduction of new emissions trading systems in addition to the global CORSIA carbon offset standards.

SAF (including LCAF)

- Lack of resources for the sector's SAF and raw material needs.
- Inability to apply the "Book & Claim" method to take full advantage of the use of SAF/LCAF in different countries (this method allows the use of SAF/LCAF products purchased in different countries by other carriers).
- JetA1 Fuel & SAF/LCAF price differential (against SAF/LCAF) increases.
- Infrastructural barriers to access and use of SAF/LCAF products.

5.2 Environmental Management System

As Pegasus Airlines, we established a framework for environmental management in accordance with the ISO 14001 Environmental Management System standard. In this context, we carry out a detailed assessment by determining the environmental dimensions. We adopt a systematic approach for planned activities with the aim of reducing the effects of the important dimensions identified.

To achieve and develop our environmental goals that we set for our activities with our environmental policy, which we have designed in line with national and international standards, especially ISO 14001 Environmental Management System, to minimize our impact in this sense by preventing environmental pollution, to act in accordance with the legislation and applicable standards, to create sustainable environmental awareness and awareness in our stakeholders and to continuously improve our environmental management system by increasing our environmental performance. We are committed. With this awareness, we are in a continuous effort to identify, evaluate and reduce environmental impacts.

We believe that our commitment to integrating the principles of environmental protection and sustainability into our business processes will strengthen our achievements in environmental management.

Waste Management

Waste is generated wherever human activity

takes place, and we generate several types of waste from our operations. We see all of this waste as part of our operation. Although it may seem like the end of the process, the completion of an aircraft's flight, the end of its technical maintenance or the transportation of a guest to their destination, it is not so for us. Just as we expect a plane to return from the field where it is flying, we want our waste to be evaluated in the most efficient way from a circularity perspective.

In our waste management studies, we first investigate opportunities where we can use waste reduction and reuse steps, and we implement efforts to ensure recycling and increase efficiency in cases that require waste production. One of the basic steps of efficient waste management is the separation of waste according to their types at their sources. For this reason, we have positioned waste bins in all our work areas, which are separated according to the type of potential waste specific to the location.

At Pegasus, we manage Waste Management in two distinct branches: hazardous waste management and non-hazardous waste management.

We manage our non-hazardous waste in a way that meets the expectations of the relevant authorities by adhering to the Zero Waste Regulation in all locations where we operate.

We weigh and track the non-hazardous waste collected in waste bins separated by types as we collect them at the end of each day. We deliver the collected wastes to the non-hazardous waste area determined by the relevant authority. The main reason for the increase in the amount of waste in the 2021-2023 period is the growth in the volume of operations.

We collect our hazardous wastes in all our locations where we provide technical and ground services, in the hazardous waste temporary storage areas we have, and we deliver them to licensed companies at periodic intervals and recycle them to the maximum extent. At the end of each year, while declaring our waste, we contact the companies we deliver to and make sure of their contribution to recycling according to waste processing methods. Going forward, we are evaluating reuse opportunities. Among the main wastes we produce the most from our operations in terms of volume are the anti-icing liquid sprayed around the wings of the aircraft in winter conditions, the chemical contamination of the materials used during aircraft maintenance or the packaging contaminated with hazardous substances, and the liquid chemical (oil) wastes caused by the maintenance of ground equipment vehicles.

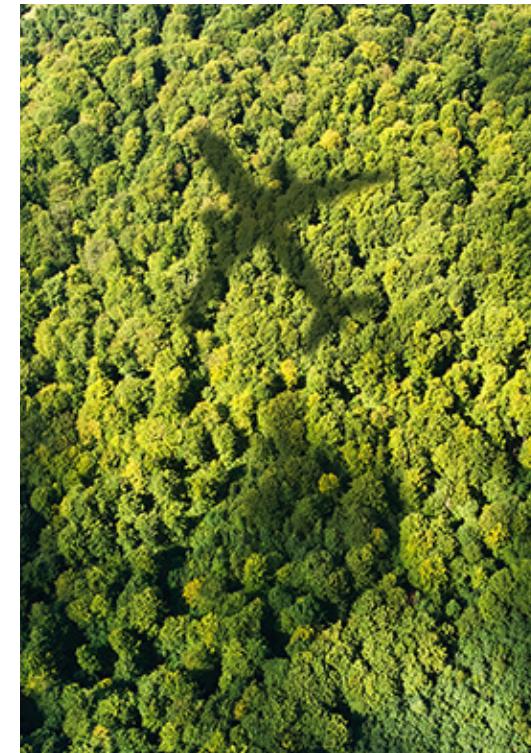
The main reason for the increase in the amount of waste in the 2021-2022 period is the growth in the volume of operations. The main reason for the decrease in 2023 compared to the previous year is the use of less anti-icing liquid, especially at our main operation base at Istanbul Sabiha Gökçen Airport, in line with the winter season conditions.

2021-2023 Non-Hazardous Waste Data

Waste Type (Ton)	2021	2022	2023
Recyclable Packaging Waste	67.2	99.9	105.8
Non-Recyclable (Other) Waste	29.7	35.1	42.5

2021-2023 Hazardous Waste Data

Atık Türü (Ton)	2021	2022	2023
Hazardous Waste	88.6	107.8	89.7





Pegasus Cafe Recycling and Recycling Cabin Packaging Waste Project

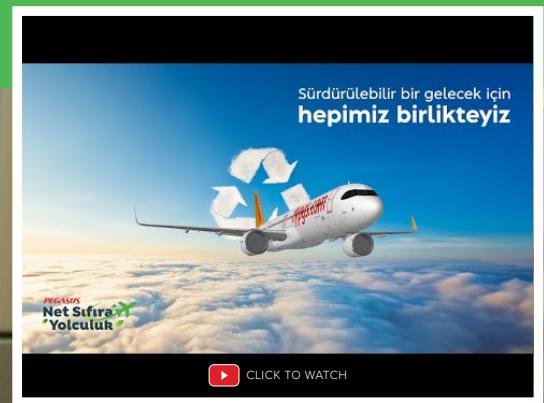
According to the waste management hierarchy we mentioned earlier, we primarily consider not producing or minimizing waste. For this reason, in terms of what we can do, we discussed in-flight catering products and catering sets in the first place among the areas we can improve. First of all, we decided to remove the cardboard label with the logo on the outside of the transparent bags in sandwich packaging, which is one of our most consumed products, considering that it is not mandatory in terms of food safety. In this way, we have reduced our paper waste production.

By removing the plastic cutlery sets offered in hot food treats, we started to make presentations with reusable metal service equipment. In this way, we have reduced our plastic service-related waste, which is intensely produced in the aircraft. At the same time, we produced the paper covers used in the hygienic presentation of metal service equipment to our guests from FSC papers, which have the least harm to the environment in today's conditions. In addition, we ensured that the trays and plates used in the same services that have become unusable are recycled into plastic and used as raw materials

up to 5% in new trays and plates to be produced. In cold beverage treats, we replaced thermoformed cups served with the beverage with R-PET cups that are suitable for food made from up to 20% recycled plastic, which we can also recycle.

In order to reduce menu consumption, waste and wear, we have implemented a software infrastructure that allows our guests to access the menu via QR code as a digital solution.

We continue our efforts to prevent and reduce waste. Apart from all the efforts to prevent/prevent and reduce waste generation up to this stage, in order to maximize the efficiency in the recycling/upcycling of wastes arising from the activities of our guests in the cabin, we have positioned a two-compartment garbage trolley on all our aircraft, which will enable us to separate our wastes at the source, and which we can collect separately according to their types, by taking it beyond the regulatory expectations. We collect waste separately according to their types and deliver such waste to the relevant authority.



Noise Management

The noise impact of our operations represents another area of focus that we are focusing on to improve our services. As part of our environmental innovation efforts, we are working to improve noise performance. Noise emissions are part of the type certification of aircraft. Our NEO aircraft, which make up the majority of our fleet, have a significant impact on noise reduction. We aim to increase our noise reduction performance with our investment in new generation aircraft.

Biodiversity

Part of our sustainability efforts is to protect wildlife and biodiversity. Istanbul, our main base of operations, is an important habitat and transit area for various bird species. The impact of this on our operations is significant because of the safety threats associated with bird strikes and the negative impact of flight operations on these species. As Pegasus Airlines, we adopted the Pegasus Wildlife Hazard Management Plan in 2021 with the support of independent consultants to reduce bird strikes. This plan was further developed in 2022 and 2023.

For the effectiveness of the measures in this area, it is important that the airport authorities and other airline companies act jointly. Therefore, we have continued to advocate for wildlife management actions with various stakeholders, including the Istanbul Sabiha Gökçen (our home base) airport operator HEAŞ, DGCA and DHMI, and facilitated the initiation of coordinated efforts in this area. A working

group has been established to coordinate efforts around the Wildlife Hazard Management Plan at Istanbul Sabiha Gökçen Airport.

In 2022, 10 of the 17 action points were completed and activated by installing an acoustic bird control device at the end of runway 06.

Pegasus Airlines provides analysis, research and development, and project support to these efforts.



5.3 Energy Management

Fleet Transformation and New Generation Aircraft Investments

We committed to achieving net-zero carbon emissions by 2050. The most important contribution to achieving this goal comes from the investments we have made in our fleet.

Our new generation A320neo and A321neo aircraft, which make up approximately 80% of our fleet as of 2023, provide us with unit fuel savings of up to 20% and a corresponding emission reduction. This efficiency is positively reflected in our emission intensity performance over the years.

As of the end of 2023, the average age of our fleet is 4.6 years. Thus, we have the youngest fleet in Türkiye and one of the youngest fleets in the world. In line with our current aircraft orders and delivery plan, we will continue to invest in new generation aircraft in the coming years.

Our investments in next-generation aircraft also contribute significantly to reducing the amount of energy we consume per RPK. As of the end of 2023, our energy density has decreased to 0.85 MJ/RPK

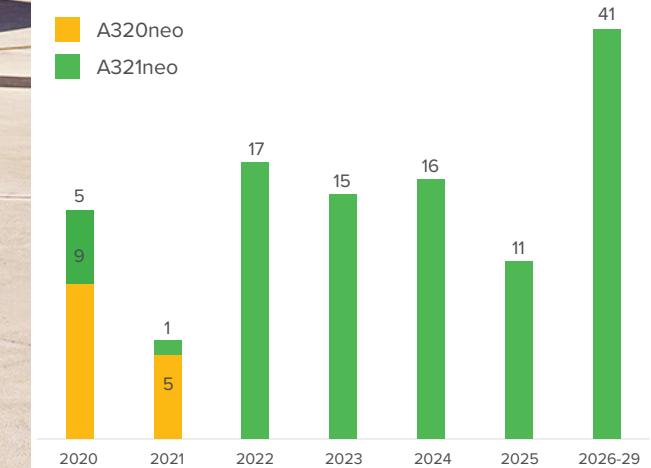
Pegasus Airlines 2021-2023 Energy Intensity Performance

Unit of Measurement	2021	2022	2023
Energy Density (MJ/RPK)*	0.99	0.86	0.85

* Energy density is calculated based on aircraft fuel consumption.



A320neo-A321neo Delivery Schedule



Ground Operations Transformation

At our home base, Istanbul Sabiha Gökçen Airport, we undertake our ground operations both within the terminal and in the airside area on the tarmac. For our entire operations, it is imperative that ground services are carried out on time, efficiently and at a level that ensures guest satisfaction. That is why we attach importance to our ground operations.

In line with our 2050 Net Zero Carbon Emission target, in addition to reducing emissions from our flight activities, we also care about the transformation of our ground operations.

The change in our ground equipment at Istanbul Sabiha Gökçen Airport started in 2015. Since 2015, we have been using tractors powered by electric energy. In addition to the energy efficiency provided by battery technologies compared to fossil fuel-powered engines, our electric tractors have been able to meet the energy needs from renewable energy sources for the last two years. We became the first airline in Türkiye to use an electric ground generator with the electric ground generators we included in our ground equipment. Similarly, we are the first airline in Türkiye to use electric passenger ladders with the electric ladders we have started to use in our ground operations.

Compared to traditional fossil fuel-powered ground equipment:

- Up to 51% with our electric tractors,
- Up to 54% with our electric ground generators that provide energy to our aircraft while on the ground,
- With our electric stairs, we aim to reduce emissions by up to 84%.

The electrical equipment we use in our ground operations also provides significant noise reduction compared to motorized equipment.

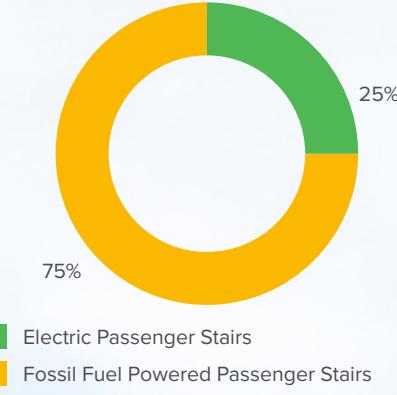
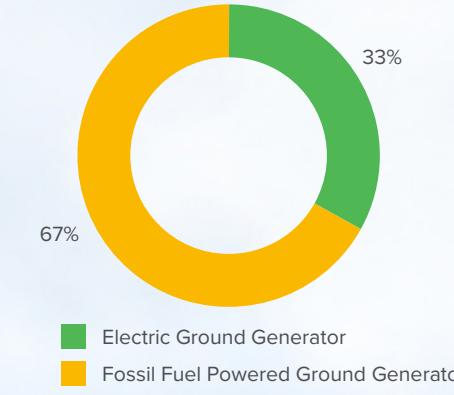
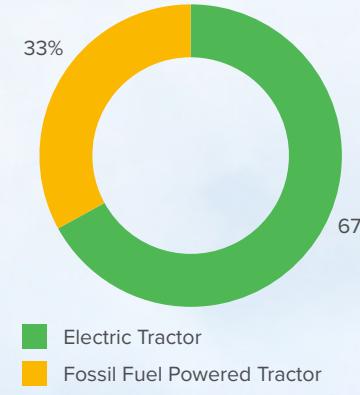
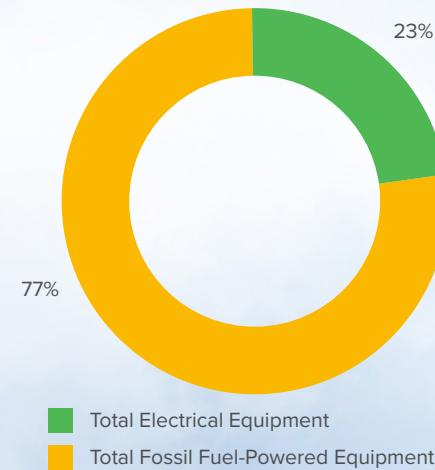
Together with the reduction of noise emissions from our electrical equipment, we contribute to sustainability in environmental and social areas with positive effects on the occupational health and safety of our employees.

At the beginning of 2023, 15% of our mobile motor equipment was electric, while this number reached 23% by the end of 2023. In 2023, our 38 electric baggage tractors operated for a total of 90,805 hours, with an average operating hour of 2,390. Based on the fuel consumption (2.46 Liters/Hour) of equivalent diesel vehicles, 223,417 liters of diesel fuel were saved in 2023.

While our dependence on fossil fuels decreases with the new generation vehicle transformation in our ground operations, we are also aware that our operational need for electrical energy will increase. At the same time, in parallel with the equipment transformation, we started and continue to develop our electric charging station installation works at the Istanbul Sabiha Gökçen Airport in 2023 to meet our electricity needs in a way that does not disrupt our operations.



As of the End of 2023, Electric Vehicle Distribution in Our Ground Equipment



Energy Tracking System and Energy Efficiency

As Pegasus, we are aware of the importance of energy efficiency both in our country's economy and in our company costs. We aim to improve our energy performance in every area where we can improve. With this awareness and goals, we have taken new steps in energy efficiency and monitoring at Istanbul Sabiha Gökçen Airport, which is our main base of operations, and at our Headquarters campus in Istanbul.

Our new energy tracking system, which we have installed, allows us to monitor and manage the energy consumption of our business more effectively. Thanks to this system, we plan to manage and implement our energy efficiency studies more effectively. We aim to reduce our energy consumption and greenhouse gas emissions by identifying many opportunities

where we can achieve potential energy savings and efficiency increases, as well as optimize our operational energy costs by monitoring our energy consumption more closely. With these steps, which are both environmentally and economically significant, we are driving our business towards a more sustainable future.

In 2023, we completed the first phase of our project to transfer all environmental data to the system on a monthly basis and to monitor them through a digital panel with systematic reporting. Within our environmental data, we periodically monitor our electricity, aircraft jet fuel, diesel, gasoline and similar energy consumptions on a monthly basis.

We aim to achieve a more effective energy management opportunity by periodically monitoring our energy consumption on the Dashboard.

With our developing and growing fleet, our energy usage values are increasing. In order for our guests to reach more points, we continue on our way by expanding both our services and our network. In order to move forward with controlled and sustainable growth, we monitor our energy use and evaluate green energy alternatives in every possible area. As a first in ground operations, we provide efficiency with our ground operation vehicles that work with electrical energy compared to fossil fuel options. We will continue to contribute to the sustainability goals of our business and our industry with the investments and improvements we will make in this field in the coming period.

energy sources. In 2022, we met our electricity consumption, which corresponds to 4,242 MWh at our home base, Sabiha Gökçen Airport, from the electrical energy produced in solar and wind power plants and certified it with I-REC. This initiative was our first renewable energy use study for our clean energy needs. In 2023, we added our General Directorate to our main base, Sabiha Gökçen Airport, and procured our electricity consumption, which is 5,041 MWh in total, from renewable energy plants and certified it with YEK-G. Our electricity consumption from renewable energy sources constitutes approximately 65% of our total electricity consumption.

Our Steps Towards Renewable Energy

In line with our targets for the use of renewable energy, we have started to certify our electricity consumption by procuring it from renewable

Consumption (GJ)	2021	2022	2023
Renewable Energy (electricity)	-	15,271.20	18,147.60
Grid (electrical)	29,583.45	26,560.14	27,265.88

Consumption (GJ)	2021	2022	2023
Total Direct Energy Consumption*	24,674,938.79	34,536,795.11	41,736,305.22
Total Indirect Energy Consumption*	0.00	0.00	117,603.78

Consumption (GJ)	2021	2022	2023
Jet-A1 Aviation Fuel	24,578,657.03	34,439,826.44	41,520,869.76
"SAF**"	-	-	9,548.17
Diesel	56,803.00	61,010.07	91,013.58
Petrol	1,682.02	1,317.59	83,591.87
Electricity	29,583.45	26,560.14	27,265.88
Natural Gas	8,213.29	8,080.88	4,015.96

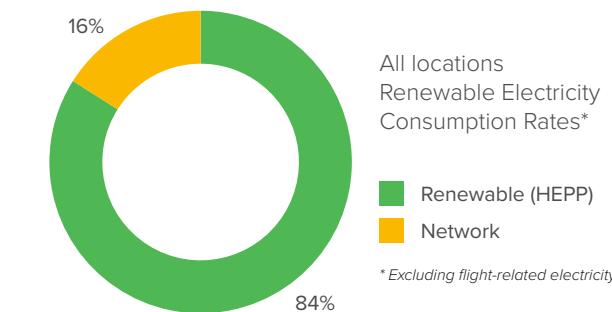
*SAF: Sustainable Aviation Fuel

Consumption (GJ)	2021	2022	2023
Total Purchased Energy	24,674,938.79	34,536,795.11	41,853,908.99
Total Energy Produced	0	0	0

Consumption (GJ)	2021	2022	2023
Total Purchased Renewable Energy Consumption**	0	15,271.20	27,695.77
Total Produced Renewable Energy Consumption**	0	0	0

* Direct energy consumption refers to the energy consumed within the boundaries of the organization, and indirect energy consumption outside the boundaries of the organization.

** Renewable electrical energy and sustainable aviation fuel are included.



* Excluding flight-related electricity consumption

	2021	2022	2023
Total Renewable Energy Use (MWh)	-	4242 (I-REC)	5041 MWh (Yek-G)

	2022	2023	Target (2030)
Total Renewable Energy Usage Rate	57%	67%	100%

* YEK-G certification was purchased for our 2023 electricity consumption for our headquarters and Istanbul Sabiha Gökçen Airport.



6 WE ARE MOVING TOWARDS AN EQUAL AND HARMONIOUS FUTURE

At Pegasus Airlines, we bring together diverse cultures from a wide geography. As part of this journey that carries people to diverse cultures, we create a business model that necessitates and develops our diverse perspective. We are directing our course towards an equal and harmonious future for all our stakeholders.

The way we can reflect this understanding in our business is to keep it alive in the corporate culture and to ensure that all our employees adopt it. For this purpose, we shape our actions within the organization by focusing on sustainable development goals.

With our scholarship and internship programs, we support the education of young people regardless of their gender. We contribute to the development of human resources for our industry.

With our diversity, equality and inclusion initiative (Harmony Program), we aim to provide equal opportunities to women. In our company, we are working to increase women's employment at all levels, especially in business groups where women's employment has historically been low.

We offer a decent working environment. We encourage innovation. We are growing by improving our operations. We pay equal pay for equal work for employees in equivalent conditions.

You can examine the actions we have taken for all these purposes in detail in this section of our report.



- 4 QUALITY EDUCATION 
- 5 GENDER EQUALITY 
- 8 DECENT WORK AND ECONOMIC GROWTH 



6.1 Our Human Resources Policy and Working at Pegasus

We aim to develop and implement fair, transparent, responsive and innovative human resources strategies in order to make Pegasus Airlines' success sustainable and take it to a higher level. Accordingly, Pegasus Airlines' Human Resources approach is to be a company that everyone wants to work for in the aviation industry. To achieve this, we carry out the following practices:

- We design all our practices according to the principle of diversity, equity and inclusion.
- Considering the dynamics of the sector, we design and implement solution-oriented and innovative Human Resources practices in line with organizational requirements and our talent management strategy.
- We build our Human Resources processes with a focus on employee experience and continuously improve them.
- By determining the workforce needs accurately and effectively, we aim to make efficient organization management and accurate norm staff planning with a job evaluation system based on the scope and size of the work.
- We focus on our company values in all Human Resources systems and processes that our employees experience throughout their career journey at Pegasus Airlines; We aim for continuous development, dissemination of high-performance culture and implementation of rewarding practices that will encourage high performance.
- Within the scope of our performance management approach, we determine concrete and measurable individual goals

that we associate with company goals, and we support and follow individual development with our behavior model and development goals in line with our company values. In line with our talent management approach, we integrate the results of performance evaluations into the remuneration and career planning processes of our employees.

- In order to improve the employee experience and increase employee loyalty, we take improvement actions by conducting employee experience research.
- We design our fair, transparent and competitive wage management policy based on the total reward approach. We believe that the most differentiating factor in the total reward is the performance-based bonus.
- We work together to ensure sustainable and profitable growth, and we keep our company performance and reward systems in coordination.
- In order to contribute to our growth and development, we aim to recruit high-potential people who are aligned with the values of Pegasus Airlines.
- We implement integrated talent management and succession processes to ensure the continuity of our organization.
- By monitoring the development of our employees, we do not limit horizontal and vertical career opportunities within Pegasus Airlines to the employees of the relevant functions, we ensure that they are open to all our employees, and we ensure that our employees have equal access to career and development opportunities.
- We implement innovative applications and platforms for all employees to express

their ideas and thoughts, and we try to understand our employees by listening to them.

- The organizational structure of our company and the performance and reward criteria applied by our company are announced to all our employees and published in our company's document management system. Criteria for employee recruitment are also written in our company policies.

As Pegasus Airlines, we make a commitment to our colleagues within the scope of our Ethical Behavior Guide, which is our basic ethical compliance regulation, on the following issues:

- To act honestly, respectfully, fairly and reliably on the basis of reason, conscience and common sense during all kinds of activities.
- To establish open, sincere, collaborative relationships in any environment.
- To uphold the values described in the Pegasus Airlines Code of Ethical Conduct, to act in accordance with these values and to protect these values.
- To carry out its activities in accordance with the laws and relevant international standards.
- To act ethically and honestly in situations that create a conflict of interest.
- To provide accurate, complete and complete information to the public and other persons and organizations that have a reporting obligation.
- To work towards the creation of a company culture and work environment that supports the Code of Ethical Conduct in order to fulfill company goals and ensure the safety and satisfaction of our guests.

Focus Area: Promotion and Succession Processes

In line with our growth targets and as part of the annual evaluation of our human resources, a comprehensive internal promotion process is carried out every year. Promotion candidates are evaluated according to internal promotion criteria such as performance score, educational background, company seniority, total position seniority, technical knowledge and skills, competency level, and language proficiency. Any internal promotion requires the current job size and the candidate's area of responsibility to reach a higher level, and this is evaluated based on the job evaluation results. The internal promotion process can be carried out for a newly created position in the organization, and a job evaluation is conducted. Employees in manager/president and above positions are required to take a language exam and participate in the assessment center application. Appointments are also made in the interim period within the scope of organizational changes or in case of vacancies in manager/president and above positions. In appointments to the positions of director/vice president and general manager/deputy general manager, the final decision is made by evaluating external candidates together with internal candidate evaluation. In 2023, 406 appointments were made as part of the annual internal promotion process. Within the scope of our sustainable organization approach, backup preparations are carried out for all director/vice president and above positions in the organization and for positions that are considered critical, regardless of title. In this context, in 2023, Succession plans were created for 27 positions. In addition, with the support of Pegasus Academy, personalized development journeys are created to support the career development of our substitute candidates.



6.2 Our Approach to Recruitment

As part of our recruitment plans, we regularly participate in university summits and events and introduce our company to young candidates. Apart from these regular participations, we implement different programs and take part in collaborations to bring young female university students into business life.



Goyoung Program 2023 Female & Male Rate

37%  63% 

Young Talent Programs and Women's Employment

- We are improving our talent acquisition efforts every year with the 'Goyoung' youth program, which we have incorporated into Pegasus, by offering young talents studying in the 3rd and 4th grades of universities the opportunity to work full-time during the summer term and on a part-time basis during the school periods. Through this program, we offer young people the opportunity to gain experience in the aviation industry and provide job opportunities when they graduate. Our Goyoung youth program was implemented in 2022 and 2023 with a participation rate of 29% female students. For 2024, we aim to have 50% female representation in the Goyoung program.

- In addition to our trained pilot recruitment,

we are advancing our Pilot Training Program, which aims to meet some of our pilot needs by training them in-house, depending on the number of aircraft we will have two years later. In the last six months, we have received more than 10,000 applications and included more than 1,500 eligible candidates. In this process, we included approximately 100 Cadet students in our training programs. These students have successfully completed their programs. For 2024, we aim to have 50% female representation in the Cadet program.

- Within the framework of the Women in Sales Network social project, we employ female interns in the sales function in order to encourage women in the sales world. In this context, we included two female interns in the program and brought them into our organization.



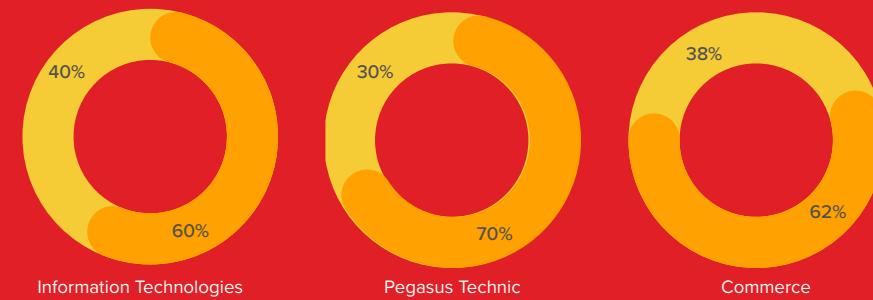
Cadet Application Rate

28%  72% 

Representation Rate in Cadet Classes

31%  69% 

Goyoung Program 2023 Female & Male Breakdown / Function Breakdown



Recruitment and Human Resources Strategies

In order to support the development of our employees and help them advance their careers, we adopt a policy that prioritizes internal transitions. For vacancies within the company, we first evaluate the skills and experience of our current employees and encourage internal transitions. This policy enables employees to gain experience in different departments and positions, advance their careers, and evaluate internal opportunities. In 2023, we recruited 11 of our employees to new positions through internal transitions. Thus, we continued to support the development and careers of our existing employees.

We make efforts to increase our title, age and seniority diversity by making extensive purchases to different departments within the company. In this context, we are currently recruiting for various roles such as engineers, technicians, pilots, cabin crew, guest services and general manager. We continued to grow by making 2,666 new hires in 2023. Along with these strategies, we constantly review and update our company's human resources policies. We continue our growth by bringing new talents to our company and support the development of our employees in diversity, equal opportunity and inclusion.

At Pegasus, we attach importance to the internship program in order to support young talents and provide opportunities for future aviation professionals. As a company, we support internship programs and enable students to gain practical experience in the sector and step into business life more ready.

In addition, thanks to our effective collaborations with 18 different universities, we aim to increase students' access to internship opportunities, to better adapt to the developments in the sector and to make a strong start to their careers.

In 2023, the number of short-term and long-term interns reached 462. 167 (36%) of our interns were female and 265 (64%) were male.

LinkedIn Life Page and Employer Brand Strengthening Efforts

With the launch of the LinkedIn Life Page in March 2023, we have taken a major step towards our goal of conveying Pegasus' employee experiences and corporate culture to potential employees and the outside world. Through this platform, we aim to highlight our company's sustainability efforts, environmental and social responsibility projects. In addition, we aim to promote our company as an institution with values such as diversity, inclusion and sustainability by strengthening our employer brand.

The Effect of Fleet Growth on Recruitment Processes, Workforce Planning Processes

Depending on the aircraft types in our fleet, the crew required to fly an aircraft usually consists of five captain pilots and five second pilots. Considering the arrival dates and technical

characteristics of the aircraft, pilot training periods are calculated, and recruitment needs are determined. Throughout 2024, we aim to open training classes such as Experienced Pilot Company Exchange (DE CC) and Non-Experienced Pilot Type Training (InTRT) to meet our recruitment needs, and to strengthen our aircraft crews and support our operations by providing training for new pilot candidates and experienced pilots through these training classes.



6.3 Performance Management

The Performance Management process is a valuable tool in the dissemination of the company's goals to individual goals. We develop strategies and practices for the effective operation of this system within the company and the dissemination of a high-performance culture.

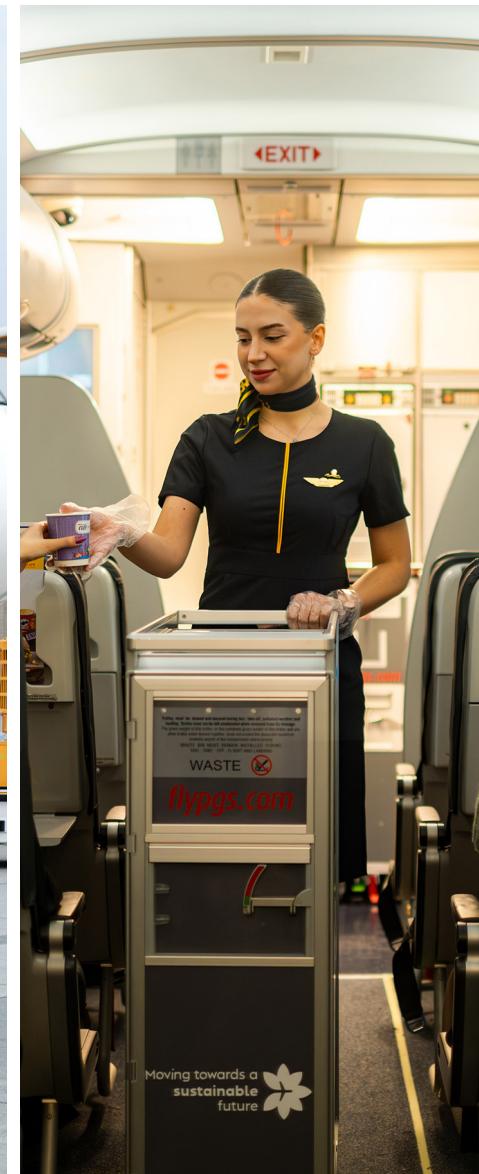
Performance Management at Pegasus; Although it is a continuous process that spreads throughout the year, it consists of three main processes: goal setting, mid-term evaluation and year-end evaluation.

We set our performance targets every year by determining business and development goals in line with company strategies and goals, our cultural harmony and values, our competencies in our behavior model and individual priorities. Business objectives are expected to be in line with the SMART target definition. SMART target; It is a specific, measurable, achievable, relevant and time-defined goal. By reviewing the Business and Development targets with mid-term evaluations, we ensure that the needs, if any, are determined and the necessary revisions are made, so that the targets remain in line with current conditions. In the Year-End Evaluations, we complete the process by evaluating the targets of the relevant year and organizing performance and feedback interviews, and as a result, the final performance scores of the employees are formed. With the

Feedback Module in the system, we enable feedback, appreciation and suggestions to be shared regardless of the role within the team, thus strengthening cooperation by supporting feedback and open communication culture.

By 2024, efforts are underway to create target pools to help employees determine both their personal development and business goals. In this way, employees will be more closely integrated into the company's strategy and goals, and the goals that will ensure the sustainable growth of the company will become more visible.

On the other hand, in 2024, a "Virtual Assistant" will be launched so that employees can easily access information about the "Fly Up" and "Performance Management" processes. Thus, our employees will be able to get fast and accurate answers to their questions about the processes.



6.4 Talent Management

The career management process aims to manage the positions in the organization more effectively and efficiently by structuring them with the right career band and levels. Each position is placed in a career band and level due to its main area of responsibility and the nature of the work performed. In determining the career band and level of the position, the qualifications, performance or potential of the employee in that position are not effective.

Due to the nature of the aviation industry, where specialized knowledge and skills are highly valued, we are aware that the implementation of a talent and career management method that supports professional growth is important for our long-term success. In this direction, we prioritize effectively attracting, retaining and developing talented people by producing special solutions for the diverse needs of all employees.

In this context, we have designed two different career movements, horizontal and vertical, in order to improve the employee experience and offer career opportunities. Thus, we support our strategy of talent retention while maintaining a sustainable organizational structure.

- **Horizontal Movement:** It refers to the transition to a different career band with the current career level.
- **Horizontal Title Movement:** It refers to the transition to a higher title level by maintaining the current career level within the same career band. Pegasus is a title change that takes place depending on seniority.
- **Vertical Movement:** It refers to the transition to the same or different career band and to a higher career level.

Our Succession Planning:

In order to ensure the sustainability of our organization, we actively implement succession plans and keep them up-to-date. We identify both short-term and long-term internal candidates for Director and above positions and our critical roles at the above executive level throughout the organization. The positions we plan succession for throughout the organization are the roles that should not be interrupted in order to ensure the efficient continuity of our processes, and that we consider critical in terms of both industry needs and knowledge.

In the process for appointing new employees for Director/President and CXO roles, we make our final decision by evaluating internal and external candidates. In the selection for the relevant leadership positions, we pay attention to the balance of male and female candidates in accordance with the requirements of the labor market.

Positions Requiring Succession Planning	Succession Rate	Female Successor Rate
Director and Above Positions	76%	25%
Critical Positions	79%	33%
Total	77%	27%



6.5 Development of Our Human Resources: "Pegasus Academy"

We established the Pegasus Academy in 2016 with the motto "Just Tell Me That You Want to Learn" to create a quality and value-added learning and development culture at Pegasus. Our main strategies are to manage education in a digital structure, to develop a leadership culture and align it with company strategies, to spread a learning organizational culture, to support self-learning, and to align function-based development plans with company strategies.

In line with this purpose, to spread learning to all levels of the organization, to create an adult learning culture where development is under the control of the individual, to focus on the competencies of our colleagues in the field of personal development beyond professional development, to spread a collective learning mindset that adapts to changing technologies and needs in an agile way, to increase the resilience and competitiveness of the organization, and to encourage lifelong learning opportunities for all. We aim to create inclusive learning spaces.

In this context, as Pegasus Academy, we aim to focus on leadership development, talent programs; from award-winning quizzes to PegaTalks, where we host famous speakers who are experts in their fields; Under our Development Taking-Off (HUG) brand, we have many personal development solutions and learning platforms such as LinkedIn Learning within the scope of self-directed learning; We are delighted to bring together in-class, online, hybrid, digital and many other learning solutions with Pegasus members.

In 2023, we provided 4.8 hours of learning and development experiences per person for a total of 6,452 participants.

On the other hand, with our Sustainability Training, we inform all our colleagues about sustainability, our goals and practices. With our Sustainability Training, we provided a total of

768 hours of learning experience to our 2,671 employees in 2023.

We aim to contribute to society in the field of social justice and social sustainability with our Human = Human training, which we designed to inform all our colleagues about gender equality and to inform them about our approach. In 2023, we reached a total of 2,353 employees and reached 1,044 hours of experience with our Human = Human learning content. In addition, we created a fun learning experience by organizing an award-winning quiz on Gender Equality, in which a total of 597 people participated.



In 2023, we published our Sustainability Glossary, which we created to guide our employees on sectoral and basic concepts related to sustainability. We keep it up-to-date and make it accessible to all our colleagues.

We also supported our sustainability goals with PegaTalks, where we hosted famous speakers who are experts in their fields.

We reinforced our organization's awareness on climate change with the "The Climate We Change Without Realizing It" seminar with Bünyamin Sürmeli, and we aimed to contribute to the well-being of our employees with the seminar "Feeling Good in Difficult Times for Psychological Resilience" with Beyhan Budak.

Finally, we regularly prepare and publish "Sustainability Podcast" recordings in order to keep all our colleagues up-to-date and in the process regarding our sustainability approach, goals and projects. In each episode of our podcast series hosted by our Chief Sustainability Officer, we welcome our employees who contribute to sustainability efforts and listen to Pegasus' sustainability journey from them. With our "Sustainability Series", which consists of a total of 10 podcasts, we reached a total of 11,880 listens.

Pegasus Academy Training Programs Participant & Experience Data

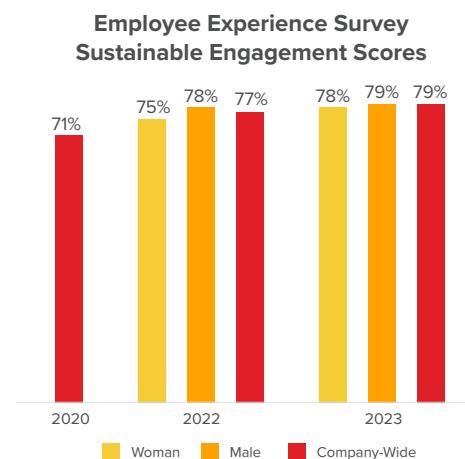
Number of Experience Participants						Experience Total Duration (Hours)					Experience Per Participant Duration (Hours)				
Category	MALE	WOMAN	SUM	MALE %	FEMALE %	Category	MALE	WOMAN	SUM	MALE %	FEMALE %	Category	MALE	WOMAN	TOTAL
Personal Development	2,611	1,487	4,098	64	36	Personal Development	3,735	4,543	8,278	45	55	Personal Development	1.4	3.1	2.0
Functional Development	1,064	1,075	2,139	50	50	Functional Development	11,969	9,872	21,841	55	45	Functional Development	11.2	9.2	10.2
Leadership	140	75	215	65	35	Leadership	924	140	1,064	87	13	Leadership	6.6	1.9	4.9
Grand Total	3,815	2,637	6,452	59	41	Grand Total	16,628	14,555	31,183	53	47	Grand Total	4.4	5.5	4.8



6.6 Employee Satisfaction

Recognizing the vital role of our human resources in our corporate success, we make it a priority to improve the employee experience and increase employee loyalty. As a company with locations, specialties, and a demographically rich workforce, we aim to assess and analyze employee experience comprehensively and objectively. With this approach, we gain a detailed understanding of the situation of each group of employees by identifying their customized needs based on data-driven insights.

Thus, we aim to create a working environment that supports the satisfaction, productivity and development of our employees. To listen to every employee's feedback, we have developed our Employee Experience Survey to be a reliable and effective tool, considering factors specific to the aviation industry. We conduct our regular Employee Experience Survey every year. By determining our focus areas according to the results, we aim to develop a culture of continuous improvement, increase work efficiency and employee loyalty.



EXAMPLES OF OUR EMPLOYEE-ORIENTED PRACTICES

Flexible Working Hours

We use flexible working hours to increase the motivation of our employees. Our employees, who are not included in the shift system or are not included in the flight schedule, and who are suitable for flexible working, can enter between 07.30-09.00 and exit between 16.30-18.00 in line with their preferences. We also use the possibility of working remotely for our employees. In this context, we offer our employees the opportunity to work outside the office on certain days of the week. Another benefit of this flexibility is to help reduce transport emissions from employee commuting.

Our Fringe Benefits

At Pegasus, we care about improving the quality of life of our employees. In line with this, we provide all our employees with comprehensive private health insurance, including flexible and hybrid applications. We apply discounted flight ticket tariffs for our employees and their first-degree relatives. We also participate in broader airfare benefit programs that include other carriers in the industry. We provide meal payments with meal cards at each workplace and offer transportation services to separate locations. We apply a hybrid working model in departments that are deemed suitable for remote working and offer the opportunity to work outside the main workplace, at home and abroad, for certain periods and permanently. In addition to the remote working model, we provide remote working support to our employees. With our additional benefit package

prepared according to the title structure, we offer advantages such as company vehicles, fuel support and corporate lines. According to our performance bonus model, we reward annual business results and individual performance. We provide daycare assistance for our employees who have children between the ages of 0-6. We offer free health check-ups from contracted health institutions once a year for all our employees. We provide maternity benefits to our employees who have just had children. In addition, for an operations team member who declares that she is pregnant, we plan to work only during the day, removing them from the shift working order from the declaration date. Our female employees who are on unpaid leave continue to benefit from private health insurance while on leave, and we ensure that they benefit from private health insurance after their babies are born. We offer additional opportunities to our employees by making periodic agreements with different institutions and brands. We provide opportunities in the field of education by supporting the development of our employees through university collaborations.

We represent while having fun!

At Pegasus, we ensure the participation of our employees through our social activity clubs, of which more than 100 employees are members, and we also provide representation in various areas of social responsibility in a way that raises awareness.

- Running Club:** Our club achieved team and individual degrees in many races throughout the year. In addition, we ran the Istanbul Marathon for the Foundation for the Evaluation of Women's Work.

- Sailing Club:** Our team, which sailed with the slogan "A Sustainable Future", came third in the Fifty/Fifty Sailing Cup by competing in the seas with teams with equal number of men and women in order to support gender balance within the ranks achieved in many races throughout the year.



- Theater Club:** Our club, which has provided power chairs with the revenues of the plays they have performed in the past years, opened the stage curtain in the new season with the play "Let Womanhood Stay With Us" and donated to children with the revenues from its play that draws attention to gender equality.



- Music Club:** They contributed to the collection of stationery materials and toys for children in the earthquake zone with the charity night they attended.



- Women's Football Club:** One of the gender-based prejudices is found in the field of sports. In order to break down this prejudice, we established our first women's football team. Our team took its place in the "Girls Field Football Tournament" to challenge prejudices.

- Our colleagues, who work in different functions within the organization with team games and activities such as football, basketball, volleyball and trekking, run together to success in unity and support.

- Emphasizing the harmony of the activities of our sports clubs with our company's strategies and values, our **May 19 Commemoration of Atatürk, Youth and Sports Day video** is a good example of the contribution of our social clubs to the employee experience.

► CLICK TO WATCH



6.7 Our Approach to Equality, Diversity and Inclusion: PEGASUS HARMONI

In line with one of our five core values, “Human Orientation”, we have made the concepts of equality, diversity and inclusion the cornerstones of our corporate culture.

By advocating for an equal work environment, we respect all differences regardless of gender, age, ethnicity, religion, language or mental or physical disability, and offer equal opportunities to everyone. We are excited to learn together with new experiences in a working environment where we appreciate each other and respect our expertise.

For a long time, we have been regulating equal opportunities, fair workforce, improvement of labor standards, women's employment and inclusion policies under various headings in the Pegasus Airlines Human Resources Policy and Pegasus Airlines Ethical Behavior Guide. As Pegasus Airlines, we aim to be a leading airline in our sector in terms of gender equality.

We embrace all our differences, believing that a better future will emerge from the unity of different voices. Together with our employees from many parts of the world and different nations, we are moving forward with the strength we get from our experience.

Pegasus Has its Harmony!

Pegasus has a culture that believes in diversity, equality and inclusion and aims to grow all of these.

Pegasus dreams of being one in a common dream, in a common language and at every step it takes.

Because we know that a better future will arise from the unity of different voices.

That power that will add value to our present, build an equal and sustainable tomorrow for future generations together, and make our dreams come true together, is in our genes.

With the strength we get from all our differences,

With our endless energy,

With our values that make us who we are,

We are here with our unique talents formed by our own experience!

Listen to our harmony!



In our recruitment processes, we do not discriminate against our candidates' differences such as language, race, citizenship or gender, as long as there is the right human match. We are implementing new practices to ensure equal opportunities in gender balance.

By caring about the belonging of all our employees, we embrace different ideas with respect and care about their participation in business processes. Together, we improve and evaluate Pegasus' processes and support this process with our employee experience surveys and recommendation system.

Aviation is a male-dominated industry. We monitor the rate of female representation in specific areas such as engineering, pilotage and technical within the company and in senior management with regular reports. We aim to increase the representation of women. In this context, we have implemented and continue to implement various collaborations, corporate projects and in-house practices, especially focusing on Gender Equality.

We support raising awareness among women about opportunities in aviation and improving the quantitative and qualitative role and effectiveness of women in aviation. In 2019, Pegasus was one of the first airlines in the world to sign the “25by2025” initiative, which aims to increase the female representation of women in the sector by 25% or at least 25% by 2025. As a reflection of this commitment, our board of directors updated its “Representation on the Board of Directors Policy” in 2019 and set a target of at least 25% representation for women's representation on the board of directors by 2025, and we achieved this goal in

2022. In line with our IATA “25 in 2025” targets, in addition to increasing the representation of women in leadership positions, it is among our goals to increase the ratio of female pilots, engineers and technicians.

We are working to ensure equality between men and women at all levels. In line with this awareness, we are working to equalize the number of men and women in the talent pool. The first step of these efforts is the recruitment process. Then, we try to ensure the continuity of the pool by applying an equal development plan to everyone. In promotion processes, we attach importance to the promotion of the deserving person, regardless of gender.

You can learn more about our work in Equality, Diversity and Inclusion in 2023 in our [2023 Harmony Report](#).



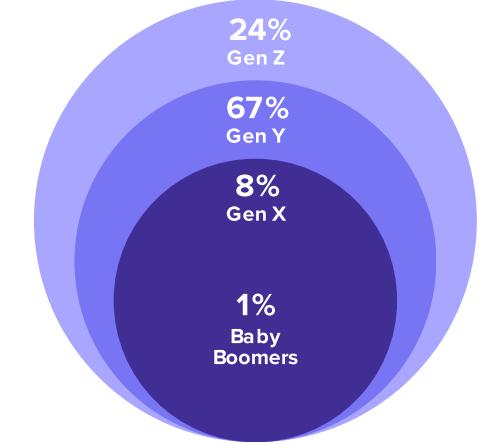
**At Pegasus,
We have 171
Employees
From
38 Different
Countries
Other Than
Türkiye!**



**Working Parents
Make Up
36% of Our
Demographic.**

- We promote women's involvement in the workforce owing to our contracted nurseries where all working mothers can send their kids.
- We do not plan night flight duties for our women pilots and cabin crew until their children are 1 year old, or flight duties with overnight accommodation at the destination location until they are 3 years old.

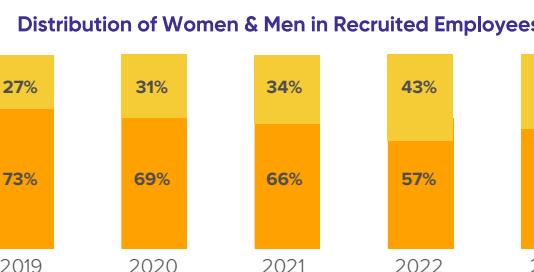
Generation Distribution



7,670
Total Number of
Employees

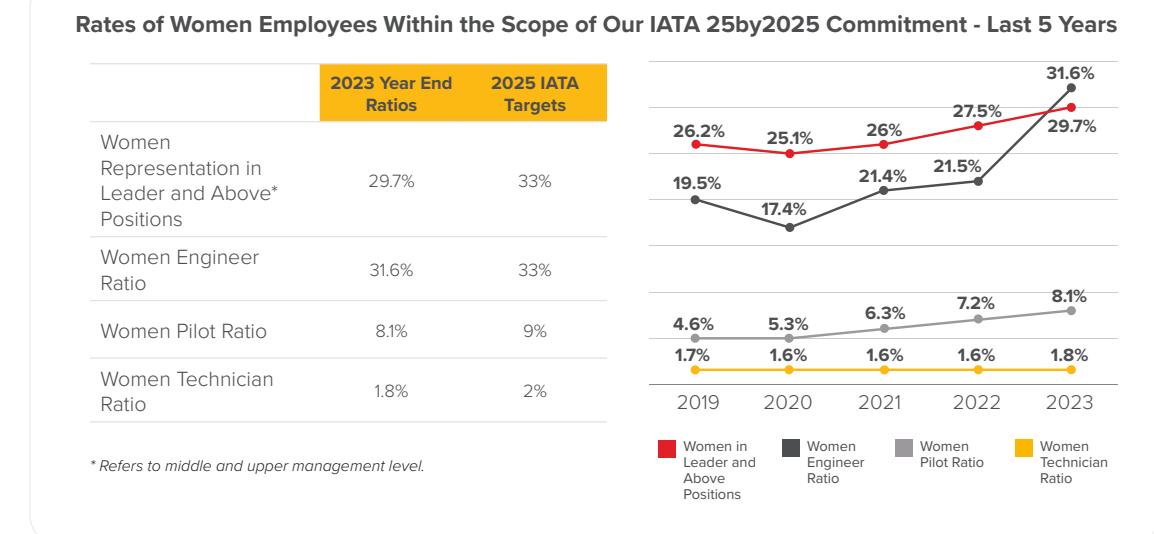
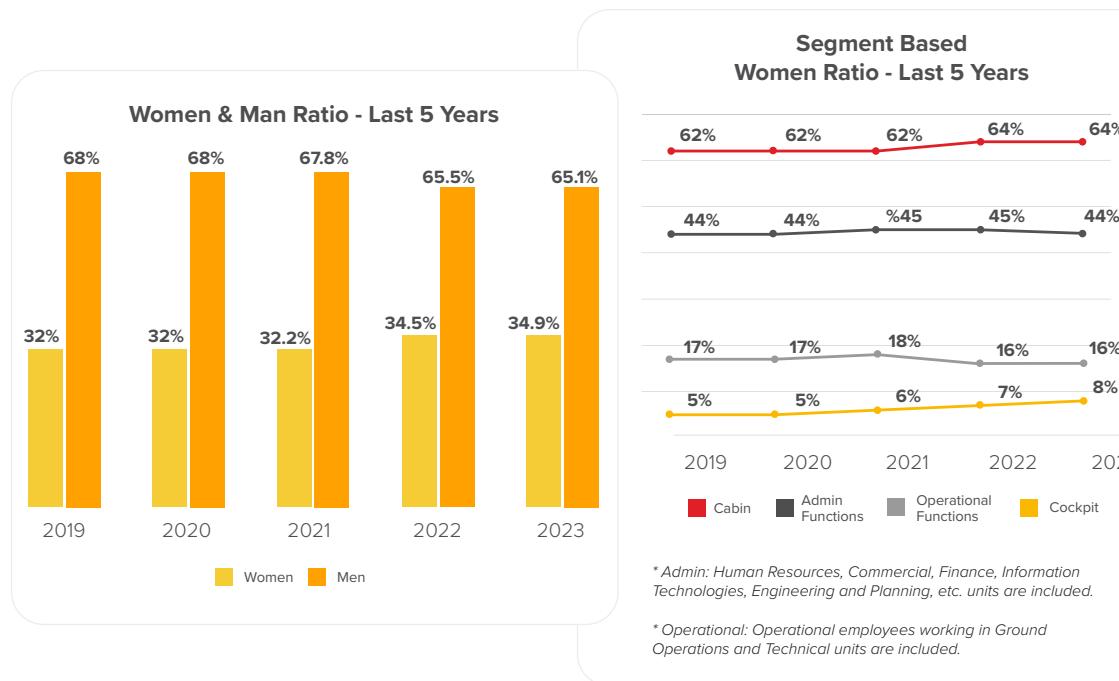
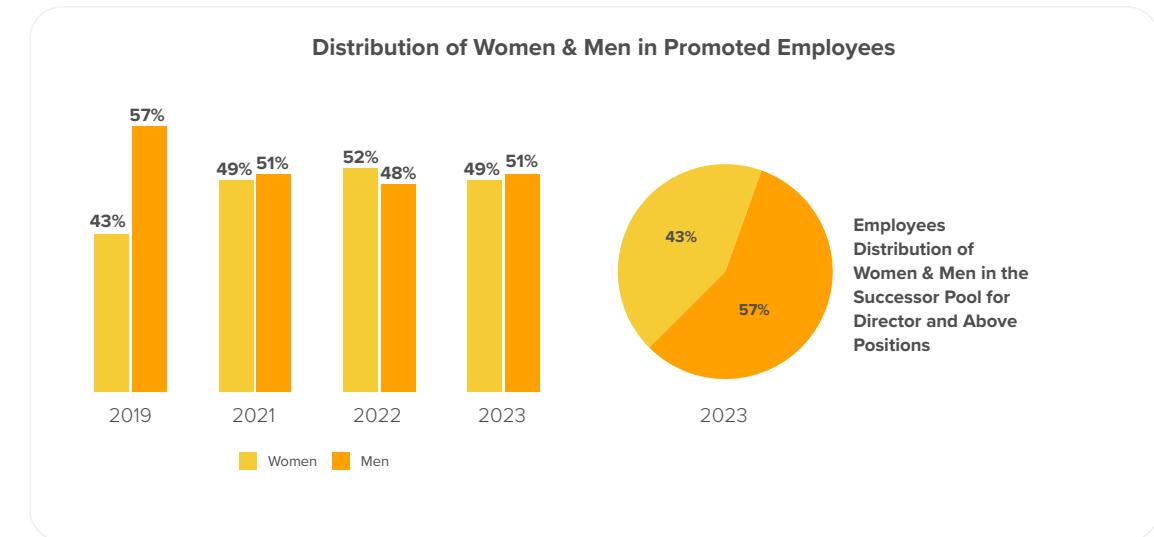
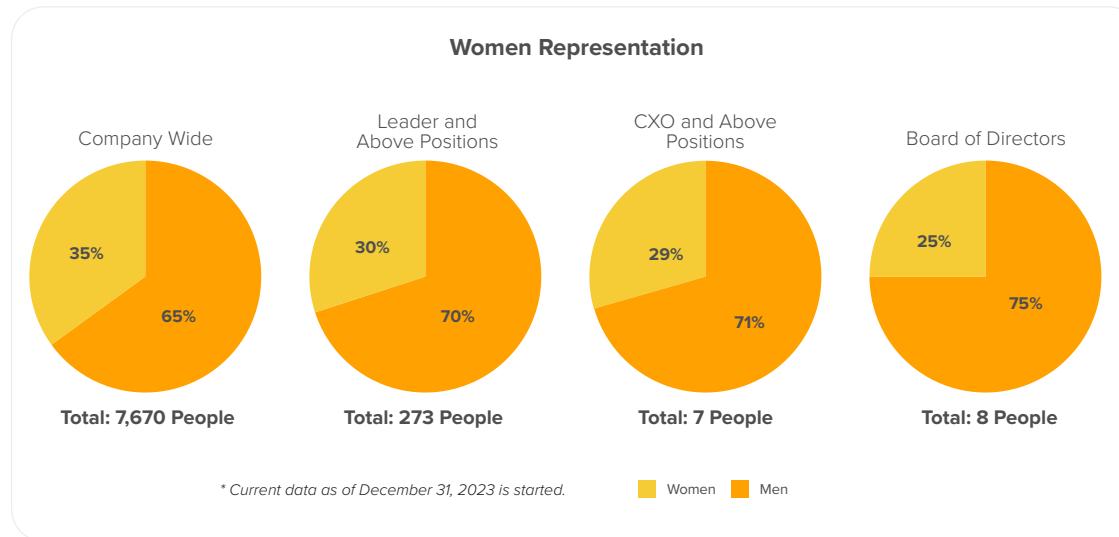
2,675
Total Number of
Women Employees

4,995
Total Number of
Men Employees



**Our Target
by 2024
Year-End;
45%**





7 WE ARE MOVING TOWARDS A BETTER FUTURE TOGETHER

PEGASUS

Any kind of social formation and effort needs a good governance structure. It is important to think of this governance structure through the multi-stakeholder setup of the ecosystem in which each of them is connected, rather than thinking of each institution as its own and separate organizational structures. Institutions can only increase their positive impact on sustainable development through collaborations and more interaction.

In this context, in line with our company's sustainability strategy, we strive to spread practices across our value chain with a good governance structure. We believe that we will directly or indirectly contribute to Sustainable Development Goals such as SDG 9, SDG 10, SDG 11, SDG 12, SDG 16 and SDG 17 with all our efforts under the motto "Our Route: A Better Future Together".



7.1 Governance

We see governance as a concept that provides the balance between environmental, social and economic elements in envisioning a sustainable future. This concept also regulates the interaction of these elements.

Where more than one person coexists, issues arise that need to be managed. Today, there are companies with thousands of employees, businesses serving millions of customers, and social structures that bring billions of people together. The number of issues that need to be managed in these environments is large, and the relationships and balances between these issues are complex.

In this context, the importance of institutional structures is increasing. Institutions need a management structure that is not dependent on one individual, and that provides for a balance between individuals and allows the development of individuals within its structure. Furthermore, this structure has less chance of success with a linear setup in which information flows only upwards and decisions flow only downwards.

At Pegasus Airlines, we attach significant importance to strong governance. With our public offering in 2013 and the debt instrument issuances covering a wide range of investors in the following years, we appeal to a wider range of investors. With our perspective combining transparency, accountability, purpose-orientation, stakeholder-orientation and a willingness to reveal the value we create, in addition to periodic financial reporting subject to independent audit we have achieved the following:

- To date, ratings we have received from domestic and foreign credit rating agencies have regularly been equivalent to or above our country rating. These evaluations highlight the successful operational and financial results we have consistently achieved.
- As part of our independently rated corporate governance compliance reporting, which we have been maintaining since 2013, we had the highest rating in our industry and one of the highest ratings among all BIST companies with a rating of 97.5% in 2023.
- In line with our CDP climate change emission reporting, which we have been maintaining since 2015, we are among the companies with the highest scores in the aviation industry all over the world with our leadership level (A-) rating score, which we achieved for the third time in 2023.
- In 2019, we became the first airline to sign the UNGC in our country, and in the UNGC Communication on Progress Reporting, which we have been maintaining since then, we switched to the new reporting format in 2022, one year earlier than planned, becoming one of the two airlines all over the world to do so (Early Adopter).

On the other hand, in terms of our guests and employees, we regularly evaluate Pegasus Airlines with the feedback of guests and employees, examine good practice examples and understand our responsibilities as an organization. We believe that successful corporate performance is an indicator of increased employee effectiveness and customer satisfaction. However, we are also pleased that this success is supported by positive feedback,

appreciation and awards presented in different fields.

We are aware of the different responsibilities that come with being a strong institution.

First of all, we think that we should contribute to the development of the industry we are in. We are among the active members of TÖSHİD and IATA. In both institutions, responsibilities such as chair of the board of directors, member of the board of directors, chair and membership roles in different working groups have been or are being undertaken by our board members and employees.

In 2023, we started to take part in the board of directors of the Global Compact Signatories Association, which is the representative of UNGC Türkiye. We attach importance to national and international inter-sectoral collaborations and strive to make a positive contribution to the platforms we are a member of.

Finally, the earthquake disaster that deeply affected our country in February 2023 reminded us all once again of the importance of strong institutions and cooperation in demanding situations. During this period, with the great devotion of our employees, we tried to alleviate the pain of our citizens under difficult conditions. Beyond the cash assistance we provide; With the aid teams and aid materials we carried to the earthquake zone along with the evacuation flights, we said "#HereForYou" and directed our power to reduce the effects of the earthquake to the maximum extent.

PEGASUS
#HereForYou



7.2 Value Chain Management

As Pegasus Airlines, we have positioned the sustainability approach as a key component of our strategy with the increasing awareness of environmental, social and economic development. While carrying out our activities, we adopt and apply some basic behavioral principles as well as legal regulations and standards in order to increase the value we create for all our stakeholders.

We consider a safe and reliable working environment and service as our top priority. While conducting our business with our innovative, dynamic and future-oriented perspective, we also care about being respectful, honest, sensitive and fair to people. We carry out effective studies on gender equality, and we aim to create a cultural environment focused on equality, diversity and inclusion with our Harmony initiative. As part of our 2050 net-zero emissions commitment, we are well on our way to combating climate change and are committed to doing our part. We know that as a strong organization nurtured by strong people, we can create more value and impact for our environment and society.

In line with this awareness and approach, we are aware that we can increase the value and impact we will create together with our value chain, starting from procurement to our operations, marketing, sales and after-sales services. We monitor the work we carry out with our stakeholders at the sub-breakdown level, and take the necessary actions to ensure its continuity, to increase our cooperation on environmental, social and economic issues, and to effectively manage the value we create mutually.

In 2023, we published our “Pegasus Value Chain Sustainability Compliance Framework”

Our approach here aims to ensure efficiency in cooperation and solidarity in the field of sustainability, to encourage new sustainable business methods and to increase our social benefit with our stakeholders in today's world where economic solutions alone are not enough, the importance of environmental and social issues is increasing, and their effects are felt more. Our Sustainability Compliance Framework explains the issues of safety and security, people and society, environment, ethics and transparency, which we attach importance to and see opportunities for improvement in line with this purpose, and sets out our expectations from our value chain in the context of these issues.

Pegasus Value Chain Sustainability Compliance Framework Working Principles

At Pegasus, we define our core principles under 4 main roofs: safety and security, people and society, environmental responsibility, justice and morality. Starting with ourselves, we comply with these principles and improve our performance together with all our suppliers and business partners in our value chain.

Our Working Principles



Safety & Security

As a flight operator, our first priority is «Safety and Safety» and safety, security and health form the basis of all our activities.

Human Rights

In addition to fulfilling the requirements of the legal regulations on working life, we adopt a decent business model to protect human rights.

Equality, Diversity and Inclusivity

We treat everyone equally, without discrimination based on preferences such as citizenship, language, race, gender, color, age, ethnicity and political opinion, considering the diversity that each individual's own characteristics add to the institution.

Environmental Responsibility

As part of our sustainability strategy, we have stated that we are moving towards a cleaner future, and we are working effectively on this path.

Legal Compliance

It is one of our main responsibilities to comply with national and international regulations in all countries where we operate.

Conflict of Interest

As a company, we do not allow our employees to cause any situation that may create a conflict of interest with the company.

Fair competition

While carrying out our activities, we act in accordance with national and international fair competition rules.

Anti-Bribery and Anti-Corruption

We expect our employees to comply with all internal regulations on the basis of common sense and to avoid situations that may create a perception of bribery or corruption.

Information Security and Privacy

While implementing measures on Information Security and Privacy effectively and securely, we see digitalization as a part of our company strategy.



7.3 Supply Chain Management

In line with our understanding of value chain management, we adopt a comprehensive approach that covers all processes from procurement to the end user. This approach, combined with integrated management systems such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System, enables our operations to be implemented more effectively. In this way, we ensure consistency and integrity in the areas of quality, environment, occupational health and safety, and information security by connecting all our business processes from start to finish.

We follow up our communication methods and frequency with each of our stakeholder groups by defining our impact issues in our stakeholder communication matrix. Our aim is to strengthen our communication with our stakeholders and ensure its continuity, to increase our cooperation on environmental, social and economic issues, and to build a better future together by managing the value we create mutually more efficiently.

Our Supplier Sustainability Performance Assessment Program

We are aware that it is necessary to ensure efficiency and cooperate with our stakeholders in cooperation and solidarity in today's world, where economic solutions alone are not sufficient for a sustainable future, and the importance of environmental and social issues is increasing, and their effects are felt more.



At the same time, the cooperation of some of our suppliers is very valuable to us in order to achieve our sustainability goals. With the goal of increasing the sustainability performance of our value chain with our own activities, we implemented our "Supplier Sustainability Performance Monitoring and Evaluation Program" in 2023. In this context, we aim to report and monitor environmental, social and governance key information and to increase supplier sustainability performance. In 2023, we started to expand this program to our fuel and ground handling suppliers, which we determined as priority areas, and we received feedback from 14% of the suppliers we invited to the program. We are working to increase this rate and create new cooperation opportunities. In addition, it aims to support our stakeholders who want to move with us towards a sustainable future in their sustainability journeys, to share good practices, to cooperate, and to address environmental and social problems. We believe that we will benefit by producing solutions.

Supplier Evaluation Process

Within the scope of Integrated Management Systems, a comprehensive process is carried out for the evaluation of suppliers in our company. Within the scope of this process, the criticality level, legal compliance and risk level of each supplier are determined and reviewed at regular intervals. The work we carry out for our suppliers generally includes the following steps:

- Supplier selection
- Supplier evaluation
- Supplier audits
- Supplier risk management
- Supplier communication

With all these processes, necessary actions are taken to align our suppliers with our company's sustainability strategy.

All employees, including employees, contractors, consultants and interns, as well as the personnel of third parties providing services to Pegasus, who have access to Pegasus information, declare at the time of the contract that they will comply with Pegasus procedures within the scope of Integrated Management Systems.

Once a year, in the first half of each year, we evaluate the Quality, Environment, Occupational Health and Safety, and Information Security compliance of our suppliers with whom we cooperate. Our supplier evaluation criteria are generally defined as follows:

- We do not work with suppliers who score less than 50 points. The approval of the purchasing director must be obtained for suppliers who must be worked with.
- Suppliers who score between 50 and 69 points can be worked with the approval of the manager of the relevant unit and above who requested the purchase.
- Suppliers that score between 70 and 100 are ideal suppliers to make a purchase with.

In the supplier evaluation process carried out in 2023, a total of 444 suppliers were evaluated, and in this context, 91% of our suppliers were concluded as "continuing to work".

In measuring supplier performance, we actively use strategic evaluation tools such as Supplier Scorecard and Balanced Scorecard (BSC) in our company.

The Supplier Scorecard allows us to evaluate the performance of our suppliers in detail on environmental, social and economic issues with various criteria. In this way, we can objectively measure the value provided by our business partners. This strengthens the alignment of our business strategies with supply chain management and the sustainability of supplier relationships.

Supplier Evaluation Results 2021-2023

	2021	2022	2023
Number of Suppliers Evaluated	853	444	444
Between 70-100 points	90%	90%	91%
Between 50-69 points	8%	7%	7%
From 0-49	2%	3%	2%

Supplier Evaluation Survey Results 2023



402 Suppliers
scored between **70-100**.
Work can be continued.



30 Suppliers
scored between **50-69**.
Improvement must be made.



12 Suppliers
received a score of **0-49**.
Work cannot be continued.
Procurement evaluates the situation.

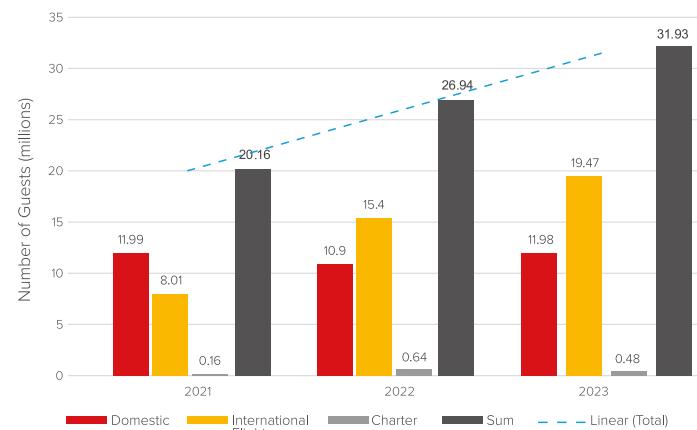
7.4 Guest Experience

In line with our company's strategic goal of "growth", the number of our guests is increasing in parallel with the growth in our fleet. Guest satisfaction and experience are essential for sustainable growth. With this belief, at Pegasus, we prioritize the experience we offer to our guests. We focus on improving our service quality from end to end and strive to provide the best travel experience for our guests.

We regularly measure our performance to increase guest satisfaction. We consider the feedback we receive from our guests to be of a high-level of importance. We contribute to the improvement of our processes with feedback.

In this context, we have implemented proactive customer information services. We communicate with our guests transparently and instantly through various channels such as e-mail, Mobile Application and SMS. It is a part of our strategy to manage our customer satisfaction performance and the actions we take in the most efficient way.

Our new technological applications, training activities and regular call center visits have a significant contribution to increasing guest satisfaction performance. The technology investments we make with our business partners, especially the development of our voice response system and many projects we carry out for our guests directly contribute to the guest experience. We are working to increase the services that empower our guests to carry out their transactions directly from the digital environment. The digital applications we carry out for guest experience are detailed under the heading of "Digitalization".



7.5 Our Collaborations

We collaborate with different stakeholders in many projects aimed at our sustainability goals.

We have expanded our cooperation with Petrol Ofisi regarding the use of SAF, which covers certain domestic flights departing from Izmir Adnan Menderes and Ankara Esenboğa airports in 2022, to include certain flights departing from İstanbul Sabiha Gökçen in 2023. This initiative currently covers three airports in Türkiye. We continue to cooperate with various suppliers abroad for the use of SAF outside of regulatory requirements.

As a result of our work with Pendik Municipality, which undertakes the management of İstanbul Sabiha Gökçen Airport waste in 2023, we started to collect recyclable packaging wastes separately in the cabin. We aim to increase efficiency in end-to-end recycling studies.

We came together with 28 project partners for the "HyH2VADIK Northern Marmara Hydrogen Valley" project and applied for support for the Horizon Europe Program. In this project, we aim

to carry out studies on the use of hydrogen as an alternative energy source for our ground operations and facilities at our home base, İstanbul Sabiha Gökçen Airport. In addition to this project, we have participated in three research projects sponsored by the European Union in the field of flight safety, SafeClouds, SafeOPS and SafeTeam, as principal members. On the other hand, under the coordination of Eskişehir Technical University and with the participation of a total of 10 institutions from different countries, we took part in a separate European Union Erasmus Grant Application for a development program to increase the competence of sector employees in sustainable aviation.

We became a founding member of the Sustainability Working Group of the Private Sector Aviation Enterprises Association of Türkiye (TÖSHİD). With the work here, we aim to support the carbon emission reduction efforts of the Turkish Civil Aviation sector. We allocate resources to contribute to the work of both the Legal Advisory Board and the Sustainability & Environment Advisory Group on sustainability-related issues at IATA, and we strive to support their work. On the other hand, as of 2024, we also support the work of the Turkish Sustainable Aviation Platform.

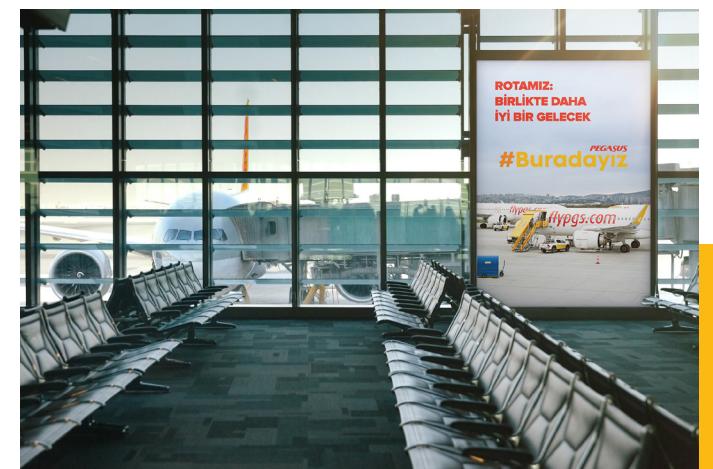
7.6 Studies on Legal Regulations and Policy Implementation

In 2023, we conveyed our opinions verbally in writing and through meetings for the draft regulations, guidelines and working

documents published on climate change, waste management, energy management and Sustainable Aviation Fuel (SAF). We took part in the sector studies carried out by TÖSHİD and IATA.

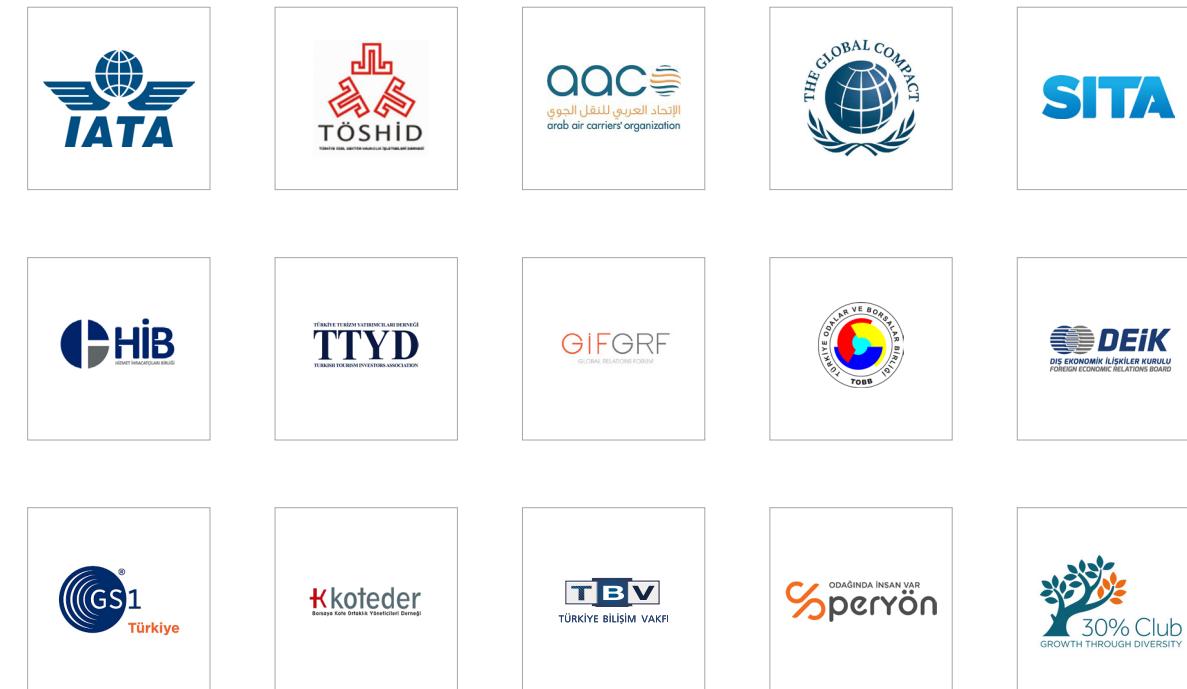
In this context, within the scope of the draft Sustainable Aviation Fuel Instruction (SHT-SAF), which is of particular interest to our industry, it is expected that a certain amount of SAF will be required to be used on international flights departing from Türkiye. The preparation process of the instruction is still ongoing, it is closely monitored, and an active role is taken in the evaluation processes. As Pegasus, we continue our work by making all kinds of preparations for the obligations that will arise if the draft directive comes into force.

Across industry, actions taken to reduce greenhouse gas emissions continue rapidly. In this context, we carry out preliminary preparation and risk assessment studies by following the developments in the European Union Regulations, CORSIA, EU ETS and similar international regulations.



7.7 Corporate Memberships

- IATA International Air Transport Association
- TÖSHİD Turkish Private Sector Aviation Enterprises Association
- AACO Arab Air Carriers' Organization – Strategic Partner
- UN Global Compact Turkish Global Compact Signatories Association
- SITA Société Internationale de Télécommunications Aéronautiques
- HIB Service Exporters' Association
- TTYD Turkish Tourism Investors Association
- GIF Global Relations Forum
- TOBB Turkish Union of Chambers and Exchanges Civil Aviation Council
- DEİK Foreign Economic Relations Council
- GS1 Türkiye Foundation
- KOTEDER Stock Exchange Traded Companies Association
- Turkish Informatics Foundation
- PERYON Türkiye Human Management Association
- 30% Club



7.8 Social Responsibility Projects

We adopted and published our Pegasus Airlines Corporate Social Responsibility Policy in 2013 with the decision of the Board of Directors. In the past 11 years, we have contributed to different projects. Recently, two projects have come to the fore.



Every Step to the Future, Our Face to the Republic

While celebrating the 100th anniversary of our Republic in the fall of 2023, we were also proud to successfully represent our country in international aviation as an airline company with a fleet of 100 aircraft. In this context, we announced a new scholarship program with the Turkish Education Foundation (TEV) within the framework of a series of events,

communication activities and collaborations we carried out in October.

In line with our efforts for gender balance, we support the education of 1,000 female students by providing university scholarships in cooperation with TEV on the 100th anniversary of our Republic. This cooperation constitutes the highest single support in the history of TEV. 25% of the scholars come from earthquake zones.



We Fly to Tomorrow – 2023 Review

As Pegasus Airlines, we support projects aimed at empowering young people with our "We Fly to Tomorrow" social responsibility project. Within the scope of our "We Fly to Tomorrow" project, which is a grant program we have implemented under the direction of the Support Foundation for Civil Society (STDV), in 2023; It was decided to support projects that directly concern young people and aim at empowering young people in 3 different thematic areas listed below. In this direction, grant support was provided to the projects of 3 different non-governmental organizations.

1. Protecting the Environment and

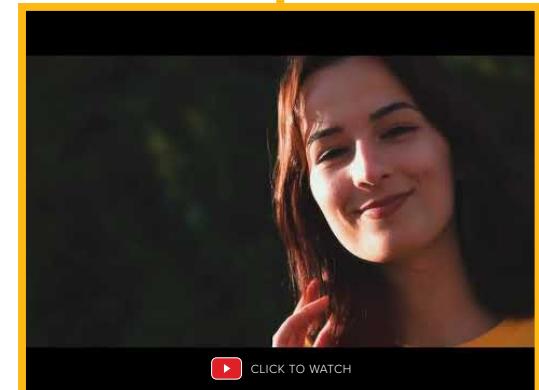
Combating Climate Change: Young generations will also be affected by the negative consequences of global climate change and environmental problems. For this reason, supporting projects that will

inform young people, develop their life skills and strengthen their capacity to develop solutions to these problems.

2. Youth Well-Being: Well-being is an approach that aims to increase people's abilities with the help of certain indicators, aiming at well-being in various areas such as financial situation, education, health, relationships, environmental conditions and participation, and considering the well-being and development of people holistically. From the perspective of youth well-being, supporting project ideas for subjective well-being of young people in social rights areas such as life satisfaction, education, work, health, housing.

3. Digital Literacy and Digital Security:

Supporting projects to increase the digital competencies of young people, to improve their knowledge about being safe in the digital world, and to combat digital violence.



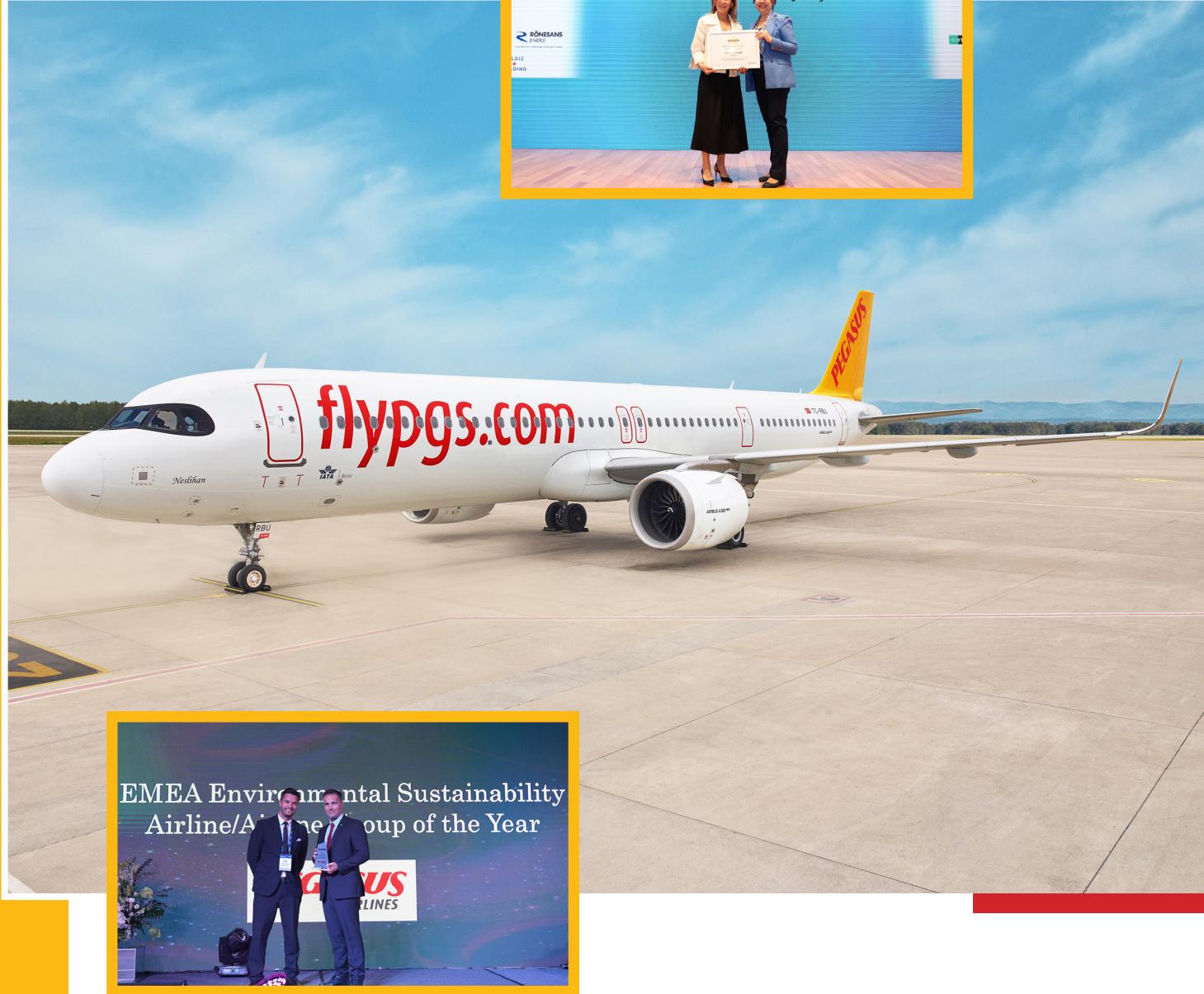
Awards

7.9 Awards

- Our CEO Gülliz ÖZTÜRK received the “Executive Leadership: Europe” award at the Flight Global Airline Strategy Awards, the “Sustainability Leaders 50” award at the Fast Company Sustainability Leaders 2023 awards, and the 100th anniversary of the Flight Global Airline Strategy Awards. He received the “Leadership in Sales (LISA) 2023 award at the Leadership Awards of the Year and the Leadership Award in the Business Aviation Category at the Aviation Week Network Laureate Awards in 2023.
- In 2023, in the category of “more than 100 aircraft fleet”, “4th in the world. Youngest Aircraft Fleet 2024” and “Europe’s 4. We won the “Youngest Aircraft Squadron 2024” award. Pegasus Airlines has been awarded the ATN Corporate Award at the 2023 Air Transport Awards organized by Hermes.
- The Sustainability-Related Loan financing we carried out for the financing of 10 new Airbus 321neo aircraft we received in 2022 was awarded as the “Sustainability Supported Financing Project of the Year” by Airline Economics and the “Guaranteed Financing Project of the Year 2022” by the Euromoney Airfinance Journal. This financing transaction was cited by IATA in its

2050 Net Zero Financing Roadmap as an example of sustainability-linked EXIM export-supported aircraft finance projects.

- We were deemed worthy of the “Best Team to Join” award at the Sales Network Contact Day 2023 awards.
- We received the “Airline Brand of the Year” award at the 7th Türkiye Brand Summit & Türkiye Golden Brand Award.
- We were deemed worthy of the “Sustainability Supported Finance Agreement of the Year” award at the Economic Sustainability Award 2023.
- We received the 2023 Europe, Middle East and Africa Region Environmental Sustainability Airline Award (EMEA Environmental Sustainability Airline/ Airline Group of the Year) at the CAPA (Center for Aviation) awards.
- We were deemed worthy of the “Aviation Finance of the Year” award within the scope of the Bluesky Awards 2023 Aviation Awards.
- In 2023, we received the Second Prize for Passenger Transport Services in 2022, organized by the Service Exporters’ Association.



7.10 Sustainability Indices

We attach importance to being included in platforms and indices that make ratings and measurements to evaluate our sustainability performance. We prefer to take part in different mechanisms that help us evaluate our environmental, social and governance performance without focusing on a specific area.

In this context:

- We are the first airline in Türkiye to sign the Global Compact of the United Nations, which leads the issue of sustainability globally, addressing the fundamental responsibilities of the business world in the fields of human rights, labor standards, environment and anti-corruption. Within the scope of the Global Compact, of which we are a signatory, we regularly report our progress through the Progress Report (CoP) every year.
- We have been awarded the Green Control Certificate by Bureau Veritas and the Sustainability Academy for our commitment and achievements in sustainable business practices related to Environmental Management (Energy, Greenhouse Gases, Waste and Water Management), OHS Management, Communication and Engagement, Customer Feedback Management, Supply Chain and Environmental Conditions. We have achieved our Green Control Certificate at the Gold level, which is the highest level of compliance.
- We were awarded the 2023 Europe, Middle East and Africa (EMEA) Region

Environmental Sustainability Airline Award by CAPA (Centre for Aviation). The CAPA Aviation Sustainability Awards aim to reward the achievements of aviation leaders who put environmental sustainability at the heart of their strategy as a result of a detailed evaluation based on data and analysis compiled by independent sources.

- In 2023, our Corporate Governance Rating increased to 97.5%. With this rating, we have the third highest rating among companies traded on Borsa İstanbul and the highest rating in the aviation sector.
- We are improving our independent rating results for our sustainability performance. For the third time after 2020 and 2022, our CDP Climate Change Report received a Leadership Score (A-). We are one of only seven airlines with this level of rating. Our CDP Water Security Report, which we published for the first time in 2023, received an Awareness Score (C). Our LSEG (Refinitiv) ESG score is 79%, making us the third highest rated among 124 companies providing passenger transportation services.
- For the first time in 2023, we were included in the Sustainalytics sustainability index and brought our risk score from "High" to "Medium" (26.8) within the scope of the Core Framework.
- 15th out of 71 airlines on the Sustainalytics platform. We continue to be included in the MSCI platform, another globally recognized sustainability index, with our BBB score.



ACRONYMS AND DEFINITIONS

AI (Artificial Intelligence): Artificial Intelligence

ASK (Available Seat Kilometer): Available Seat Mileage

BIST: Borsa Istanbul

Board of Directors: Pegasus Airlines Board of Directors

CASK (Cost per Available Seat Kilometer): Unit Cost per Seat Kilometer Supplied

CDP (Carbon Disclosure Project): Carbon Disclosure Project

CMB: Turkish Capital Markets Board

CO₂: Carbon dioxide

CO₂e (CO₂ equivalent): Carbon dioxide equivalent

CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation): ICAO's Carbon Offsetting and Reduction System for International Aviation

COVID-19: Coronavirus Disease 2019

DGCA: Directorate General of Civil Aviation of Türkiye

DHMI: General Directorate of State Airports Authority of Türkiye

EASA (European Union Air Safety Agency): European Union Aviation Safety Agency

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortization): EBITDA (Earnings Before Interest, Depreciation and Amortization)

EBITDA %: EBITDA % or EBITDA margin, an indicator of operational profitability that indicates the ratio of EBITDA to revenue over the same period

EFB (Electronic Flight Bag): Electronic Flight Bag

Esas Holding: Esas Holding A.Ş.

ESG (Environment, Social, Governance): ESG (Environment, Social, Governance)

EU: European Union

GDPR: European Union General Data Protection Regulation

GRI (Global Reporting Initiative): Global Reporting Initiative

HEAŞ: Airport Operation and Aviation Industries Joint Stock Company, the operator of İstanbul Sabiha Gökçen Airport, affiliated to the Presidency of Defense Industries of the Republic of Türkiye

HİB: Service Exporters' Association

Hıtit Computer Services: Hıtit Bilgisayar Hizmetleri A.Ş.

I-REC (International Renewable Energy Certificate): International Renewable Energy Certificate

IATA (International Air Transport Association): International Air Transport Association

ICAO (International Civil Aviation Organization): International Civil Aviation Organization

IOCC (Integrated Operations Control Center): Integrated Operations Control Center

IOSA (IATA Operational Safety Audit): IATA Operational Safety Audit

ISO (International Standards Organization): International Standards Organization

KPI (Key Performance Indicator): Key Performance Indicator

KVKK: Law on the Protection of Personal Data

LC (Low-Cost) or LCC (Low-Cost Carrier): Low Cost or Low-Cost Airline business model

LCAF (Low-Carbon Aviation Fuels): Low Carbon Aviation Fuels, which are not defined as SAF but create a lower carbon footprint than conventional JetA1 fuel

NOx (Nitrogen Oxides): Nitric Oxide and Nitrogen Dioxide

PAPS: Pegasus Airlines Peer Support Program

Pegasus, Pegasus Airlines and the Company: Pegasus Hava Taşımacılığı A.Ş.

Pegasus Airlines Innovation Lab: Pegasus Airlines Innovation Lab, Inc.

Pegasus BolBol: Pegasus Airlines Passenger Loyalty Program

Pegasus Aviation Technologies: Pegasus Havacılık Teknolojileri ve Ticaret A.Ş.

Pegasus Flight Training Center or PUEM: Tasfiye Halinde Pegasus Uçuş Eğitim Merkezi A.Ş.

Report and Sustainability Report: Pegasus 2023 Sustainability Report

R&D: Research & Development

RPK (Revenue Passenger Kilometer): Revenue Passenger Kilometer

SAF (Sustainable Aviation Fuels): Sustainable Aviation Fuels that reduce CO₂ emissions in circular consumption

SAFA (Safety Assessment of Foreign Aircraft): Safety Assessment of Foreign Aircraft

UN SDGs or SDGs: United Nations Sustainable Development Goals

TCO (Third Country Operator): Third Country Business

TRFS: Turkish Financial Reporting Standards

TOBB: Union of Chambers and Commodity Exchanges of Türkiye

TÖSHİD: Turkish Private Sector Aviation Enterprises Association

Türkiye: Republic of Türkiye

UNGC (United National Global Compact): United Nations Global Compact

WEP or UN WEP (Women's Empowerment Principles): United Nations Women's Empowerment Principles

YEK-G: Renewable Energy Resource Guarantee System



PERFORMANCE INDICATORS



Environmental Performance Indicators

	2021	2022	2023
Energy and Emission Management			
Energy Intensity (MJ/RPK)*	0.99	0.86	0.85
Energy Consumption (GJ)			
Jet-A1	24,578,657.03	34,439,826.44	41,520,869.76
SAF	-	-	9,548.17
Diesel	56,803.00	61,010.07	91,013.58
Gasoline	1,682.02	1,317.59	83,591.87
Electricity	29,583.45	26,560.14	27,265.88
Renewable Energy (Electricity)	-	15,271.20	18,147.60
Natural Gas	8,213.29	8,080.88	4,015.96
Total Direct Energy Consumption (GJ)**	24,674,938.79	34,536,795.11	41,736,305.22
Total Indirect Energy Consumption (GJ)**	-	-	117,603.78
Total Energy Purchased (GJ)	24,674,938.79	34,536,795.11	41,736,305.22
Total Energy Produced (GJ)	-	-	-
Total Purchased Renewable Energy Consumption (GJ)***	-	15,271.20	27,695.77
Total Renewable Energy Consumption (GJ)***	-	-	-
Emission Intensity (CO ₂ e/RPK)	71	62.1	61.3
Emission Intensity (CO ₂ e/ASK)	53.5	52.0	51.5
Revenue Ratio of Neo Aircraft (%)	65	76	80.7
Emission (ton CO₂e)			
Scope 1	1,791,368.05	2,507,472.39	3,023,538.31
Scope 2 (location based)	4,559.14	6,042.47	3,357.77
Scope 2 (market based)	-	4,294.77	1,145.17
Scope 3	456,641.91	647,490.33	847,734.690
Offset (ton CO ₂ e)	-	7,860	-

* Energy intensity is calculated based on aircraft fuel consumption.

** Direct energy consumption refers to energy consumed within the boundaries of the organization and indirect energy consumption refers to energy consumed outside the boundaries of the organization.

*** Renewable electricity and sustainable aviation fuel are included.



PERFORMANCE INDICATORS



Environmental Performance Indicators

	2021	2022	2023
Waste Management			
Waste (tons)			
Hazardous	88.6	107.8	89.7
Non-Hazardous	96.9	135.0	148.3
Electronics	0.269	0.345	0.730
Recycled Waste Amount	185.4	242.2	237.3
Waste Recycling Rate (%)	99.97	99.76	99.70
Packaging (Recyclable) used under RCS (GEKAP) (tons)	21.51	48.23	56.16
Water Management			
Water Consumption (m³)			
Tap Water	9,986	15,520	17,449
Other	0	0	0
Water Disposed (m³)	9,986	15,520	17,449
Recycled Water (m³)	0	0	0
Water Consumption for Per Capita (m³/employee)	1.71	2.30	2.27
Environmental Management (Other)			
Number of Suppliers Conducted Environmental Audits			
Field Inspection	8	11	6
Survey	34	-	95
Total Number of New Employees Receiving Environmental Training	313	1,180	1,840
Total New Employee Environmental Training Hours (employee*hour)	62.6	236	360
Total Environmental Expenditures (TL)	604,148.81	1,316,558.30	5,259,001.34
Environmental Accidents	0	0	0
Environmental Management System Coverage (%)	97	97	97
R&D Expenditures (TL)	-	66,675	401,106,312 TL



PERFORMANCE INDICATORS



Social Performance Indicators

	2021	2022	2023
Total Number of Employees			
Female	1,877	2,334	2,675
Male	3,947	4,420	4,995
Total Number of New Hires			
Female	162	623	731
Male	312	781	1,086
Total Number of Senior Executives			
Female	2	4	5
Male	14	17	19
Total Number of Mid-Level Managers			
Female	16	14	27
Male	58	49	70
Number of Employees Promoted (Career Development)			
Female	107	169	200
Male	113	158	105
Total Number of Employees with Disabilities			
Female	19	23	31
Male	68	68	76
Proportion of Female Employees in Labor Force (%)			
	31.15	34.5	35
Total Turnover Rate (%)			
Voluntary	9.2	9.7	10.4
Involuntary	4.3	2.8	5.1



PERFORMANCE INDICATORS



Social Performance Indicators

	2021	2022	2023
Gender Pay Gap (%)	88.4	91	96
Average Seniority (years)	5.7	5.4	4.6
Employee Experience Survey - Sustainable Engagement Scores (%)	-	77	79
Total Injury Rate*	16.68	30.6	33.97
Subcontractor Injury Rate*	-	-	-
Total Lost Time Injury Rate**	4.14	7.10	12.49
Subcontractor Lost Time Injury Rate**	-	-	-
Total Number of Accidents	298	406	549
Number of Subcontractor Accidents	-	-	5
Total Number of Fatal Accidents	0	0	0
Number of Subcontractor Fatal Accidents	0	0	0
Total Number of Occupational Diseases	2	0	2
Subcontractor Number of Occupational Diseases	-	-	-
Total Number of Lost Days	477	721	1,045
Number of Subcontractor Lost Days	-	-	1
Total Number of Employees Receiving OHS Training	3,239	3,142	4,142
Average Training Duration (hours/employee)	4.41	12.0	12.0
Total Training Duration (employee*hour)	176,691	420,585	392,789
Total OHS Training Hours (Employee*hour)	14,292	37,704	49,704
Total Training Cost (TL)***	710,160	2,009,420	2,585,000
OHS Management System Coverage (%)	97	97	97
Total Donation (TL)	1,605,970	924,448	23,877,635
Safety Assessment of Foreign Aircraft (SAFA) Ratio****	0.10	0.19	0.21
Insourced Successor Readiness for Key Positions (%)	70	66	77
Turnover Rate in Critical Positions (%)	6.7	6.4	0.0
Number of Digitalization Initiatives Reported Annually	17	18	32
% of ESG-linked KPIs in Key Company KPIs (%)	50	50	50

* Total Injury Rate = Total number of injuries / total working hours *1,000,000.

** Total Lost Time Injury Rate = Total number of lost time injuries / total working hours * 1,000,000.

*** Regulatory trainings provided by Pegasus Academy are taken into account in the "total employee training cost" indicator.

**** Türkiye SAFA average for 2023 is 0.43.



PERFORMANCE INDICATORS

PEGASUS

Governance Performance Indicators

	2021	2022	2023
Total Revenue (TL)	10,664,406,707	42,732,213,696	70,531,531,601
Total Litigation Expenditures (TL)	6,084,766	11,342,004	16,840,036
Contingency in Financial Statements (TL)	12,667,596	17,992,364	33,243,994
Ratio of Total Litigation Expenditures to Revenue (%)	5.7	2.6	2.4
Average Fleet Age	5.0	4.4	4.6
Number of Passengers (million)	20.16	26.94	31.93
Destinations and Countries Served	120-44	125-47	135-51
Board & Committee Attendance (%)	100	100	96
Board & Committee Actions Completed (%)	91.2	97	95.3
BIST Corporate Governance Index Rating	96.8	971	97.5



GREENHOUSE GAS VERIFICATION STATEMENT

PEGASUS



Greenhouse Gas Verification Statement
Sera Gazi Doğrulama Beyanı

PEGASUS HAVA TAŞIMACILIĞI A.Ş.

Organizational Boundaries / Organizasyonel Sınırlar

ANEX 1

The Greenhouse Gas emissions inventory has been verified to meet the standard requirements specified below according to ISO 14064-3:2019 / Sera Gazi emisyonları envanterinin, ISO 14064-3:2019'a göre aşağıda belirtilen standart gerekliliklerini karşıladıgı doğrulanmıştır.

ISO 14064-1:2018

Category	Value	Unit
Category 1- Direct Emissions / Doğrudan emisyonlar	3.023.538,31	t CO ₂ eq
Category 2- Emissions from imported energy / İthal edilen enerji kaynaklı emisyonlar	3.357,773	t CO ₂ eq
Category 3- Emissions from transportation / Ulaşım kaynaklı emisyonlar	8.934,573	t CO ₂ eq
Category 4- Emissions from products, service used / Kullanılan ürün - hizmet kaynaklı	838.753,168	t CO ₂ eq
Category 5- Emissions from associated with the use of the product / Ürün kullanımı	--	t CO ₂ eq
Category 6- Other Emissions / Diğer emisyonlar	46,950	t CO ₂ eq
Total Emissions (Location Based) / (Lokasyon Bazlı)	3.874.630,774	t CO₂ eq
Category 2- Emissions (Location Based) / (Lokasyon Bazlı)	3.357,773	t CO ₂ eq
Category 2- Emissions (Market Based) / (Market Bazlı)	1.145,170	t CO ₂ eq

YEK-G Reference Number/ YEK-G Referans No: 7039480065

Level of Assurance Güven Seviyesi	:	Reasonable / Makul	Verification Report Date Doğrulama Rapor Tarihi	:	09.05.2024
Reporting Period Raporlama Dönemi	:	01.01. 2023 – 31.12. 2023	Statement No Beyan No	:	SG-GNL-005 / 2023

Onaylayan
Okay Kayhanlı – Genel Müdür

QSI Belgelendirme, Muayene ve Test Hizmetleri Ltd. Şti.
Beytepe Mah. 5397 Sokak, Mira Ofis B1 Blok D:2, Çankaya – Ankara
Tel : +90 312 472 60 67 Faks : +90 312 472 60 68
E-mail: info@qsi.com.tr Web: www.qsi.com.tr



ANEX I

Pegasus Headquarters: AEROPARK Yenişehir Mah. Osmanlı Bulvari No:11/A Kurtköy Pendik-İstanbul/Türkiye.

Sabiha Gökçen Airport: Sanayi Mah. Pendik İstanbul/Türkiye. It is the main base of Pegasus with its activities in technical buildings and terminal offices.

İzmir Adnan Menderes Airport: Sarnıç Mevkii 35410 Gaziemir, İzmir/Türkiye. It covers the activities carried out in the airport office.

Antalya Airport: 7230 Yeşilköy, Antalya/Türkiye. It covers the activities carried out in the airport office.

Ankara Esenboğa Airport: Balıkhısar Mh. Özal Bulvari Akyurt, Ankara/Türkiye. It covers the activities carried out in the airport office.

Trabzon Airport: Konaklar, 61010 Merkez, Trabzon/Türkiye. It covers the activities carried out in the airport office.

Kayseri Airport: Merkez, Ahmet Yesevi Mahallesi, Mustafa Kemal Paşa Bulvari, 38090 Kocasinan, Kayseri/Türkiye. It covers the activities carried out in the airport office.

Adana Airport: Turhan Cemal Beriker Bulvarı, 01000 Seyhan, Adana/Türkiye adresinde, bulunan Airport ofisinde yürütülen faaliyetleri kapsamaktadır.

Bodrum Airport: Ekinanbarı, Airport Sokak, 48200 Milas, Muğla/Türkiye. It covers the activities carried out in the airport office.

Dalaman Airport: Ege, 48770 Dalaman, Muğla/Türkiye. It covers the activities carried out in the airport office.

Other Regions: Includes other regional offices where Pegasus operates.

QSI Belgelendirme, Muayene ve Test Hizmetleri Ltd. Şti.
Beytepe Mah. 5397 Sokak, Mira Ofis B1 Blok D:2, Çankaya – Ankara
Tel : +90 312 472 60 67 Faks : +90 312 472 60 68
E-mail: info@qsi.com.tr Web: www.qsi.com.tr

Statement of use	Pegasus Hava Taşımacılığı A.Ş. Has reported in accordance with GRI standards for the period January 1 - December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Since industry standard specific to air transportation has not yet been published, industry standard has not been used.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
GENERAL DISCLOSURES			
2-1 Organizational details		About The Report, page 3 About Pegasus, page 5-6 Our Governance Structure, page 24-29	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	
2-2 Entities included in the organization's sustainability reporting		"About The Report, page 3 Our Governance Structure, page 24-29	
2-3 Reporting period, frequency and contact point		About The Report, page 3	
2-4 Restatements of information			The sustainability report in line with GRI standards has been published for the first time for the 2023 financial year.
2-5 External assurance		Greenhouse Gas Verification Statement, page 92	
2-6 Activities, value chain and other business relationships		About Pegasus, page 5-6 Our Sustainability Strategy, page 7-15, 22-23 Our Governance Structure, page 24-29 Value Chain Management, page 79 Supply Chain Management, page 80	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	
2-7 Employees		Our Human Resources Policy and Working at Pegasus, page 67 Our Recruitment Approach, page 68-69 Employee Satisfaction, page 73 Performance Indicators, page 89-90	
2-8 Workers who are not employees		Our Human Resources Policy and Working at Pegasus, page 67 Our Recruitment Approach, page 68-69 Employee Satisfaction, page 73 Performance Indicators, page 89-90	
2-9 Governance structure and composition		Our Governance Structure, page 24-33	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
GENERAL DISCLOSURES			
2-10 Nomination and selection of the highest governance body+C17:C25		Our Governance Structure, page 24-33	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	
2-11 Chair of the highest governance body		Our Governance Structure, page 24-33	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	
2-12 Role of the highest governance body in overseeing the management of impacts		Our Governance Structure, page 24-33	
2-13 Delegation of responsibility for managing impacts		Our Governance Structure, page 24-33	
2-14 Role of the highest governance body in sustainability reporting		Sustainability Management Structure, page 29	
2-15 Conflicts of interest		Board of Directors and Committees, page 26 Our Human Resources Policy and Working at Pegasus, page 67 Our Working Principles, page 79	
		Value Chain Sustainability Compliance Framework https://www.pegasusinvestorrelations.com/medium/image/pegasus-value-chain-sustainability-compliance-framework_1369/view.aspx	
2-16 Communication of critical concerns		Materiality Matrix, page 18 Our Management Approach to Material Topics, page 19-21 Our Stakeholder Communication Approach, page 23	
2-17 Collective knowledge of the highest governance body		Board of Directors and Committees, page 26	
2-18 Evaluation of +C17:C25the performance of the highest governance body		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	
		Board of Directors and Committees, page 26	
		2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
GENERAL DISCLOSURES			
2-19 Remuneration policies	Moving Towards and Equal and Harmonious Future, page 66 Our Human Resources Policy and Working at Pegasus, page 67 Performance Indicators, page 89-90		
2-20 Process to determine remuneration	Moving Towards and Equal and Harmonious Future, page 66 Our Human Resources Policy and Working at Pegasus, page 67		
2-21 Annual total compensation ratio	Compensation and Indemnification Policy https://www.pegasusinvestorrelations.com/medium/image/compensation-and-indemnification-policy_139/view.aspx		
2-22 Statement on sustainable development strategy	Our Sustainability Strategy, page 7-23		
2-23 Policy commitments	Pegasus Investor Relations, Policies https://www.pegasusinvestorrelations.com/en/corporate-governance/policies 2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx		
GRI 2: General Disclosures 2021			
2-24 Embedding policy commitments	Pegasus Investor Relations, Policies https://www.pegasusinvestorrelations.com/en/corporate-governance/policies 2023 Annual Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-2023-annual-activity-report_1387/view.aspx		
2-25 Processes to remediate negative impacts	Our Management Approach to Material Topics, page 19-21 Climate Change and Our Net Zero Roadmap, page 56-58 Environmental Management System, page 59-61 Customer Experience, page 81		
2-26 Mechanisms for seeking advice and raising concerns	Governance Best Practices, page 17 Employee Satisfaction, page 73 Customer Experience, page 81		
2-27 Compliance with laws and regulations	Our Working Principles, page 79		
2-28 Membership associations	Our Corporate Memberships, page 82		
2-29 Approach to stakeholder engagement	Materiality Matrix, page 18 Our Management Approach to Material Topics, page 19-21 Our Stakeholders, page 22-23		



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
[Please note: The material topics included in the headings below are examples. They can be renamed and grouped according to the names the organization has given to its material topics. The list of material topics included in the content index is the same as the list of material topics reported under 3-2-a in GRI 3: Material Topics 2021. The disclosures included under the material topics are also examples. The disclosures can be removed (except for Disclosure 3-3) and other disclosures can be added according to the disclosures the organization has reported for each material topic.]			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Matrix, page 18	
	3-2 List of material topics	Materiality Matrix, page 18-21	
Biodiversity [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Biodiversity, page 61	
	Management of biodiversity impacts	Biodiversity, page 61	
Economic performance [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Our Value Model, page 8 Inputs and Outputs of Our Business Model, page 13-14	
	Financial implications and other risks and opportunities due to climate change	Climate Change and Our Net Zero Roadmap, page 56-58	
Indirect economic impacts [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Our Value Model, page 8 Inputs and Outputs of Our Business Model, page 13-14 Our Collaborations, page 81	
	Significant indirect economic impacts	Our Value Model, page 8 Inputs and Outputs of Our Business Model, page 13-14	
Anti-corruption [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Risk Management and Compliance, page 30-32 Internal Audit, page 33 Our Working Principles, page 79	
	205-2 Communication and training about anti-corruption policies and procedures	Risk Management and Compliance, page 30-32 Internal Audit, page 33 Our Working Principles, page 79	
	205-3 Confirmed incidents of corruption and actions taken	Pegasus Anti-Corruption and Anti-Bribery Policy https://www.pegasusinvestorrelations.com/medium/image/anti-corruption-and-anti-bribery-policy_1268/view.aspx	
		Risk Management and Compliance, page 30-32 Internal Audit, page 33 Our Working Principles, page 79	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
Anti-competitive behavior [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		There are no lawsuits filed regarding anti-competitive behavior, anti-trust and monopoly practices in 2023.
Materials [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
	301-2 Recycled input materials used	Our Pegasus Cafe Transformation and Cabin Packaging Waste Recycling Project, page 60	
	301-3 Reclaimed products and their packaging materials	Our Pegasus Cafe Transformation and Cabin Packaging Waste Recycling Project, page 60	
Energy [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
	302-1 Energy consumption within the organization	Energy Management, page 62-65	
	302-2 Energy consumption outside of the organization	Energy Management, page 62-65	
	302-3 Energy intensity	Energy Management, page 62-65	
GRI 302: Energy 2016	302-4 Reduction of energy consumption	Operational Efficiency, page 50 Climate Change and Our Net Zero Roadmap, page 56-58 Energy Management, page 62-65	
	Reductions in energy requirements of products and services	Operational Efficiency, page 50 Climate Change and Our Net Zero Roadmap, page 56-58 Energy Management, page 62-65	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
Water and effluents [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Management System, page 59 Performance Indicators, page 87-88 CDP - Water Security Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-cdp-raporu-2023-water-security_1360/view.aspx	
	303-2 Management of water discharge-related impacts	Environmental Management System, page 59 Performance Indicators, page 87-88 CDP - Water Security Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-cdp-raporu-2023-water-security_1360/view.aspx	
	303-3 Water withdrawal	Environmental Management System, page 59 Performance Indicators, page 87-88 CDP - Water Security Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-cdp-raporu-2023-water-security_1360/view.aspx	
	303-4 Water discharge	Environmental Management System, page 59 Performance Indicators, page 87-88 CDP - Water Security Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-cdp-raporu-2023-water-security_1360/view.aspx	
	303-5 Water consumption	Environmental Management System, page 59 Performance Indicators, page 87-88 CDP - Water Security Report https://www.pegasusinvestorrelations.com/medium/image/pegasus-cdp-raporu-2023-water-security_1360/view.aspx	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
Emissions [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
	305-1 Direct (Scope 1) GHG emissions	Performance Indicators, page 87-88	
	305-2 Energy indirect (Scope 2) GHG emissions	Performance Indicators, page 87-88	
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Performance Indicators, page 87-88	
	305-4 GHG emissions intensity	Climate Change and Our Net Zero Roadmap, page 56-58 Performance Indicators, page 87-88	
	305-5 Reduction of GHG emissions	Climate Change and Our Net Zero Roadmap, page 56-58	
Waste [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
	306-1 Waste generation and significant waste-related impacts	Environmental Management System, page 59 Our Pegasus Cafe Transformation and Cabin Packaging Waste Recycling Project, page 60	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Environmental Management System, page 59	
	306-3 Waste generated	Environmental Management System, page 59	
	306-4 Waste diverted from disposal	Performance Indicators, page 87-88	
	306-5 Waste directed to disposal	Performance Indicators, page 87-88	
Supplier environmental assessment [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management, page 80 Performance Indicators, page 87-88	
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management, page 80 Performance Indicators, page 87-88	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE		LOCATION	OMISSION EXPLANATION		
MATERIAL TOPICS						
Employment [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]						
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Management Approach to Material Topics, page 19-21			
	401-1	New employee hires and employee turnover	Performance Indicators, page 89-90			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Examples of Employee-Oriented Practices, page 73			
	401-3	Parental leave	Examples of Employee-Oriented Practices, page 73			
Occupational health and safety [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]						
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Management Approach to Material Topics, page 19-21			
	403-1	Occupational health and safety management system	Occupational Health and Safety, page 42			
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, page 42 Risk Management and Compliance, page 30-33			
	403-3	Occupational health services	Occupational Health and Safety, page 42			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, page 42			
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	Performance Indicators, page 89-90			
	403-6	Promotion of worker health	Occupational Health and Safety, page 42 Performance Indicators, page 89-90			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, page 42			
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety, page 42			
	403-9	Work-related injuries	Performance Indicators, page 89-90			
	403-10	Work-related ill health	Performance Indicators, page 89-90			
Training and education [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]						
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Management Approach to Material Topics, page 19-21			
	404-1	Average hours of training per year per employee	Development of Our Human Resources ""Pegasus Academy", page 72 Performance Indicators, page 89-90			
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Development of Our Human Resources "Pegasus Academy", page 72			
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Management, page 70 Talent Management, page 70 Development of Our Human Resources ""Pegasus Academy", page 72			



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
Diversity and equal opportunity [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	Our Approach to Equality, Diversity and Inclusion: PEGASUS HARMONY, page 74-76 Performance Indicators, page 89-90	
Human Rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		Preventing child labor has been defined in our "Pegasus Value Chain Compliance Framework" and no activities or suppliers pose a risk in this regard.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		Preventing forced or compulsory labor has been defined in our "Pegasus Value Chain Compliance Framework" and no activities or suppliers pose a risk in this regard.
Local communities [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Our Collaborations, page 81 Our Corporate Social Responsibility Projects, page 83	
Supplier social assessment [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management, page 80 Performance Indicators, page 87-88 Supply Chain Management, page 80 Performance Indicators, page 87-88	
Customer health and safety [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Our Safety and Security Oriented Business Approach, page 34-41	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION EXPLANATION
MATERIAL TOPICS			
Customer privacy [The material topics and the disclosures included under the material topics are examples. See guidance under row 39]			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security, page 40-41 Our Working Principles, page 79	There were no complaints regarding privacy or data loss from Pegasus customers during the reporting period.
Safety and Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Financial Resilience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Operational Efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Digitalization			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Customer Experience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Cyber Security and Data Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Growth Thru Ne-Gen Aircraft			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Employee Experience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Corporate Image			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Talent Retention			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Climate Change and Net Zero Target			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	
Diversity, Equality and Inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Management Approach to Material Topics, page 19-21	





We would like to thank the members of the Pegasus Sustainability Working Group and Pegasus employees who contributed to the preparation of the report, and ARGE Consulting for their contributions.

For more information

Pegasus Airlines Sustainability Office
sustainability@flypgs.com

DESIGN: Caretta Communication and Consultancy

The English version of the Pegasus 2023 Sustainability Report was prepared based on the Turkish-language original by our in-house AI tool PGS MEDIA AI. PGS MEDIA AI is a digital assistant equipped with generative AI technology, trained in our corporate communication language to respond to general queries using published company information such as press releases, IR presentations, C-level interviews, articles, social media launches and sustainability reports. The final content was reviewed by our Sustainability Working Group.

PEGASUS