

## **PEGASUS HAVA TAŞIMACILIĞI A.Ş.**

### **COMPENSATION AND INDEMNIFICATION POLICY**

Pegasus Airlines Compensation and Indemnification Policy is adopted in accordance with the provisions of the Corporate Governance Communiqué No: II-17.1 of the Capital Markets Board, with the aim of setting out the main compensation principles for the members of our Board of Directors and our employees.

#### **General Principles**

- Pegasus Airlines compensation practices will be implemented through Company procedures, in line with the Company's long-term targets and strategies and with the aim of designing and implementing fair, transparent and competitive compensation systems, and attracting, retaining, and rewarding human resources required for sustainable success.
- Company Management is responsible to carrying out an effective implementation and management of compensation practices at Pegasus Airlines, in line with this Policy, under the oversight of the Board of Directors and the Corporate Governance Committee.
- Compensation paid and benefits provided to the members of the Board of Directors and members of the senior Company Management are disclosed to the public in the annual activity report.

#### **Principles Relating to the Board of Directors**

- Pegasus Airlines complies with the provisions of the Turkish Commercial Code No. 6102, the Capital Markets Law No. 6362, and the Corporate Governance Communiqué in the compensation of members of the Board of Directors. Members of the Board of Directors are paid a monthly or annual salary or a per meeting payment to be determined by the General Assembly. Any allocation to be made to the members of the Board of Directors from the company profit requires the approval of the General Assembly as per Article 21 of the Pegasus Articles of Association.
- With respect to the remuneration of independent members of the Board of Directors, stock options or payment plans based on the Company's performance cannot be used. Nevertheless, remuneration of independent members of the Board of Directors should be at a level sufficient to protect their independence.
- The criteria and procedures relating to the compensation of members of the Board of Directors and proposals for the remuneration of and other benefits to be provided to the members of the Board of Directors are annually determined by the Corporate Governance Committee and submitted for the evaluation of shareholders as part of the Annual General Assembly Meeting Information Document.

#### **Principles Relating to the Employees**

- Fixed salary, performance-based bonus and side benefits are utilized to attract and recruit employees with high potential, and to retain and incentivize the realization of high potential, in a manner that will ensure sustainable and profitable growth and reward employees in line with company performance.
- All work done at Pegasus Airlines is measured based on the customized Job Evaluation and Career Architecture model. Compensation policies are determined based on job size and wage market. Job Evaluation studies are conducted to review duties, wages, and level structure in a continuous and integrated manner.
- Wage balance reviews are conducted in line with the Company's Diversity, Equity & Inclusion policies.

- Wage increases are regularly reviewed based on macroeconomic indicators, market trends, individual performance results and criticality of positions.
- All Pegasus Airlines employees work subject to an employment agreement. The employment relationship between Pegasus Airlines and the members of the flight crew that are covered by paragraph 1(a) of Article 4 of the Labor Law No. 4857 is subject to the provisions of the Turkish Code of Obligations No. 6098 and the Turkish Civil Aviation legislation, while the relationship between Pegasus Airlines and other employees is subject to the provisions of the Labor Law. Pegasus acts in accordance with the applicable law in terms of indemnification of the said Family Members.

This Compensation and Indemnification Policy and any amendments hereto will be adopted by a resolution of the Board of Directors and will be published on the Pegasus Airlines Investor Relations Website.