



Sustainability-Linked Finance Framework

March 2025

Contents

1. Overview of Pegasus Airlines	3
1.1 About Pegasus Airlines	3
1.2 Sustainability Strategy	6
1.3 Materiality Matrix.....	10
1.4 Towards Net Zero.....	12
1.5 Sustainability Governance	13
2. Pegasus Airlines Sustainability-Linked Finance Framework.....	15
2.1 Selection of Key Performance Indicators (KPIs).....	16
2.2 Calibration of Sustainability Performance Targets (SPTs)	21
2.2.1 Recalculation Policy and Sustainability Amendments.....	27
2.3 Sustainability-Linked Finance Instrument Characteristics	27
2.4 Reporting	28
2.5 Verification.....	29
2.5.1 Pre-Issuance Verification	29
2.5.2 Post-Issuance Verification	29
3. Update and Amendment of the Framework.....	29
Disclaimer.....	30

1. Overview of Pegasus Airlines

1.1 About Pegasus Airlines

Pegasus Airlines is Türkiye's leading low-cost airline which provides high-frequency services on short- and medium-haul, point-to-point and transit routes on its domestic and international network primarily from its main hub in Istanbul Sabiha Gökçen International Airport. We started operations as a charter airline in 1990. Following our acquisition by Esas Holding at the beginning of 2005, we changed our business model, introducing a low-cost network carrier model for the first time in Türkiye and focused on providing affordable and on-time air travel service with a young fleet.

As a result of the successful implementation of this low-cost strategy, Pegasus Airlines experienced rapid expansion of its operations both in domestic and international routes. With a growing, young, fuel efficient and modern fleet of 118 aircraft with 4.5 average aircraft age as of December 31st, 2024, Pegasus Airlines aims to be the leading low-cost airline in the region.

As of December 31st, 2024, Pegasus Airlines offers scheduled passenger services on 37 domestic routes in Türkiye and 109 international routes to European, Commonwealth of Independent States, Middle Eastern and African destinations, serving a flight network covering 146 destinations in 53 different countries. As part of an ambitious environmental policy, our airline initiated several measures to minimize its carbon footprint generated from its daily operations.



In October 2021, Pegasus Airlines committed to achieving "Net Zero Carbon Emissions" by 2050, as part of the International Air Transport Association's (IATA) global initiative. Under the "Fly Net Zero" motto, we set an interim carbon emissions intensity target for 2030, aiming to reduce flight-related carbon emissions per passenger kilometre by 20% compared to 2019. Despite challenges faced due to COVID-19, we improved our emissions performance, reaching 61.3 gCO₂/RPK in 2023, a 5.8% reduction from the 2019 baseline. As of 2024, emissions value further reduced to 58.3 gCO₂/RPK.

We have been reporting on our emission values and sustainability efforts to the Carbon Disclosure Project (CDP) since 2015. In 2023, our CDP Climate Change Report score remained A-, marking the third consecutive year at the Leadership Level. We continue to be among the highest-rated

transportation entities in Türkiye and internationally, while also excelling in waste management, with improvements made in reporting waste.

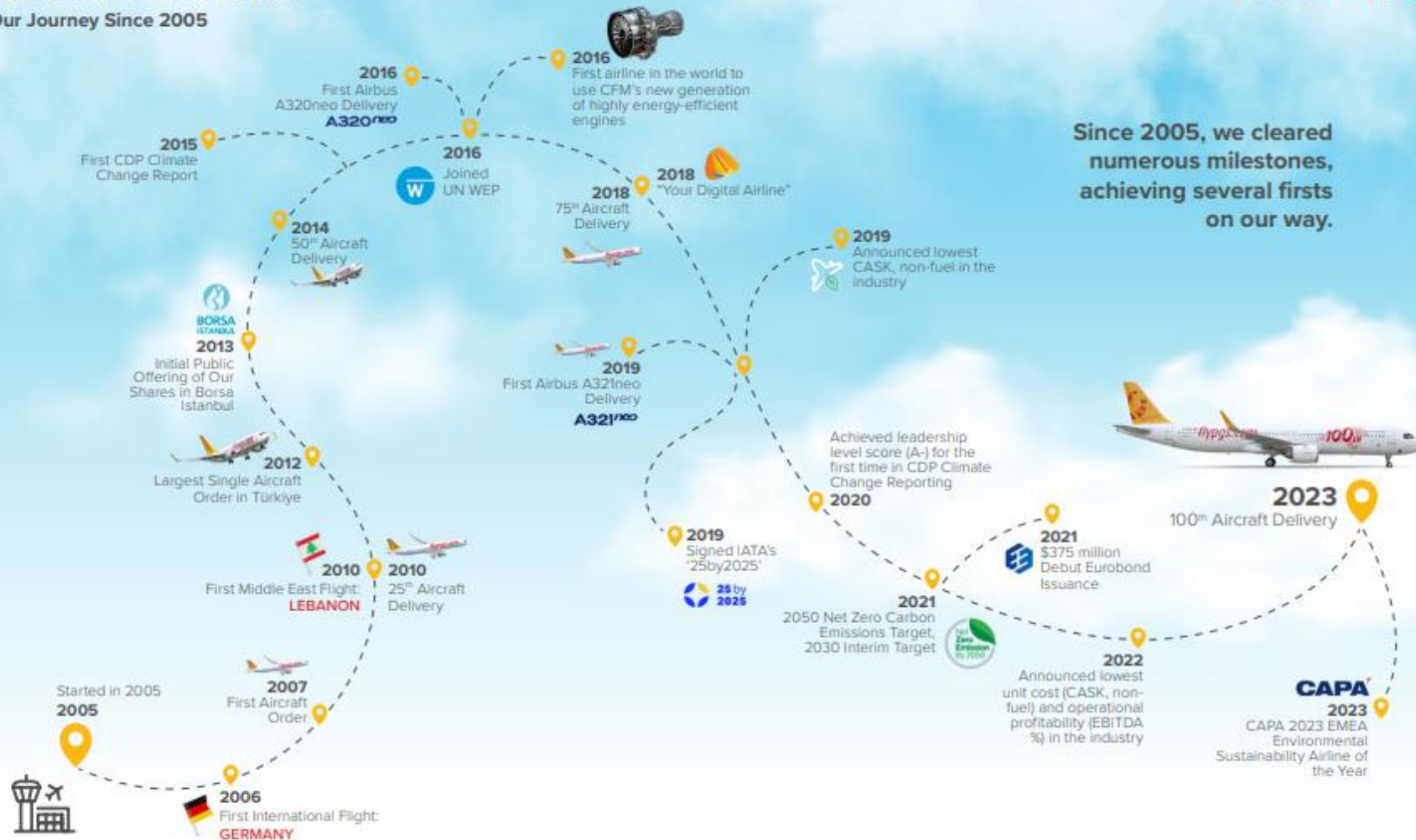
In 2023, we achieved our highest-ever guest count of 32 million, reflecting a strong post-COVID recovery. Female employment and turnover in critical roles also showed positive trends, in line with our 2025 female employment commitment. Training hours decreased slightly due to the high baseline in 2022, whilst the total number of training subjects increased. As a digital airline, we continued implementing digitalization initiatives. Our governance performance remained strong, with 95.3% completion of Board and Committee actions. We also improved our Corporate Governance Index rating to 97.5%, maintaining our position as the highest-ranked aviation company in the Borsa Istanbul Stock Exchange (BIST).

	2023	As of end of 2024
Number of Countries on our Network	Only Domestic flights	53
		146
Destinations	6	(37 Domestic, 109 international)
Weekly Flights	112	3500+
Guests	1.9 million	37.5 million
Number of aircraft	14	118
Average Fleet Age	5.4	4.5
Percentage of New Generation Aircraft in the Fleet (%)	-	87%
Number of Employees	717	8,459
Percentage of Female Employees (%)	30.8%	34.6%

ABOUT PEGASUS

Our Journey Since 2005

PEGASUS



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



1.2 Sustainability Strategy

Integrating sustainability into business processes is crucial for ensuring long-term competitiveness, managing risks, and seizing opportunities. To achieve this, it is essential to foster a culture of sustainability throughout the organization. This approach enables decisions to be made with a sustainability perspective, driving progress toward outcomes that benefit all stakeholders. While we have made significant progress, we continue to adapt to a rapidly changing world by embedding sustainability into our daily operations. Our corporate strategy is built around eight main goals, with sustainability embedded in both our efforts to create a new sustainability culture and through contributions from other strategic objectives.

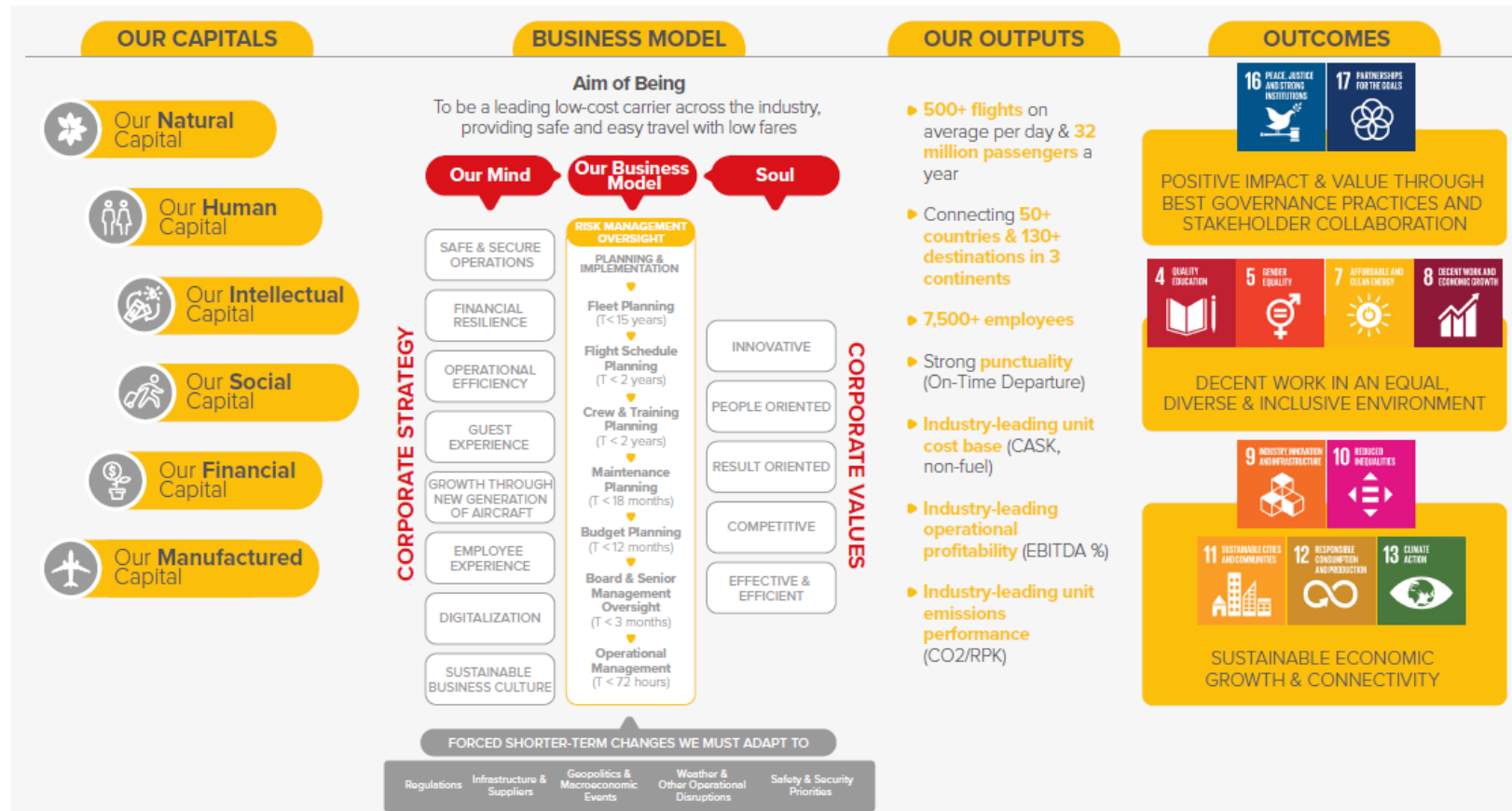
Flight safety is at the core of our strategy, supported by our Corporate Safety Strategy. Our "Inner Crust" focuses on enhancing existing strengths, including maintaining sound financial ratios, optimizing operations, and fostering a digital airline culture. Meanwhile, the "Outer Crust" targets new growth opportunities, both domestically and internationally, while also focusing on employee well-being, guest experience, and building a robust Environmental, Social and Governance (ESG) culture. These focus areas collectively drive our ongoing growth and commitment to sustainability.



We create value by executing our corporate strategy, which is aligned with our mission to be a leading low-cost carrier in the industry, providing safe and affordable travel. Our business model is built on key strategic goals and corporate values, focusing on various forms of capital, including natural, human, intellectual, social, manufactured, and financial. We prioritize risk management, safe and secure operations, financial resilience, and operational efficiency, while also embracing digitalization and fostering a sustainable business culture. Our strategic approach involves planning in areas such as fleet, flight schedules, crew, maintenance, and budgeting, with strong oversight from senior management.

Our workforce includes over 8,400 employees, and we maintain industry-leading performance in punctuality, cost efficiency, profitability, and emissions reduction. We are committed to providing decent work in a diverse and inclusive environment, promoting sustainable economic growth, and ensuring positive impacts through best governance practices. This comprehensive approach enables us to achieve sustainable growth, improve connectivity, and deliver value to all stakeholders.

Pegasus Airlines' Value Model and Expected Outcomes Against SDGs^{1,2f}



¹ Source: Pegasus 2023 Sustainability Report

² [UN SDGs](#) stands for United Nations Sustainable Development Goals. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. More information can be found here: [Sustainable Development Goals | United Nations Development Programme](#)

We aim to monitor the value we produce toward the realisation of the group of SDGs we focus on and to achieve continuous improvement in this direction.



At Pegasus Airlines, we contribute to sustainable economic growth and connectivity by implementing innovative solutions that enhance operational efficiency, reduce environmental impact, and improve the travel experience

through digitalization. As part of our commitment to SDG 9: Industry, Innovation and Infrastructure, we leverage technology in all aspects of our processes, making travel easier for passengers and employees alike. We continually measure our progress through our digitalization and innovation initiatives, ensuring that we meet the evolving needs of the industry. Additionally, we provide affordable air travel to a broad audience, reflecting our commitment to SDG 10: Reduced Inequalities, making air travel accessible and efficient through our low-cost model and expanding flight network.

We also contribute to SDG 11: Sustainable Cities and Communities by facilitating increased interaction across various sectors such as economy, culture, education, and health through our extensive flight network. Connecting over 146 destinations across 50+ countries and three continents, we play a vital role in fostering global connectivity. Our business model aligns with SDG 12: Responsible Consumption and Production by focusing on responsible consumption, waste reduction, and recycling, applying sustainable practices both within our operations and across our supply chain. We work to minimize waste generation on board, reuse materials, and collect recyclable waste, contributing to environmental conservation.

In line with SDG 13: Climate Action, we are actively transitioning to a sustainable future by renewing our fleet with new-generation aircraft, enhancing operational efficiency, and utilizing sustainable aviation fuel. We have established a climate transition roadmap aimed at achieving net-zero carbon emissions by 2050, and we monitor our progress through greenhouse gas (GHG) emissions data, published annually on the CDP platform. Furthermore, our commitment to SDG 4: Quality Education and SDG 5: Gender Equality is reflected in our focus on education and gender equality, offering scholarships, internship programs, and professional development opportunities for young people, regardless of gender, and promoting female employment through programs like Pegasus Harmony.

Our dedication to SDG 7: Affordable Clean Energy is demonstrated through our efforts to meet energy needs using renewable sources, such as electricity from renewable energy certificates for our headquarters and main operations base. We aim to reduce fossil fuel consumption through infrastructure investments and are actively transitioning to electric ground equipment at Istanbul Sabiha Gökçen Airport. In line with SDG 8: Decent Work and Economic Growth, we foster a decent work environment by implementing human resource practices that encourage high performance, equality, and innovation, ensuring that our employees are treated fairly and compensated equally for equal work.

Finally, we uphold the principles of good governance as outlined in SDG 16: Peace, Justice, and Strong Institutions, focusing on responsibility, transparency, and accountability in all our operations. Pegasus Airlines has been recognized for its strong governance, ranking highly in the BIST Corporate Governance Index. We also contribute to the development of the aviation sector through collaborations, as seen in our active role in efforts to produce sustainable aviation fuel and our participation in various industry organizations. By working with stakeholders and driving initiatives for

energy transition, we aim to create value and provide solutions to global challenges, fulfilling our commitment to SDG 17: Partnerships for the Goals.

More information about how we track our contribution to each of the 11 SDGs can be found in our [2023 Sustainability Report](#).

SDG	How Do We Contribute?
Sustainable Economic Growth & Connectivity	
	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.
	We provide the opportunity of affordable air travel to all segments of the traveling public.
	By providing transportation between cities, we increase interaction in the domains of economy, culture, education and health.
	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.
	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.
Decent work in a diverse, equal and inclusive environment	
	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.
	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.
	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.
	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.
Positive impact and value through best governance practices and stakeholder collaboration	
	We adhere to the principles of good governance. Responsibility, transparency, accountability, anti-corruption, inclusivity and participation form the basis of our governance approach.
	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.

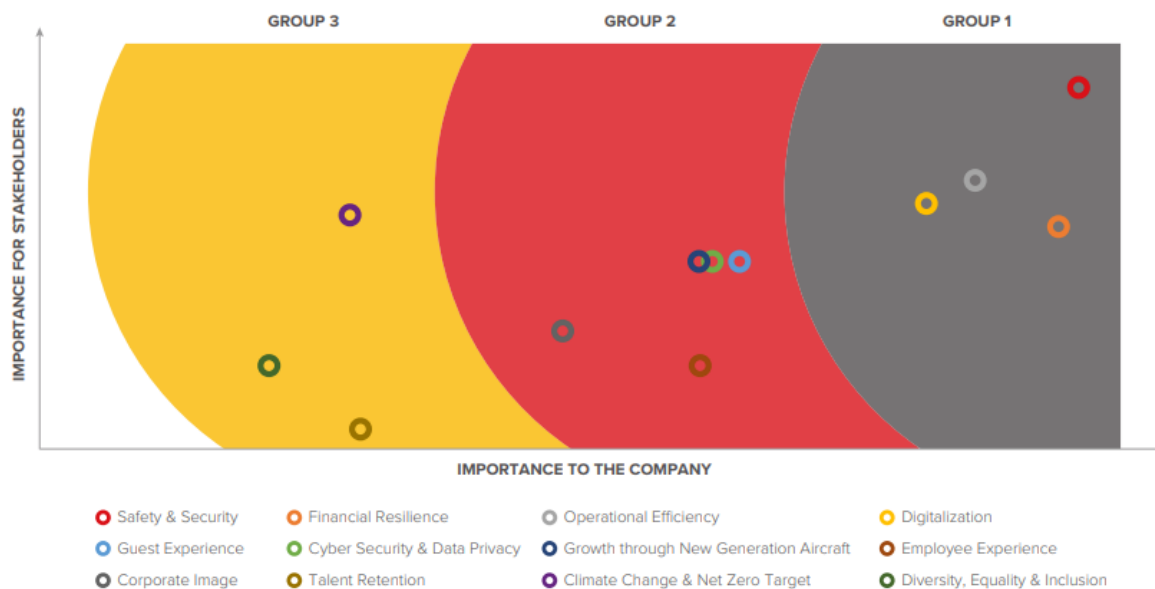
1.3 Materiality Matrix

In 2023, we developed our Materiality Matrix (Matrix) to identify and prioritize the key risks and opportunities that impact our business and performance. This process enabled us to align our strategies with the most important sustainability issues. The creation of the Matrix involved a comprehensive approach, including a preliminary study, senior management approval, stakeholder input, and the final development of the Matrix.

The process began with a preliminary study, where employees from our Sustainability Working Group identified relevant sustainability issues specific to our industry and company. We took into account our sustainability strategies and key trends in the industry. Following this, we created a Matrix that reflects both our company's and stakeholders' perspectives. The issues identified were then presented to senior management for evaluation, ensuring they aligned with our strategic objectives and sustainability goals. High-priority issues were approved by senior management for further action.

We also gathered stakeholder feedback through surveys and interviews, involving various groups such as the public, suppliers, investors, and non-governmental organisations. The material issues were assessed for their impact on the company (financial, operational, reputational) and on stakeholders (social, environmental, economic). This process allowed us to transparently report on the issues that are most significant to both our business and stakeholders.

In the materiality analysis conducted by Pegasus Airlines, the ranking of groups 1-2-3 refers to the determination of priority issues in the evaluation by Pegasus Airlines and its stakeholders. Respectively, group 1 refers to the most important and material issues, whilst group 2 and 3 refer to important and material issues.



Pegasus Airlines' Approach to Key Sustainability Issues

SDG	How Do We Contribute?
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.
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.
Operational Efficiency	Operational efficiency is important in terms of managing our costs and using our fleet and staff effectively.
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.
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.
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.
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.
Corporate Image	Corporate reputation positively affects the competitiveness of the organization, attracting talent, customer loyalty and trust of stakeholders.
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.
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.
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.

Diversity, Equality and Inclusion

Pegasus Airlines 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.

1.4 Towards Net Zero

Since 2015, we have been systematically measuring and reporting our carbon emissions. As a carrier operating under a low-cost business model, we have been making strategic investments for over a decade in initiatives aimed at significantly reducing fuel consumption and our carbon footprint, while prioritizing cost control and operational efficiency.

We became one of the first airlines to sign the “2050 Net Zero Carbon Emission” decision adopted at the International Air Transport Association (IATA) 77th Annual Meeting in 2021³. In line with this commitment, we aim to achieve a Net Zero Carbon Emission business model by 2050. In order to achieve this target, we continue to work under four main headings: New Aircraft Technologies, Operational Efficiency, Legal Carbon Offsetting and Sustainable Aviation Fuels (SAF, including Lower-Carbon Aviation Fuels (LCAF)⁴).

First 2030, then 2050: We are doing our part to combat climate change

- 2030: We will reduce our flight-related carbon (CO₂) emissions per unit passenger kilometre (RPK) by 16.1% compared to 2022 levels
- 2050: We will achieve our Net Zero Carbon Emissions target

New Aircraft Technologies

- At the end of 2023, 80% of our fleet comprised next-generation Airbus Neos
- The Neo aircraft provides up to 20% in fuel savings
- New generation aircraft provides significant reductions in nitrogen oxides (NOx) emissions and engine noise levels

Operational Efficiencies

- Operational efficiency improvements, including on fuel, space, and infrastructure management, contribute between 2% to 5% annual emissions reduction
- For air traffic management, we follow IATA's global forecast of 3% reduction with air traffic control

Certified Carbon Offsetting

- We comply with the carbon offsetting obligations under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)⁵ as well as the obligations under the European Union's Emissions Trading System (ETS) in relation to our flights departing from European airports

³ More information about IATA [here](#).

⁴ According to IATA, lower carbon aviation fuels (LCAF) are fossil aviation fuels which CO₂ emissions are reduced through a variety of technologies and processes. Both SAF and LCAF are considered CORSIA Eligible Fuels (CEF), though by definition, LCAF are not the same as SAF. To comply with CORSIA requirements, LCAF must demonstrate a lifecycle emissions improvement of at least 10% relative to the average global fossil fuel carbon intensity. More information [here](#).

⁵ CORSIA is the first market-based measure aiming to reduce GHG emission from international aviation, while respecting the special circumstances and respective capabilities of Member States part of the International

SAF

- We adhere to existing ReFuel European Union (EU) regulations on SAF use
- We also follow draft SAF use obligations imposed on Türkiye until 2030⁶ and made projections for 2050
- Until 2035, discretionary SAF use is limited due to supply and cost constraints
- The reduction in total emissions begins in 2035 with increased SAF deployment

1.5 Sustainability Governance

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. Additionally, the Company General Counsel also serves as Pegasus Airlines' **Sustainability Director** and reports directly to our CEO. The Sustainability Director is a member of the Executive Committee, Risk Review Board, and ESG Steering Committee. The Sustainability Director oversees communication between senior management, the Sustainability Working Group, and Focus Groups, ensuring alignment on long-term sustainability and ESG goals. The Focus Groups work on achieving sustainability targets. The progress and outcomes of these efforts are reported quarterly to the Corporate Governance Committee and regularly to the Board of Directors.

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 ESG Steering Committee and the Sustainability Working Group and reports all activities to our CEO.**

Our **Sustainability Working Group** continued to work effectively in 2023 in order to ensure the flow of information in relation to 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 the 171 Pegasus Airlines' employees participated in our Sustainability Working Group through seven Focus Groups. In addition, the coordination of internal and external communication activities for our sustainability activities is handled in a separate working group with internal and external participants.

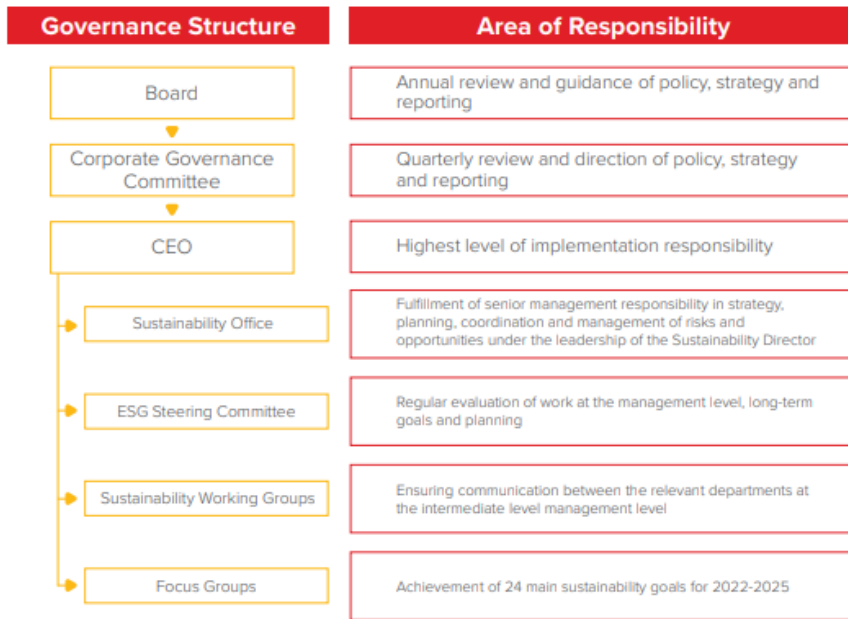
At the same time, work carried out by these units is reported to our **Corporate Governance Committee** and **the Board of Directors** at regular intervals. Our Corporate Sustainability Policy, sustainability risks and opportunities framework, strategic objectives in this area, key performance indicators and reporting content are reviewed and approved by our CEO, Corporate Governance Committee and/or the 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 Sustainability 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.

Civil Aviation Organization (ICAO), a United Nations agency promoting cooperation in international aviation. More information [here](#).

⁶ More information in this [link](#)

Sustainability Governance Structure



2. Pegasus Airlines Sustainability-Linked Finance Framework

This Sustainability-Linked Finance Framework (the Framework) has been established to align Pegasus Airlines' financing strategy with its sustainability goals. The Framework provides guidance for sustainability-linked finance instruments that Pegasus Airlines might choose to issue, including but not limited to loans, bonds and derivatives (together the Sustainability-Linked Finance Instruments) to be raised in any domestic or foreign currency.

The Framework is based on the Sustainability-Linked Bond Principles (SLBP) as administered and published by the International Capital Markets Association (ICMA) in June 2024⁷, the Sustainability-Linked Loans Principles (SLLP) as administered and published by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) in March 2025⁸, as well as the Sustainability-Linked Derivatives: KPI Guidelines as administered by the International Swaps and Derivatives Association (ISDA) published in September 2021⁹.

The Framework aligns with the five core pillars of the SLBP and SLLP (together the Principles):

- (1) Selection of Key Performance Indicators (KPIs)
- (2) Calibration of Sustainability Performance Targets (SPTs)
- (3) Sustainability-Linked Finance Characteristics
- (4) Reporting
- (5) Verification

It is Pegasus Airlines' intention to continue evolving this Framework over time as market practice develops.

Why issuing a Sustainability-Linked Finance Instrument?

One of Pegasus Airlines' strategic priorities is to embed sustainability into its corporate strategy. For this reason, it is important to disseminate a culture of sustainability across the organization, which would allow for all material matters to be evaluated from a sustainability perspective while making decisions, and allowing progress toward results that will benefit Pegasus Airlines' key stakeholders. In this context, Pegasus Airlines believes that linking its Sustainability-Linked Finance Instruments to the company's performance against material sustainability objectives and targets will further support Pegasus Airlines' ambitions to achieve its sustainability strategy and plans. Whenever Pegasus Airlines deems appropriate, we will look to consistently incorporate material, core, and ambitious sustainability indicators and targets into our financing in line with the Framework.

Unless otherwise stated, the proceeds of such Sustainability-Linked Finance Instruments are intended for general corporate purposes (financing and/or refinancing).

⁷ ICMA. Sustainability-Linked Bond Principles. June 2024. Available here: [Sustainability-Linked-Bond-Principles-June-2024.pdf](#)

⁸ LMA, APLMA, and LSTA. Sustainability-Linked Loan Principles. March 2025. Available here: [Sustainability-Linked Loan Principles \(SLLP\) - LSTA](#)

⁹ ISDA. Sustainability-Linked Derivatives: KPI Guidelines. September 2021. [Sustainability-linked-Derivatives-KPI-Guidelines-Sept-2021.pdf](#)

2.1 Selection of Key Performance Indicators (KPIs)

Pegasus Airlines selected two KPIs that are relevant, core, and material to its strategic objectives as well as overall business. The KPIs address environmental and social topics that are among the high-priority sustainability issues in Pegasus Airlines' Matrix in section 1.3.

When issuing Sustainability-Linked Finance Instruments, both KPI #1 and KPI #2 will be considered.

KPI #1: Reduction of Carbon Emissions Intensity

Definition
The reduction in carbon intensity in grams of CO ₂ emissions per Revenue Passenger Kilometre (gCO ₂ /RPK) of Pegasus Airlines' flights by 16.1% by 2030, relative to the 2022 baseline i.e., from 62.1 gCO ₂ /RPK in 2022 to 52.1 gCO ₂ /RPK in 2030.
Unit
The percentage change Year-on-Year (YoY) in carbon intensity of Pegasus Airlines' flights.
Materiality & Rationale for selection
<ul style="list-style-type: none">• Climate change is a material sustainability topic for airlines. According to the International Energy Agency (IEA), airlines accounted for ~2% of global energy-related CO₂ emissions in 2022, having grown faster in recent decades than other transport modes like rail, road, or shipping¹⁰.• According to MSCI ESG Research, several factors have made the sector's emissions among the hardest to abate including the unique requirements of aircrafts, prioritization of safety, and limited supply and high cost of alternative fuels¹¹.• Climate change is a priority sustainability issue for Pegasus Airlines as per our Matrix in section 1.3. While providing our air travel services to our guests, we conduct business with an approach based on environmental awareness to ensure we are moving toward a cleaner future and contribute to SDGs 13: Climate Action.• Pegasus Airlines was one of the first airlines to sign the "2050 Net Zero Carbon Emission" decision adopted at the IATA's 77th Annual Meeting in 2021. In 2021, Pegasus Airlines set its 2050 Net Zero Carbon Emissions target and created a roadmap to achieve this goal¹². In parallel with the 2050 target, we have set our 2030 Carbon Emission Intensity interim target. Accordingly, we aim to reduce CO₂ emissions per RPK (i.e., gCO₂/RPK) by 16.1% by 2030 compared to 2022 (i.e., from 62.1 gCO₂/RPK in 2022 to 52.1 gCO₂/RPK by 2030).• Pegasus Airlines' 2030 target is in line with the TPI's carbon intensity pathway for Airlines of Well Below 2°C pathway. As availability and maturity of decarbonisation technologies improves for airlines (e.g., achieving an adequate supply of certifiable SAF), we will seek alignment with TPI's 1.5°C pathway, as relevant. KPI #1 will allow us to monitor progress towards this ambition.• The carbon intensity metric used for our 2030 target (i.e., gCO₂/RPK) aligns with industry standards for carbon accounting and target setting including IATA's Net Zero 2050 Progress Tracking Methodology¹³ and Carbon Performance Assessment of Airlines by the Transition Pathways Initiative (TPI), dated October 2024¹⁴.

¹⁰ IEA. "Tracking Aviation." 2023. Available [here](#)

¹¹ MSCI ESG Research. March 2024. Industry Report: Airlines

¹² Pegasus 2023 Sustainability Report

¹³ Source: [Net Zero 2050](#)

¹⁴ Transition Pathways Initiative (TPI): [Carbon Performance assessment of airlines: note on methodology.pdf](#)

- RPK is an activity metric for airlines representing the transport of one paid passenger by air over one kilometre. It is relevant for airlines with limited freight business activities relative to passenger activities, like Pegasus Airlines.
- In 2019, the carbon emissions intensity of our flights was 65.1 gCO₂/RPK. Due to severe contraction in capacity during the COVID-19 period, our intensity increased to 71.3 gCO₂/RPK in 2020 and 71.0 gCO₂/RPK in 2021. However, Pegasus Airlines' carbon intensity performance in 2022 (i.e., 62.1 gCO₂/RPK) showed strong signs of recovery from the post-COVID period and as such, 2022 was selected as the baseline year for KPI #1.
- A carbon reduction trajectory built on annual estimates of absolute values of carbon intensity is challenging to draw with a high degree of certainty as there are several factors outside the control of an airline that will influence the actual carbon intensity performance, and which are challenging to anticipate in the future. These factors include regional air traffic rules, airspace security limitations due to international relations and, as a result, the necessity to use long and inefficient routes, supply chain disruptions e.g., delays in aircraft delivery and availability of SAF, among others.
- For a more accurate picture, Pegasus Airlines aims to monitor its performance relative to KPI#1 as the percentage change YoY in carbon intensity rather than a predetermined absolute number of carbon emissions intensity. This unit will allow Pegasus Airlines to accommodate different/probable annual decarbonisation outcomes. while preserving its alignment with the TPI's carbon intensity pathway for airlines of "Well Below 2°C" pathway and striving for an alignment with the "1.5°C" TPI pathway.

Alignment with the Principles

The KPI is:

- Relevant, and material to Pegasus Airlines' sustainability strategy. KPI #1 monitors the results of our efforts to align Pegasus Airlines' business with the goal of the Paris Agreement.
- Measurable or quantifiable on a consistent methodological basis (methodology is outlined below).
- Externally verifiable.
- Able to be benchmarked against Pegasus Airlines' own performance (i.e., 2022 Baseline year) and peers, taking into account differences in calculation methodology.

Scope and Perimeter

- All Pegasus Airlines' flights in the relevant sustainability reference period.
- Carbon emissions of Pegasus Airlines' flights i.e., tank-to-wake emissions for conventional jet fuel (Scope 1 emissions); and well-to-wake emissions for SAF (Scope 1 and 3 emissions) as per IATA's Net Zero 2050 Progress Tracking Methodology¹⁵.
- CO₂ emissions only (non-CO₂ GHG emissions are excluded), as per IATA's Net Zero 2050 Progress Tracking Methodology¹⁶.

Methodology of Calculation

Calculation of Carbon Intensity or (gCO₂/RPK) as of 31 December of each financial year and as per IATA's Net Zero 2050 Progress Tracking Methodology¹⁷:

¹⁵ Source: [Net Zero 2050](#)

¹⁶ Source: [Net Zero 2050](#)

¹⁷ Source: [Net Zero 2050](#)

(a) Absolute emissions of Pegasus Airlines' flights divided by (b) the sum of RPK, representing all industry segments in which Pegasus Airlines operates.

- (a) Absolute emissions of Pegasus Airlines' flights include:
 - (i) Tank-to-wake emissions for conventional jet fuel i.e., Scope 1 emissions caused by the combustion of fuel during the use of the aircrafts.
 - (ii) Well-to-wake emissions from SAF i.e., Scope 1 and 3 emissions caused by the combustion of SAF during the use of the aircrafts.
- (b) RPK: is the total number of paying passengers multiplied by the distance travelled.

Note: GHG emissions are calculated by Pegasus Airlines based on the ISO 14064 Standard and GHG Protocol Standard¹⁸ and other key external inputs (e.g., emission factors). Both (a) and (b) is self-reported data.

Calculation of Percentage Change YoY as of 31 December of each financial year:

$$YoY\ Change\ (\%) = \left[\frac{Performance_{(current\ year)} - Performance_{(previous\ year)}}{Performance_{(previous\ year)}} \right] \times 100$$

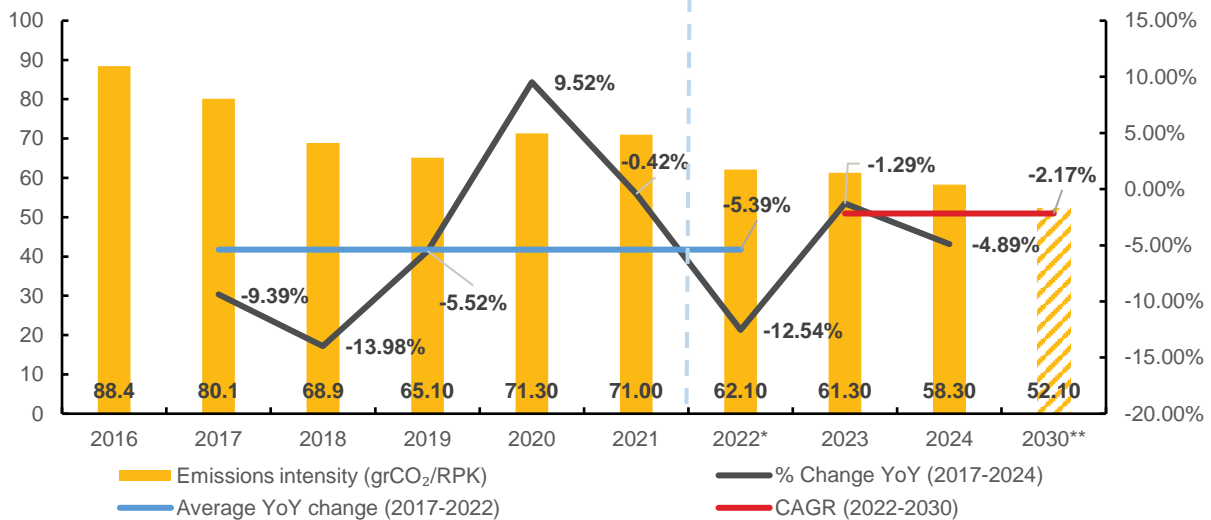
Where Performance represents Pegasus Airlines' carbon intensity in gCO₂/RPK for the relevant sustainability reference period.

Carbon Performance in Baseline Year 2022

62.1 gCO₂/RPK.

Past Performance and Relevant Targets

Pegasus Airlines' Carbon Emissions Intensity – Historic Performance and 2030 Target Against 2022 Baseline (LHS axis: gCO₂/RPK and RHS axis: %)¹⁹



Source: Pegasus Airlines

*Baseline year: 2022

** 2030 Target: expected performance

Light blue broken line between 2021 and 2022* denotes the period when carbon intensity normalised post-COVID impact

CAGR stands for compound annual rate of growth

¹⁸ The GHG Protocol is one of the world's most widely used greenhouse gas accounting standards and guidance. More information [here](#)

¹⁹ Source: Pegasus

KPI #2: Gender Diversity in Management Positions

Definition

The increase in the share of women in management positions to at least 40% by 2030, relative to the 2022 baseline, i.e., from 27.8% to at least 40%.

Unit

Share of women occupying management positions i.e., number of women in management positions divided by the total number of employees in management positions.

Materiality & Rationale for selection

- Pegasus Airlines 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.
- Pegasus Airlines' diversity and inclusion efforts are guided by international standards and practice. In 2016, Pegasus Airlines became the first airline in the world to join the Women's Empowerment Principles (WEP), a platform established by the UN Women and UN Global Compact offering guidance to business on how to advance gender equality and women's empowerment in the workplace, marketplace and community.
- In 2023, Pegasus Airlines launched the company's wide Diversity, Equality and Inclusion initiative called "Harmony". Through this initiative, employees take part in working groups to develop specific initiatives and targets towards a more skilled, diverse and gender balanced workforce.
- As a member of Türkiye's Directorate General of Civil Aviation Committee for the Development of Social Gender Balance, Pegasus Airlines continues to support awareness-raising programs for women regarding job opportunities in aviation, and to improve the quality and quantity of roles available to women in the sector.
- In June 2022, Pegasus Airlines' CEO, Güliz Öztürk, was awarded the Inspirational Role Model Award at the IATA Diversity & Inclusion Awards 2022, in recognition of her work on gender equality within the airline industry. The IATA Diversity & Inclusion Awards, sponsored by Qatar Airways, aim to recognize and celebrate the great work that is being done to ensure Diversity, Equity and Inclusion are at the heart of the industry.
- Güliz Öztürk is also heavily involved in the Sales Network's mentoring program that aims to support female professionals within our airline. In 2019, she received the "Sales Leader of the Year" award and in 2021, she was the winner of the "Leader of the Year" award by the Leadership in Sales Awards (LiSA).
- Reflecting on her achievements and the work ahead at Pegasus Airlines, Güliz Öztürk stated: "We will make every effort, institutionally and individually, to contribute to the equal participation of all individuals, regardless of gender, in all areas of social life and to enable women to express their full potential, and we will continue to work with all our strength with the aim of achieving a more equal future."
- Pegasus Airlines' new practices to ensure equal opportunities in the company's hiring processes have yielded positive outcomes with the share of female hires growing from 34% in 2021 to ~45% in 2024.
- Women represented 35% of Pegasus Airlines' workforce as of December 31st, 2023, which is beyond IATA's ambition of achieving 25% by 2025.
- Pegasus Airlines' ambition to providing equitable opportunities for women means furthering their representation beyond industry practices at all levels and especially in business groups where women have been underrepresented historically, such as management positions. While

Pegasus Airlines has gradually increased the share of women in management positions from 25% to 32.4% between 2017 and 2024, there were two years of negative growth during this period, which demonstrates that efforts to achieve a diverse workforce need to be sustained over time.

- For example, Pegasus Airlines aspires to achieve at least 40% female representation in management positions by 2030, up from 27.8% in 2022 (baseline year) i.e., a CAGR of 4.65% in the 8-year period. For the previous 5-year period (2018-2022 inclusive), the average annual increase in women representation in management positions was 2.32% (see graph in the “Past Performance and Relevant Targets” section below).
- Pegasus Airlines believes that continuing to achieve higher rates of diversity will drive innovation and better decisions, while improving our ability to attract and retain skilful and passionate talent.

Alignment with the Principles

The KPI is:

- Relevant, and material to Pegasus Airlines’ sustainability strategy and of high strategic significance to Pegasus Airlines’ external stakeholders. KPI monitors the results of our efforts to increase the share of women in management positions and acts as a results based KPI of progress toward that target.
- Measurable or quantifiable on a consistent methodological basis (methodology is outlined below).
- Externally verifiable.
- Able to be benchmarked against Pegasus Airlines’ own performance (i.e., 2022 Baseline year) and peers, taking into account differences in calculation methodology.

Scope and Perimeter

- Employees in Management Positions means employees within the Pegasus Airlines organization who hold leadership roles and are responsible for overseeing teams, departments, or specific business functions.
- Management positions include Pegasus Airlines’ employees with a title Leader and above. These titles are Leader/Principal, Manager/Head of, Director/President, and C-Suite.²⁰
- As of December 31st, 2024, out of 306 employees in management positions, 99 are women (i.e., 32.4%).
- All management positions (i.e., full and part time) are within the scope of KPI #2. Pegasus Airlines currently does not have part-time employees working in management roles and this is not expected to change in the future.

Methodology of Calculation

- Measured as of 31 December of each fiscal year-end based on self-reported data.
- Number of women in management positions within scope (see above) divided by the total number of employees in management positions.

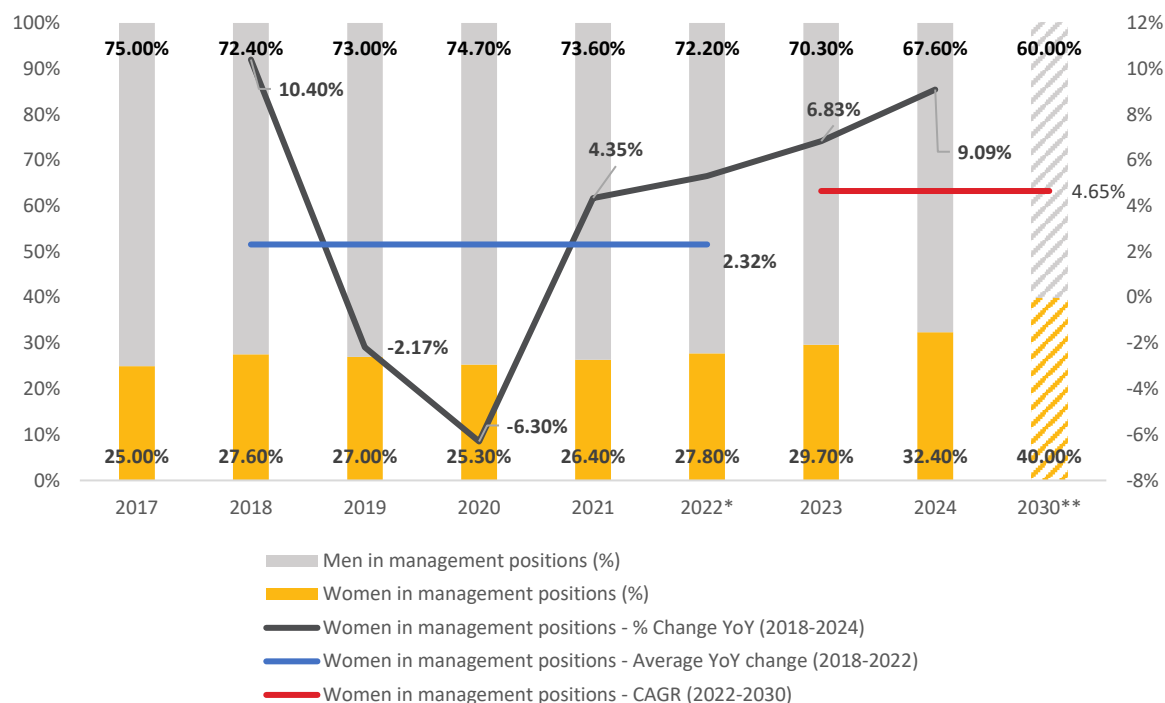
Baseline Year 2022

27.8%.

²⁰ Pegasus Airlines’ definition of management positions follows Willis Towers Watson (WTW) job evaluation methodology.

Past Performance and Relevant Targets

Pegasus Airlines' Employees in Management Positions by Gender – Historic Performance and 2030 Target Against 2022 Baseline (LHS axis % of female and male employees and RHS axis YoY change/CAGR in %)²¹



Source: Pegasus Airlines

*Baseline year: 2022

** 2030 Target: expected performance

2.2 Calibration of Sustainability Performance Targets (SPTs)

SPT #1: YoY percentage reduction in carbon intensity measured in gCO₂/RPK

Recent past performance and target

Emissions intensity (gCO ₂ /RPK)	2022 (Baseline)	2023 (Past Performance)	2024 (Past Performance)	2030 (Target)
	62.10	61.30	58.30	52.10
YoY change (%)	-	-1.29%	-4.89%	-
CAGR (2022-2030)	-2.17%			

Target: year-on-year percentage change in carbon intensity (measured in grams of CO₂ emissions per Revenue Passenger Kilometre or gCO₂/RPK) that allows for the Lessee to achieve a 16.1% reduction by 2030, relative to the 2022 baseline i.e., from 62.1 gCO₂/RPK in 2022 to 52.1 gCO₂/RPK in 2030.

²¹ Source: Pegasus

In the case of a loan, Pegasus Airlines expects to provide annual targets in the transaction-specific documentation (the Relevant Documentation) at the time of its issuance, in line with the standard market practice for the loan capital markets.

Target Observation Date: 31st December of the relevant financial year.

Sustainability Reference Period: The period starting on 1 January and ending on 31 December of each financial year.

Benchmarks: Pegasus Airlines' past performance, peers' average carbon intensity, and the TPI's carbon intensity pathway for Airlines of Well Below 2°C pathway have been used as benchmarks.

Pegasus Airlines' past performance

Pegasus Airlines' SPT #1 is measured in gCO₂/RPK target and does not include the impact of carbon offsets. The SPT #1 is particularly ambitious considering that the portion of new generation aircraft in Pegasus Airlines' fleet was already high in 2019, standing at 39% (vs. industry average of 15%²²) and must continue to increase over time to achieve Pegasus Airlines' 2030 target. Pegasus Airlines operates a growing, young and modern fleet of 118 aircraft with 4.5 years average aircraft age as of December 31, 2024. As the percentage of new generation fuel-efficient aircraft increases in our fleet, gCO₂/RPK savings become more challenging to achieve as they tend to become a function of seat density (with a maximum limit set by regulators), operational efficiency of an aircraft, and SAF adoption, with the latter likely to be short in supply in the near to medium term.

It is important to note that current carbon intensity levels recorded by Pegasus Airlines already stand among the lowest in the industry. Pegasus Airlines received the Global Environmental Sustainability Airline of the Year Award at the CAPA Airline Leader Summit Asia and Sustainability Awards 2024 where 100 companies' data was evaluated in terms of sustainability and impact. With this award, Pegasus Airlines achieved global recognition, following an independent assessment of airline emissions data.

Peers' carbon intensity

To benchmark our past performance and SPT #1 against peers, we conducted an analysis of the carbon intensity performance of 13 airlines measured in CO₂/RPK for the period 2019-2023²³. Peers were selected based on the similarities with Pegasus Airlines' business and operations and included airlines from both emerging economies (EM)²⁴ and developed countries (DC)²⁵.

Additionally, we assessed the mid-term carbon emissions reduction targets that 8 of the 13 peers have publicly announced²⁶. For this, we assessed the alignment of our SPT #1 and that of our peers' mid-term carbon emissions targets with the TPI trajectory for airlines.

²² IBA's fleet data as of December 2019. Platform available [here](#)

²³ 2019-2023 period was set based on data availability as not all peers have data available for the year 2024 and for the previous years i.e., earlier than 2019.

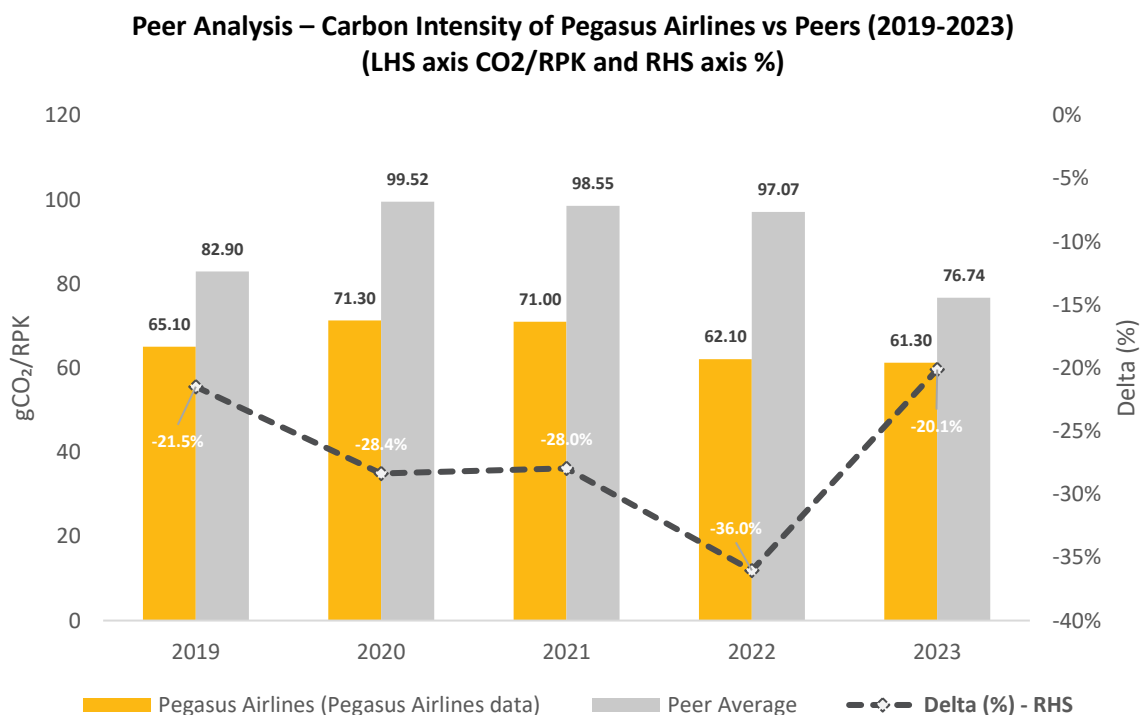
²⁴ EM include airlines based in countries in Eastern Europe, Asia, Latin America, and the Middle East.

²⁵ Peers greatly differ in their approach to reporting their carbon intensity performance e.g., some measure performance in RTK, which is calculated by multiplying total number of revenue-generating tonnes of both passengers and freight by distance travelled. For consistency, we consulted peers' data from the Platform for Analysing Carbon Emissions ([PACE](#)), which provides flight traffic data to various stakeholders committed to track carbon reduction in the aviation industry. PACE allowed to consult the peers' performance in CO₂/RPK basis. PACE uses data from the [AirNav Systems](#), a global flight tracking and data services company which offers worldwide tracking of commercial and general aviation flights (~99% daily flight coverage of all commercial flights globally) to governments and private business since 2001. PACE then applies additional controls to ensure data accuracy.

²⁶ Pees include airlines that have a carbon intensity target (either in gCO₂/RPK or gCO₂/RTK terms) for the mid-to long-term i.e., beyond 2024. For peers with carbon intensity targets beyond 2030, a straight line

Takeaways from the peer analysis:

- Past carbon performance: Pegasus Airlines’ past carbon performance in CO₂/RPK has consistently remained under the peer average for the period (shown as “Delta (%)”²⁷ on the graph below). This suggests that Pegasus Airlines’ current carbon intensity levels stand out as one of the lowest among peers.
- Mid-term targets: The mid-term carbon intensity targets of 4 out of 8 peers are in line with the 1.5°C TPI’s pathway, 3 with the Bellow 2°C pathway, and 1 was not aligned²⁸. Our 2030 SPT #1 is set to maintain Pegasus Airlines’ leadership in the industry as it will allow us to keep carbon performance relatively in line with the Below 2°C TPI pathway, striving for an alignment with the 1.5°C TPI pathway.



Source: Pegasus Airlines and PACE

TPI’s carbon intensity pathway for Airlines of Well Below 2°C pathway

Pegasus Airlines SPT #1 (i.e. reducing its carbon emissions intensity to 52.1 gCO₂/RPK by 2030) was built in alignment with the TPI’s carbon intensity pathway for Airlines of Well Below 2°C pathway. When decarbonisation technologies for airlines become more available and matured (e.g., achieving an adequate supply of certifiable SAF), Pegasus Airlines will seek alignment with TPI’s 1.5°C pathway, as relevant.

decarbonisation trajectory was used to calculate the expected 2030 performance. 8 airlines out of the pool of 13 peers meet this criterion.

²⁷ Delta (%) is defined as the differential between Pegasus Airlines' performance against the peer average for that respective year, in percentage terms.

²⁸ More information about the alignment of airlines with TPI decarbonisation pathways [here](#).

Levers to achieve SPT #1:

In line with its 2050 target, Pegasus Airlines will achieve fuel efficiency and reduce both its net emissions and emission intensity in line with its long-term actions on new and efficient fleet structure, operational efficiency, and alternative fuels.

For Pegasus Airlines, **expanding its next-generation aircraft** is crucial to ensuring efficient operations, enhancing customer experience through the latest technology, and addressing climate change. The fleet is the youngest in Türkiye and one of the youngest globally. As the company's operations grow, it should meet its aircraft needs with these advanced aircraft, enabling it to maintain control over its carbon footprint, operational efficiency, and costs. The next-generation fleet has the greatest influence on achieving the company's emissions reduction goals in the immediate future. Furthermore, these modern aircraft play a key role in lowering NOx emissions and reducing engine noise levels.

Pegasus Airlines targets 100% of new-generation Airbus A320neo family aircraft in fleet by 2025. On December 19th, 2024, Pegasus Airlines announced an order for 100 firm and 100 optional Boeing B737-10 aircraft, where deliveries will start from 2028. The addition of these new generation aircraft will advance the company's sustainability targets in the long run with fuel savings and emissions reductions compared to previous-generation aircraft.

Pegasus Airlines is focusing on improving its **operational efficiency** across fuel, ground operations, and facilities, with an expected annual contribution of 2-5% reduction in carbon emissions. To further enhance fuel efficiency and reduce carbon emissions, the airline has adopted eco-flying platform. This solution will enable the airline to monitor flight data, evaluate fuel-saving procedures, and pinpoint areas for improvement. By leveraging data-driven insights, Pegasus Airlines aims to significantly cut fuel consumption, which should further result in financial savings and reduced carbon footprint. Pegasus Airlines uses machine learning, and artificial intelligence (AI) to analyse flight data and provide actionable recommendations, helping to optimize fuel efficiency. The platform supports scalable improvements and fosters collaboration, encouraging a more sustainable culture and maximisation of fuel savings.

Pegasus Airlines intends to redirect gradually its sustainability efforts toward the usage of **SAF**. Relative to fossil fuels, SAF is a sustainably produced, unconventional jet fuel which enables a reduction in CO₂ emissions across its life cycle. According to IATA, the use of SAF has been shown to provide significant reductions in overall CO₂ lifecycle emissions compared to fossil fuels, up to 80%²⁹. It is important to note that government support through large public investment and policy incentives will be essential to using SAF and achieving the industry's climate goals. Pegasus Airlines is closely following up the developments in SAF market and encourages production initiatives locally and globally. Pegasus Airlines is targeting to achieve further improvement of its gCO₂/RPK savings with the help of SAF usage, in line with regulations and supply opportunities.

With the ReFuel EU regulation, from 2025 onwards, aircraft operators will be required to use a proportion of SAF for each flight departing from Europe. The proportion for 2025 is 2% of SAF and will gradually increase to 70% by 2050. Considering that near-half of Pegasus Airlines' flight density is Europe-based, SAF impact and positive improvements are expected to contribute to SPT #1.

Risks to achieving SPT #1:

The potential occurrence of a new global crisis, similar to the one experienced in 2020, could lead to an unprecedented halt in air traffic. Such disruptions not only impact operational schedules, but can also delay the implementation of sustainability initiatives, as the focus shifts to addressing the immediate challenges of the crisis.

Extension of flight routes due to changes in the policies and safety measures of airports, particularly in regions affected by political instability, can result in higher fuel consumption due to longer distances,

²⁹ IATA Research document - Developing Sustainable Aviation Fuel (SAF)

which in turn increases carbon emissions. The impact of political issues on flight safety can thus affect emissions reduction efforts by making operations less efficient.

The reliance on the producers of SAF and LCAF introduces a vulnerability in emission reduction plans. One key issue is the lack of sufficient resources to meet the industry's demand for SAF raw materials. In the event that these raw materials are unavailable, SAF production cannot proceed, leading to supply shortages. If producers are unable to meet production demands or if SAF/LCAF production is disrupted, there may be no immediate alternative sources available. This could slow down or even halt progress toward reducing carbon emissions in the aviation sector. Additionally, the inability to fully leverage the "Book & Claim" system, which allows carriers to use SAF/LCAF purchased in different countries, limits the potential for broader adoption. Moreover, infrastructural limitations hinder access to and the widespread use of SAF/LCAF products, making it more difficult for airlines to transition to more sustainable fuel options.

SPT #2: Increase in the share of women in management positions

Recent past performance and target

Share of women in management positions (%)	2022 (Baseline)	2023 (Past Performance)	2024 (Past Performance)	2030 (Target)
	27.80%	29.7%	32.40%	40.00%
YoY change (%)	-	6.83%	9.09%	-
CAGR (2022-2030)	4.65%			

Target: Increase the share of women in management positions to at least 40% by 2030, relative to the 2022 baseline, i.e., from 27.8% to at least 40%.

In the case of a loan, Pegasus Airlines expects to provide annual targets in the Relevant Documentation at the time of its issuance and in line with the standard market practice for the loan capital markets.

Target Observation Date: 31st December of the relevant financial year.

Sustainability Reference Period: The period starting on 1 January and ending on 31 December of each financial year.

Benchmark: Pegasus Airlines’ past performance and industry practices (i.e., IATA’s 25by2025 pledge) as well as peers’ share of women in management positions.

Pegasus Airlines’ past performance and industry practices

When defining SPT #2, Pegasus Airlines considered its past performance (i.e., average annual increase of ~2.32% over the previous 5-year period) as well as industry practices (i.e., IATA’s 25by2025 pledge). With Pegasus Airlines’ 2030 goal, the implied CAGR of 4.65% from 2022 to 2030 is deemed ambitious and relevant, as it is at least double the average annual rate of growth for the previous 5-year period.

Peers’ share of women in management positions

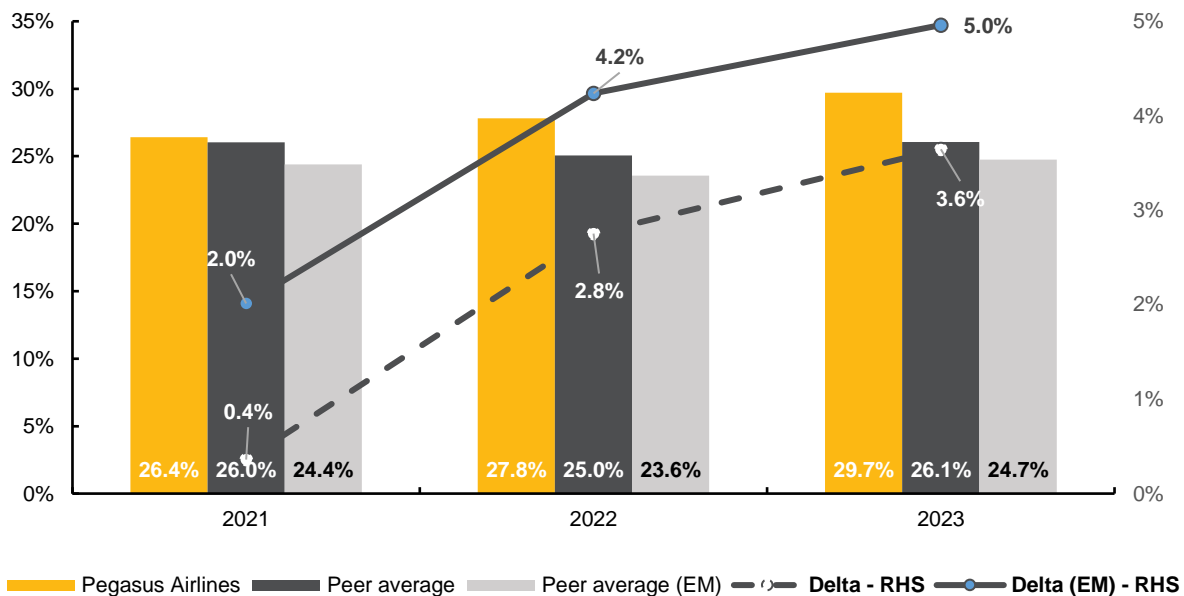
To benchmark our past performance and SPT #2 against peers, we conducted an analysis of the proportion of women in management positions of the same pool of 13 peers used for KPI #1. Only 8 out of 13 peers reported past performance data that allowed for comparison. Peer data relates to the period 2021-2023 as not all 8 peers had performance data for years prior to 2021. 2024 peer data was not readily available as of the date of the Framework. The 8 peers include airlines from both EM and DC with comparable definitions of women in management positions.

Additionally, we assessed our SPT #2 against the mid-term targets to increase the share of women in management positions that 9 out of 13 peers have publicly announced.

Takeaways from the peer analysis:

- Pegasus Airlines' past performance is above the performance of peers over the period (shown as "Delta (%)"³⁰ on the graph below). When compared to all 8 peers and peers in EM only, Pegasus Airlines' performance was above by 2.3% and 3.7% on average for the period, respectively.
- Mid-term targets: Among 9 peers with mid-term targets, 4 are EM airlines and 5 are airlines from DC. Pegasus Airlines' SPT #2 goes beyond IATA's goal of achieving 25% by 2025, which is considered an industry standard, and it is embraced by 2 of the EM airlines in the peer group. Pegasus Airlines' performance in 2022 (baseline year) was already above IATA's 25by25 goal. The other 2 EM airlines in the peer group have committed to either achieving a higher proportion of women by 2030 (i.e., 50%) or achieving the same proportion by an earlier year (i.e., 2026).
- While airlines from DC in the peer group aim to achieve 40% of women in leadership position sooner than Pegasus Airlines (i.e., 2025 vs 2030), their starting point is higher than that of Pegasus Airlines and hence, it is expected that more time will be required to achieve the same 40% target.

Peer Analysis – % of Women in Management Positions of Pegasus Airlines vs Peers (2021-2023)



Source: Pegasus Airlines and sustainability / annual reports of peers

Levers to achieve SPT #2:

In areas with low female representation, we set function-based targets to increase the female ratios. For example, as part of our senior management succession planning, we track the proportion of female successors and report it to the Board of Directors. We closely monitor the percentage of women into

³⁰ Delta measures the difference between the performance of Pegasus Airlines against the peer average for that respective year as percentage of the peer average.

Management roles during the promotion process. We continue to implement function-based initiatives to increase female representation in management positions.

Risks to achieving SPT #2:

An increase in the female turnover rate and the limited pool of female candidates are the primary risks for this target.

2.2.1 Recalculation Policy and Sustainability Amendments

Pegasus Airlines reserves the right to conduct amendments to the KPI(s), SPT(s) and the baseline performance (Recalculation Policy for bonds and Sustainability Amendment for loans), in case of a recalculation event for bonds or sustainability amendment event for loans (Recalculation Event and Sustainability Amendment Event, respectively). On a best effort basis, Pegasus Airlines intends to obtain an external verification confirming that the proposed revision is consistent with or more ambitious than the initial level of ambition of the relevant SPT, taking into account the Recalculation Event/Sustainability Amendment Event. A Recalculation Event/Sustainability Amendment Event may occur in case of material or structural changes in Pegasus Airlines' sustainability perimeter as a result of any acquisition, merger, demerger, corporate reconstruction, divestiture, disposal, or updates in the calculation methodology of the KPI, better data accessibility or discovery of data errors, changes in the applicable law or regulation that is relevant to Pegasus Airlines, or external events out of Pegasus Airlines' control (such as supply chain disruptions, availability of SAF, external events disrupting Pegasus Airlines' operations).

Any change to the KPI's baseline(s) and/or SPT(s) will be communicated within the reporting to lenders/investors of the Sustainability-Linked Finance Instrument.

The Relevant Documentation of the Sustainability-Linked Finance Instrument may include provisions relating to the applicable Recalculation Policy and Recalculation Event/Sustainability Amendment and Sustainability Amendment Event, in which case those provisions will supersede the Framework. The purpose of this mechanism is to ensure the KPI(s) and SPT(s) remain relevant and ambitious throughout the tenor of the Sustainability-Linked Finance Instrument.

2.3 Sustainability-Linked Finance Instrument Characteristics

Sustainability-Linked Finance Instruments issued under this Framework by Pegasus Airlines have sustainability-linked features, meaning their financial performance is dependent on the evolution of the selected KPIs as of the relevant Target Observation Date(s) as specified in the Relevant Documentation of each Sustainability-Linked Finance Instrument.

The implications on the financial performance of the Sustainability-Linked Finance Instruments can occur in different variations, including, but not limited to, interest premium(s), interest discount(s) and/or higher or lower redemption amount payable in respect of the Sustainability-Linked Finance Instrument. In any case, these implications would be meaningful and commensurate as aligned with market practices.

Failure by Pegasus Airlines to report or comply with the verification requirements on the applicable KPI as described in the Relevant Documentation of the respective Sustainability-Linked Finance Instrument will trigger the defined structural and/or financial implications applicable as if the relevant SPT was not met on the relevant Target Observation Date.

In case of changing sustainability-related financial characteristics of the Sustainability-Linked Finance Instrument, Pegasus Airlines will notify lenders/investors as soon as reasonably practical. The

applicable notification period following the respective Target Observation Date(s) will be specified in the Relevant Documentation of each Sustainability-Linked Finance Instrument.

For the avoidance of doubt, if Pegasus Airlines has achieved the respective SPT(s) as of the relevant Target Observation Date(s) in respect of any Sustainability-Linked Finance Instrument, and has reported on such successful achievement of the respective SPT(s) as prescribed in the Relevant Documentation, the financial characteristics of such Sustainability-Linked Finance Instrument will not change, other than in case of an interest discount or a reduction in the redemption amount, as the case may be and as defined and detailed in the Relevant Documentation of each Sustainability-Linked Finance Instrument.

As the market for Sustainability-Linked Finance Instruments progresses dynamically, Pegasus Airlines will consider, subject to its financing needs, the appropriate financing structure and variations of the financial characteristics at the respective time of issuance.

2.4 Reporting

Until maturity of each loan issued under the Framework, Pegasus Airlines will disclose the performance of the KPI(s) against the relevant SPT on an annual basis through a Sustainability Compliance Certificate to make the information readily available and easily accessible to the lenders and other funding partners, as the case may be and as defined and detailed in the Relevant Documentation of each sustainability-linked loan.

For bonds issued that are outstanding under the Framework, Pegasus Airlines will disclose its annual progress against the KPI(s), at least until any reporting date(s) relevant for assessing the achievement of the SPT(s), through a report made available on the investors section of Pegasus Airlines' website, as detailed in the Relevant Documentation of each sustainability-linked bond and at the latest within 180 days following each financial year-end/observation period³¹.

The report will include:

- Up-to-date information on the performance of each KPI included in any Sustainability-Linked Finance Instrument
- External assurance relating to each KPI outlining the performance against the selected SPT(s)
- Any re-calculations/amendments of the KPI(s) and/or restatements of SPT(s) and/or pro-forma adjustments of the baseline(s) in the context of a Recalculation Event or Sustainability Amendment Event
- Any additional relevant information enabling lenders/investors and other funding partners to monitor the progress of the KPI(s) towards the SPT(s)

Moreover, the annual reporting for loans will also provide information on the sustainability-linked related impact and timing of such impact on the loan's economic characteristics.

Where relevant, Pegasus Airlines may also provide information on changes to its sustainability strategy or governance and, whenever possible, Pegasus Airlines will outline the positive sustainable impact of its efforts e.g., an increase in the share of women in its workforce, including in management positions, and how a reduction of its carbon emissions contributes to the global decarbonization and the achievement of the goals formulated by the Paris Agreement.

2.5 Verification

2.5.1 Pre-Issuance Verification

Pegasus Airlines has engaged S&P Global Ratings to provide an independent Second Party Opinion (SPO) on the Framework assessing the relevance, robustness, reliability, and ambition level of the selected KPIs and SPTs and confirming the Framework's alignment with the Principles. The SPO can be found on S&P Global Ratings' website.

2.5.2 Post-Issuance Verification

Pegasus Airlines will obtain an independent external verification of its performance for each KPI by a qualified external verifier with at least limited assurance. For loans issued under this Framework, such verification will be provided annually, at least until the reporting date relevant for assessing the achievement of the SPT(s) and will be made available to lenders. For outstanding bonds issued under this Framework, the annual external verification will be included in Pegasus Airlines' annual Sustainability Report/ Annual Activity Report.

Any appointment or replacement of an external reviewer will be communicated to lenders/investors as per the Relevant Documentation of each Sustainability-Linked Finance Instrument.

3. Update and Amendment of the Framework

Pegasus Airlines reserves the right to review this Framework from time to time to ensure continued alignment with the relevant voluntary market principles, the company's priorities, and emerging industry standards. Any updated version of this Framework will either maintain or improve the current levels of commitment to sustainability, transparency, and reporting disclosures. Pegasus Airlines may also review this Framework in case of material changes in the perimeter of the methodology and in particular, the definition of the KPI(s) and/ or the calibration of the SPT(s). In the event of a material amendment to the Framework, Pegasus Airlines may seek a new SPO on the Framework. The updated Framework and/or SPO will supersede this Framework and/or SPO, respectively.

Disclaimer

This document has been prepared by Pegasus Hava Taşımacılığı A.Ş. ("Pegasus Airlines") exclusively for the benefit and internal use of the recipient (the "Recipient").

In preparing this document, Pegasus Airlines has used information available from public sources in addition to certain Pegasus Airlines' non-public and/or internal sensitive information and forecasts. The market information displayed in this document is based on data at a given moment and may change from time to time. No express or implied representation or warranty as to the accuracy, completeness or relevance of such information (including any public information or non-public and/or internal information contained in the document) is made by Pegasus Airlines, or any other party. Pegasus Airlines has neither performed nor obtained any independent verification of information obtained from external sources. No responsibility or liability (express or implied) is accepted for any errors, omissions or misstatements by Pegasus Airlines or for the consequences arising from the use of the information contained in this document.

The contents of this document are subject to amendment or change at any time and Pegasus Airlines will not notify the Recipient of any such amendment or change.

This document is of a commercial and not of a regulatory nature. Any information in this document is purely indicative and has no contractual value.

The commercial merits or suitability or expected profitability or benefit of any transaction described in this document to the Recipient's particular situation should be independently determined by the Recipient.

This document and any information contained herein is confidential and may be neither communicated to any third party nor copied in whole or in part, without the prior written consent of Pegasus Airlines. The distribution of this document in certain jurisdictions may be restricted by law or regulation, and in receiving this document all persons into whose possession it comes are deemed to confirm that they are aware of, and are able to receive this document without contravening, any such restrictions in the jurisdictions in which they are incorporated or carry on business.

This document shall not constitute a binding document for Pegasus Airlines. Pegasus Airlines reserves its right, at any time and in its sole discretion, to withdraw or cancel its intention in relation to the purpose of or any transaction contemplated in this document without any liability to Pegasus Airlines.

This document is delivered to you provided that you agree to the above terms and conditions. In case you disagree with the above terms and conditions or at any time upon Pegasus Airlines' request, this document shall be immediately returned to Pegasus Airlines or destroyed.