

**CHARTER OF THE COMMITTEE ON THE EARLY DETECTION OF RISKS  
OF THE BOARD OF DIRECTORS  
OF PEGASUS HAVA TAŞIMACILIĞI A.Ş.**

**1. PURPOSE**

The main purpose of the Committee is to assist the Board of Directors with respect to the determination in advance, management and mitigation of the risks that may endanger the existence, development and the future of Pegasus and to fulfil any other duties vested on the Committee by the Articles of Association and the Communiqué. In this framework, the Committee carries out the duties and responsibilities set out in this Procedure.

**2. SCOPE**

This Procedure determines the scope of duty and working principles of the Committee.

The Committee is established pursuant to a resolution of the Board of Directors in accordance with the provisions of the CML, the TCC, the regulations of the CMB including the Communiqué and the Principles published by the CMB and Article 13 of the Articles of Association.

**3. RESPONSIBILITIES**

Company's General Counsel is responsible for the preparation, up-to-date maintenance and control of this Procedure.

All Company employees are responsible for ensuring the implementation of the terms of this Procedure.

This Procedure may be amended or revoked by a decision of the Board of Directors at the recommendation of the Committee.

**4. DEFINITIONS AND ABBREVIATIONS**

Articles of Association: Pegasus Hava Taşımacılığı Anonim Şirketi Articles of Association

Board of Directors : Board of Directors of Pegasus Hava Taşımacılığı Anonim Şirketi

CMB : Capital Markets Board

CML : Capital Markets Law No. 6362

Committee : Committee on the Early Detection of Risks of the Board of Directors

Communiqué : Capital Markets Board Corporate Governance Communiqué No: II-17.1

Pegasus or Company: Pegasus Hava Taşımacılığı Anonim Şirketi

Principles : Corporate Governance Principles annexed to the Communiqué

Procedure : Procedure on the Early Detection of Risks Committee Charter

TCC : Turkish Commercial Code No. 6102

## **5. APPLICATION**

### **I. Structure and Working Principals of the Committee**

#### **5.1. Formation and Membership**

The Committee consists of a minimum of three members to be appointed by the Board of Directors, one of which serves as the chairman of the Committee. The chairman of the Committee is appointed from among the independent members of the Board of Directors (Reference: Article 13 of the Articles of Association and Principle 4.5.3). The remaining members of the Committee can be appointed from among other members of the Board of Directors or from outside of the board of directors (Reference: Article 13 of the Articles of Association and TCC 366/2). However; the majority of the members of the Committee must be non-executive members of the Board of Directors (Reference: Principle 4.5.3).

The head of management/general manager cannot be a member of the Committee (Reference: Principle 4.5.4).

Committee members are appointed by the Board of Directors on an annual basis, latest at the first board meeting following the annual general assembly meeting of the Company. A Committee member can be re-appointed for consecutive terms.

#### **5.2. Meetings**

The Committee convenes for a meeting and adopts decisions in the presence of all simple majority of its members. When necessary, the Committee can adopt resolutions by unanimity without convening for a meeting.

The Committee meets at least four times a year. The timing of Committee meetings follow, to the extent possible, the schedule of the meetings of the Board of Directors by having a meeting ahead of each scheduled board meeting. In case of urgency the Committee may convene for meetings at the request of the chairman of the Committee or the chairman of the Board of Directors.

The Committee records and maintains all of its works in writing and submits reports comprising information on the Committee works and results of Committee meetings to the Board of Directors (Reference: Principle 4.5.8). The meeting minutes of the Committee are approved by the Committee members and are kept in a separate ledger together with the signed copies of the decisions of the Committee.

Unless invited by the chairman of the Committee no-one other than the Committee members can attend Committee meetings.

The personnel/unit responsible for providing secretariat support to Pegasus Board of Directors of the Company provides the same support to the Committee.

### **II. Duties and Responsibilities**

#### **5.3. Compliance with Corporate Governance Principles**

The Committee assists the Board of Directors in the determination in advance all types of risks, whether strategic, operational, financial, legal or otherwise that may endanger the existence, development and the future of Pegasus, the implementation of necessary precautionary measures and the management of detected risks (Reference: Article 13 of the Articles of Association and Principle 4.5.12 of the Communiqué).

In this respect the Committee's duties and responsibilities include the following:

- Evaluation of the operations and investments of Pegasus in light of developments in Turkey and in other countries where Pegasus operates as well as global trends and developments;

- Assisting the Board of Directors in the determination and classification of actual or potential risks to be managed, mitigated or eradicated and the development of strategies for the management of determined risks, the measurement criteria for actual or potential risks and the reliability of such criteria;
- Evaluation of the alignment of the operations of Pegasus with the risk management strategy and systems adopted by Pegasus;
- Review of existing risk management systems of Pegasus on an annual basis, and ensuring the efficiency and the integration of the risk management and internal control systems of Pegasus with its corporate structure (Reference: Principles 4.2.3 and 4.5.12);
- Preliminary detection of technical bankruptcy and notification of the Board of Directors in this respect.

#### **5.4. Other Duties and Responsibilities**

The Committee undertakes other duties and responsibilities that can be considered within the scope of corporate governance at the request of the Board of Directors.

### **III. Other Application Rules**

#### **5.5. Nature of Responsibility**

The Committee ensures that the Board of Directors is well informed in relation to the matters that fall within its duties and responsibilities. The Committee's decisions are recommendations to the Board of Directors and the works of the Committee and its recommendations to the Board of Directors do not relieve the members of the board from their duties and responsibilities arising from the TCC.

#### **5.6. Evaluation of Works**

To determine whether it is functioning effectively, the Committee reviews this Procedure and performs an evaluation of its performance on an annual basis and reports its findings and recommendations to the Board of Directors. As part of this evaluation, the Committee provides the necessary information with respect to its members, the frequency of meetings held and the tasks undertaken and completed to assist the Board of Directors to evaluate the efficiency of the Committee in the annual activity report of Pegasus (Reference: Principle 2.2.2(b)).

#### **5.7. Resources and Access to Information**

The Board of Directors provides the necessary resources and support for the Committee to perform its duties and obligations (Reference: Principle 4.5.6).

The Committee may seek opinions and information from executives and any other Pegasus family member on matters it deems appropriate and invite such persons to Committee meetings (Reference: Principle 4.5.6).

The Committee may retain, at the Company's expense, such advisors and experts as it deems necessary or appropriate to carry out its duties (Reference: Principle 4.5.7).