C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Pegasus is Turkey's leading low-cost airline.

Pegasus, operated charter flights since 1990. Following its acquisition by Esas Holding at the beginning of 2005, Pegasus changed its business model, introducing a low-cost network carrier model for the first time in Turkey and focused on providing affordable and on-time air travel service with a young fleet.Pegasus 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.

As a result of the successful implementation of this low-cost strategy, Pegasus experienced rapid expansion of its operations both in domestic and international routes. Between 2009 and 2019, Pegasus' cumulative average annual passenger growth doubled Turkish market's 9% CAGR and reached 18%. Pegasus also became the fastest growing airline among the 25 largest European airlines in terms of seat capacity in 2011, 2012 and 2013 according to the Official Airline Guide (OAG). With a growing, young and modern fleet of 84 aircraft with 5.35 average aircraft age as of June 30, 2020, Pegasus aims to be the leading low-cost airline in the region.

According to the final shareholding structure after the Initial Public Offering; of its shares in April 2013 34.53 % of shares are floating on Borsa Istanbul and 62.91% belongs to Esas Holding and the remaining 2.56 is owned by Sevket Sabanci and his family (founders of Esas Holding).

As of December 31, 2019 Pegasus and its consolidated subsidiaries employed 6164 full time employees.

While providing economic, safe and punctual travel opportunities to its guests, by means of investments in areas of flight safety and technology, Pegasus established itself as the latest flight training center of Turkey. This has led to Pegasus also becoming one of the leading airlines, to adopt fleet-wide Wireless Groundlink End to End Network Solutions, a system providing double direction data transfer that is significant with regards to the traceability of systems.

Pegasus received the Best Operational Excellence Award for Europe, Middle East and Africa – A320 based on its successful performance across criterion of operational safety, fleet utilisation rate and average delay times.

Pegasus was rewarded at the Echo Awards for "Airline Standard of Excellence" and at the Web Awards for "Best E-Commerce Experience in Aviation".

Pegasus received the International Business Excellence Award in the category of "Customer Experience and Voice of Customer".

Pegasus received the "Reputation of the Year" accolade at The One Awards and the "National Digital Airline of the Year" and "Tourism Company Blog of the Year" accolades at the Travel Technologies Awards.

The Airbus Operational Excellence Awards ceremony is held every three years to reward successful A320 Family operators. During recent years, where the Turkish civil aviation sector entered into a serious growth trend, Pegasus has proven to be satisfying a significant demand in the aviation sector with the number of its guests increasing much more than the average growth in the sector.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	Yes	1 year

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.
Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.
Operational control

C-TO0.7/C-TS0.7

(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?
Aviation

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?
Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The highest level of direct responsibility for climate change lies with our CEO. Some of the climate-related responsibilities of our CEO includes: - Reviewing and guiding climate-change related strategies - Reviewing and guiding major plans of action - Reviewing and guiding risk management policies - Following up management actions for risks that are determined as substantive - Reviewing performance objectives - Leading the strategies on how climate-related good practices are communicated to our customers - Reviewing the climate-related compliance activities In the reporting year, one of the major strategic decisions led by our CEO is the decision on coordination of a working group with the contribution of all stakeholders regarding Turkish ETS Expense Project of Ministry of Environment and Urbanization, under the responsibility of TOSHID. According to this strategic decision a committee will be established with contribution of Finance and HSE departments regarding this issue in order to take commercial action on environmental issues and guide the sector with these actions.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	CEO briefs the Board on climate related issues. Especially risks and opportunities related to upcoming regulations are discussed in the Board. The strategies, action plans and budget requirements to realize these action plans are all discussed and approved in the Executive Board. During the reporting year the board was briefed about CORSIA and Turkish ETS which are upcoming regulations on GHG emissions from the aviation industry.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Chief Operating Officer (COO)	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Risk committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

CFO is a member of the Executive Board and Risk Review Board and reports to CEO. He is responsible for budgeting and as climate change related risks and opportunities may have financial reflections on the company CFO is responsible for both assessing and managing these risks. He is responsible for managing the liabilities that we may face related to climate change. If there are any climate change related issues, like decisions on the emission trading systems, they are discussed during the monthly budget meetings.

COO is a member of the Executive Board and Risk Review Board and reports to CEO. COO has an indirect responsibility related to climate change. One of his main duties is to shorten the flight routes, and this is also related to reducing the fuel consumption and GHG emissions. The reduction amounts and possible measures are discussed in weekly and monthly operation meetings. The Chairman of the Risk Review Board (RRB) is our CEO. RRB is composed of very high-level executives like our CSQO (Chief Security and Quality Officer), COO, CFO, CCO, CIO, CHRO, Legal Counsel Risk Review Board assesses all types of risks, including climate-related risks according to our risk assessment matrix during their quarterly meetings.

The RRB analyses these risks according to management of change analysis and decide whether they will include the risk in the general risk assessments.

We also have a Risk Board, members of which include Non-Executive and Independent Members of Our Board, a Board Member of our main shareholder Esas Holding, and our C-Suite officers which are also in the RRB. After the risks are assessed at the RRB, the most important risks are reported to the Risk Board by our CEO.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	We provide bonuses for achievement of climate and sustainability related targets. The climate-related targets are included in the KPI's of our employees. These bonuses are available for all employees including the CEO and the Board of Directors.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	Our Environment, Health and Safety department executives are responsible for monitoring GHG emission reductions, and this is a part of their KPI's. These targets include monitoring the reduction of GHG emissions per passenger and per available seat km. During annual performance assessments the EHS executives are also assessed according to their achievement status of these targets, and they are awarded accordingly. The executives that reach their targets receive bonuses. Due to confidentiality, we cannot disclose the exact value of the targets or the rewards.
Chief Operating Officer (COO)	Monetary reward	Energy reduction target	Our COO has a target to reduce fuel consumption as a part of his KPI's. During annual performance assessments the COO is also assessed according to his achievement status of this targets, and he is awarded accordingly. Due to confidentiality, we cannot disclose the exact value of the targets or the rewards.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	The time horizon specified in this section is aligned with our other business practice time horizons. To give an example, short term may mean hours for us if we think about an urgent strategic decision that has to be made related to our flights. Or we try comply to new regulations within a few years which is assessed to be short term for our business practices.
Medium-term	3	7	Medium term usually means between 3 to 7 years in our business practices, so this time horizon is also aligned with the timeline of our other strategic decisions. Renovation of our fleet with more efficient aircrafts like Airbus-Neo can be given as an example of mid-term strategic decision.
Long-term	7	30	This year we have revised our definition of long-term horizon to be in line with CORSIA, which envisions carbon neutral growth until 2050 from 2019 levels.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The impact of the risk is assessed in four categories: Human, Financial, Reputation and Environment. For example a reportable disability, a financial impact of 2 million Euros (12.6 million TL), national exposure or high but reversible environmental damage are all deemed as substantive impacts for our company.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
We have a risk management process that is integrated multi-disciplinary company-wide risk identification, assessment and management processes. All of the risks are first identified by the relevant departments and the important risks are reported to the Senior Risk Specialist. The Senior Risk Specialist is responsible for initial assessment of the risks and reporting the risks to the quarterly Risk Review Board meetings. Both at the company and asset level climate-change related risks and opportunities are first assessed by the Environment, Health and Safety (EHS) Department. The climate related risk assessment is performed in accordance with PG-EM-PR-003 “Corporate Risk/Opportunity Management Procedure”. The risks that are assessed to have substantive operational and financial impacts by the EHS Department Manager are reported to the Senior Risk Specialist in order to be included in the company-wide risk assessment process. This process includes a thorough impact and vulnerability assessment in the Risk Review Board Meetings. If the risk has low operational and/or financial impact, this risk is first discussed with our CEO, then discussed in the Operations Executive Board if deemed necessary by the CEO. The significant risks are then reported to the Risk Review Board. The most important risks are reported to our Risk Board, which consists of the members of our Board of Directors. The RRB and the RB meet quarterly to assess and define how to manage the risks that are identified by the relevant departments. The risks that are identified as substantive (Red and Orange categories) by the EHS Department are presented to the CEO and the Operations Executive Board. Significant risks are also reported to the Risk Review Board who are responsible for assessing and managing all risks. The management proposals given by the EHS Department are discussed in the Operations Executive Board and further actions are taken according to the decisions of the Operations Executive Board. EHS Department is responsible for application of the management plan, which includes setting targets to reduce these risks and making performance reviews to assess whether the climate change related targets are met. For Yellow and Green Risks the management plans are developed and applied by the EHS department with the approval of EHS Department Manager. EHS Department is responsible for assessing the potential size and scope of the identified risks and opportunities in accordance with PG-EM-PR-003 “Corporate Risk/Opportunity Management Procedure”. The risks are assessed in four categories, namely: Human, Financial, Environmental and Reputational First, the probability of occurrence of the identified risk is scored as given below: o Almost Certain - 5 o Probable - 4 o Rare- 3 o Extremely Improbable - 2 o Almost impossible - 1 Then, the severity of the identified risk event is determined. Out of four categories, the one with the highest severity contributes to the assessment. In other words, the weakest link philosophy is used: o Critical - A o Serious- B o Moderate - C o Minor - D o Negligible -E To obtain an overall assessment of the risk/opportunity, probability and severity tables are combined into a risk assessment matrix. For example, a risk probability has been assessed as rare (3). The risk severity has been assessed as Serious (B). The composite of probability and severity (3B) is the risk of a harm under consideration. The color coding in the matrix reflects the tolerability regions. o Red – 4A, 5A, 5B - Not Acceptable – Not acceptable with current conditions, requires immediate action (Opportunity: Immediate action to seize the opportunity). o Orange – 3A, 4B, 5C - High Risk – Important risk. Mitigation measures shall be applied very quickly (Opportunity: Action to be planned and realized in 1 year). o Yellow – 2A, 2B, 3B, 3C, 4C, 4D, 5D, 5E – Critical Risk – The risk level shall be reduced. Mitigation measures shall be applied mid-term. (Opportunity: Realization of the opportunity planned mid-term) o Green – All the rest – Acceptable risk shall be controlled regularly (Opportunity: No action-except monitoring) The risks that are assessed as important are first discussed with our CEO. The significant risks are reported to the Risk Review Board. The most important risks are reported to our Risk Board. Risks and opportunities that may have a substantial health, financial, reputational and environmental impacts are prioritized and managed accordingly. For example a reportable disability, a financial impact of more than 2 million Euros (9,7 million TL), national exposure or high but reversible environmental damage are all deemed as substantive impacts for our company. These types of risks are prioritized according to our procedures. Example of how this process is applied to a transition risk: CORSIA (Risk2 in C2.3a) regulation was included in the risk assessment and EHS Dept. has scored the risk of this emerging regulation as follows: Probability – Almost Certain – 5 Severity – Moderate – C: Continuous monitoring of emissions, if we don’t achieve the targets, this may have moderate financial implications on the company. Combined Score: 5C, Color Code: Orange This risk was reported to the CEO and RRB . Example of how this process is applied to a physical risk: Risk 3 in C2.3a was assessed as follows: This risk was identified during the risk assessment meetings of EHS Dept. This risk was scored as follows: Probability – Probable – 4 Severity – Serious – B: Although the financial impacts of the extreme weather events may not be extremely high, they may have impact on the health and safety of our employees and customers, therefore the effect is scored as serious. Combined Score: 4B, Color Code: Orange This risk was reported to the CEO and RRB. The management plan suggested by the EHS Department is accepted by the RRB. The management plan includes transferring the risk by insuring our aircrafts against physical damage, as well as training all relevant personnel for these types of events. As only high impact risks (RED) are reported to the Risk Board, both of the risks identified above are not reported to the RB as they are coded Orange.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	RELEVANCE: The climate change related regulation has a direct effect on our operations, so it is always included in our risk assessments. EXAMPLE: We are included in the EU-ETS aviation regulation. This regulation covers only 1% of our flights and we always have excess allowances. Turkish MRV regulation is also under our radar and included in our risk assessments. CORSIA will be effective starting from 2020 and it doesn't have a cap-and-trade system, but it limits the emissions on 2019 levels and any excess emissions will be subject to a fee. But it is not clear how the fee is going to be applied by the member states. This uncertainty poses a risk and this risk is closely monitored by our EHS Team.
Emerging regulation	Relevant, always included	RELEVANCE: As stated above climate change related regulation is of primary importance to us as our business is carbon intensive. EXAMPLE: Cap and Trade Schemes and CORSIA regulation is included in our risk assessments. Turkish MRV regulation is also under our radar as aviation industry will be included soon and either a carbon tax or a trading scheme will also be active in the Turkish MRV. Details of how this risk is managed can be seen in the risk table under question C2.3a (Risk2). Some countries have started applying a carbon tax. We are facing a risk of growing number of countries to apply a carbon tax. How these taxes will be applied is still unclear, some countries apply taxes per passanger. The only way to manage this risk is to raise the ticket fees which may affect us as we are a low-cost airline.
Technology	Relevant, sometimes included	RELEVANCE: Technological improvements may help us reduce our effect on climate change while also reducing our costs, so it is included in our risk assessments under potential opportunities section. EXAMPLE: One example of this type of opportunity is our fleet age, as our aircrafts are younger we are able to operate in more harsh environmental conditions which gives us a clear advantage over our competitors. However this opportunity is not assessed to have substantive impacts and therefore not included in the opportunities section of this report.
Legal	Relevant, always included	RELEVANCE: Non-compliance with the climate related regulation may result in climate related litigation claims. Although we include this issue in our risk assessment, it is assessed under current and emerging regulation categories. EXAMPLE: Please see Risk 2 under the risk table in Question C2.3a.
Market	Relevant, always included	RELEVANCE: As one of our main operational expense is jet kerosene, we need to monitor the changes in the market extremely closely. EXAMPLE: One example of risk that is assessed under this category is carbon taxes on fossil fuels. Some of the European countries that we provide service to have already started implementing carbon taxes for fossil fuels. In the light of the new international agreements this application may be more common than it is today. Please see Question C2.3a-Risk1 for details on this risk and how it is managed.
Reputation	Relevant, always included	RELEVANCE: As we are in the service industry, changing customer behaviour is one of our primary concerns. EXAMPLE: Customers opting for less carbon intensive transport options is one of the risks defined for this category. However, the impacts of this risk was not assessed to be substantive, and it is not taken to the Risk Review Board. Therefore, this risk is not reported under section C2.3a of this report.
Acute physical	Relevant, always included	RELEVANCE: Being in the transportation industry, we always need to work according to the weather conditions, and aviation is one of the most effected industries from acute physical weather events, that is why it is always included in our risk assessments. EXAMPLE: Extreme weather events are one of the risks that are considered under acute physical category. According to climate change related scenarios, the frequency and severity of extreme weather events will become higher. Storms with extreme rainfall, wind and lightning have a potential to restrict our operations, causing delays and cancellation of flights. Extreme weather events may also result in higher wind velocities and increased en route turbulence, which may require changes in flight routes or cruise altitudes, or even cancellation of flights. Details of this risk including the management strategies can be seen in the below risk table under Question C2.3a Risk3
Chronic physical	Relevant, always included	RELEVANCE: As stated above physical climate conditions are of primary importance to us. EXAMPLE: One risk we assess under this category is snow and ice, however this year the impact of this risk was assessed once again and EHS department decided that the impact is not substantive, so the risk was not reported to the Risk Review Board and not included under section C2.3a of this report. Although the details of this risk are not included, we are closely monitoring and managing this risk.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Some of the European countries that we provide service to have already started implementing carbon taxes for fossil fuels. In the light of the new international agreements this application may be more common than it is today. Some European countries have also started mandates to purchase sustainable aviation biofuel, which usually cost more than regular jet fuel. Turkey already has very high taxes on fossil fuels and an extra added tax or mandates on using higher priced biofuels will have a direct effect on our OPEX, as one of the main components of our operational costs is Jet fuel consumption related.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
2316422.6

Potential financial impact figure – maximum (currency)
11582111.3

Explanation of financial impact figure
As fuel costs are one of our main operational expenses even a slight rise in fuel prices can have a huge impact on our operational expenses. In order to calculate our expenses, we have calculated the fuel expenses in 10 European countries where we are expecting a carbon tax on fuels to be effective in the medium-term. We have assumed a 1% to 5% raise in fuel prices in these countries. Which makes up around 2.32 Million TL to 11.58 Million TL.

Cost of response to risk
166000000

Description of response and explanation of cost calculation
Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects. We include such increase in fuel prices in our OPEX, and we keep on replacing our aircrafts with new more efficient ones to reduce our fuel consumption. In 2019 we have included 9 A320-Neo and 2 A321-Neo Aircrafts in our fleet, while retiring 8 Boeing 737-800 aircrafts. The cost of response was calculated as around 166 Million TL. Although this cost of response is much higher than the estimated financial impact of the risk, we see this investment in Airbus Neo aircrafts as an investment which will help us manage more than one risk along with several opportunities. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks.

Comment
The cost of Airbus A320 NEO's were around 40 million TL in 2018. Other activities to reduce fuel consumption are mainly behavioral change therefore we can not calculate the costs.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Air traffic has been a part of the European Emissions Trading Scheme since 2012. The European Parliament made a decision on exempting all flights between countries in the European Economic Area (EEA) and third countries from the EU ETS, until 2020. The amended regime will apply to flights until 2020. After 2020 CORSIA will take effect, and all international air traffic around the globe will be included in this ETS until 2027 (except LDC and SIS) Our intra-EU flights have already been included in EU-ETS. In the scope of this inclusion we have started monitoring and reporting our GHG emissions. We also have allowances allocated for our intra-EU flights. In order to comply with CORSIA we will monitor and report all our international flights. This will result in a raise in our operational expenses. Aviation industry will also be included in Turkish MRV, which will implement an ETS or taxation scheme. All of these regulations will eventually cover all of our operations. There is also another risk of application of per passanger carbon taxes in some countries, which will in fact raise our indirect operational expenses.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
2000000

Potential financial impact figure – maximum (currency)
12000000

Explanation of financial impact figure
When the civil aviation sector included in EU ETS in 2012 we were given over 300.000 tonnes allowance and our emissions in the corresponding year was well above this allowances figure. If the regulation was not derogated, we would have to purchase over 80.000 tonnes which would have caused a marginal financial implication (around 1.966.400 €/annum with the current carbon prices) for us. As all flights will be included in CORSIA, the financial implications may be higher depending on the base year selected. Regarding the financial implications of CORSIA, we have made an assumption according to the price estimations of Directorate General of Civil Aviation. And we estimate a financial risk between 2.000.000 to 12.000.000 TRY/annum.

Cost of response to risk
166000000

Description of response and explanation of cost calculation
Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects and challenge ourselves to reduce our GHG emissions. By doing so, we apply our strategy to minimize the impact ETS has/will have on our operational costs. We are also investigating other management options like renewable energy investments and carbon offsetting possibilities for this risk. We are also renewing our fleet with more efficient aircrafts and have an ongoing fleet renewal plan. Each year several Airbus A320&A321 NEO aircrafts are being included in our fleet.

In 2019 we have included 9 A320-Neo and 2 A321-Neo Aircrafts in our fleet, while retiring 8 Boeing 737-800 aircrafts. The cost of response was calculated as around 166 Million TL. Although this cost of response is higher than the financial impact of the risk, we see this investment in Airbus Neo aircrafts as an investment which will help us manage more than one risk along with several opportunities. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks. We have also decided to accept some of this risk and reflect the fines that we may need to pay to ticket prices. During the risk review board meeting, it was decided that this will be the major course of action for most of the Turkish aviation companies. The cost of other courses of action are not calculated.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
According to climate change related scenarios, the frequency and severity of extreme weather events will become higher. Storms with extreme rainfall, wind and lightning have a potential to restrict our operations, causing delays and cancellation of flights. Extreme weather events may also result in higher wind velocities and increased en route turbulence, which may require changes in flight routes or cruise altitudes, or even cancellation of flights. Climate change is also expected to cause a rise in temperature in some areas. Higher temperatures lower the air density which negatively impacts wing lift and engine performance. These types of extreme weather events may become more frequent in the not so distant future which will result in disruption of our operations and potentially cause damage on our aircraft fleet and facilities.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
21500000

Potential financial impact figure – maximum (currency)
43000000

Explanation of financial impact figure
The cost of delays due to weather events was around 10 million TL in 2019. This cost is expected to double in the long-term. Extreme weather events may also damage our aircrafts. In 2019 the impact of severe weather events on our aircrafts were around 11.5 million TL we may also expect doubling of these impacts in the long-term. But a more important impact of this risk is having our employees or our customers injured, impact of which can-not be measured in financial terms. The stated minimum financial impact figure is the sum of the impacts in 2019. The max financial impact is given as double that amount.

Cost of response to risk
0

Description of response and explanation of cost calculation
In order to be well prepared for such extreme physical conditions, we make sure our (and our suppliers') personnel is provided with sufficient training to better manage and minimize the impact of the identified risk. Our pilots work and get trained on bad weather conditions on the simulators. We also transfer some of this risk by insuring our aircrafts for potential damage. As these trainings are also a part of mandatory trainings set by the Directorate General of Civil Aviation, there is no extra cost of management which is solely related to climate change. The cost of insurance cannot be disclosed due to confidentiality concerns.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of new technologies

Primary potential financial impact
Increased revenues resulting from increased production capacity

Company-specific description
Current and emerging climate-related national and international legislation, forces us to be more and more focused on our fossil fuel consumption. These climate-related regulations together with regular increase in fuel prices drives us to invest in new technologies and emission reduction initiatives. The best way to reduce our GHG emissions is to invest in more efficient aircrafts. In July 2012, Pegasus placed an order with Airbus for 57 firm order A320neo and 18 firm order A321 neo aircraft, totalling 75, and an additional 25 optional aircraft, thereby constituting a purchase order for 100 new aircraft. In December 2017, Pegasus exercised its option for 25 additional aircraft and converted these option aircraft to firm orders in A321neo configuration, subject to an additional option to reconvert the order to A320neo configuration subject to the applicable notice periods prior to the scheduled delivery of aircraft. Pegasus is the first customer of CFM-Leap series engine used on A320neo aircraft. This investment also is an opportunity for us to reduce our fuel related operational expenses, which is one of our major expense terms. Realizing this opportunity will also increase our revenues, because new and more efficient aircrafts also have the capacity to carry more passengers than the old versions.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
34885000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In the reporting year, we have saved TL 34,885,000 of fuel cost by inclusion of the new aircrafts in our fleet. To calculate the potential financial impact, we used the ton of fuel burned per block hour for each type of aircraft. We calculated how much more fuel would be burned in the absence of these new aircrafts and multiplied this value with the 2019 average fuel price. In the future this financial impact will also be higher with added benefits of lower carbon taxes or ETS fees due to avoided GHG emissions.

Cost to realize opportunity
166000000

Strategy to realize opportunity and explanation of cost calculation
We are constantly investing in our fleet in order to reduce our GHG emissions. In the medium-term we have a goal of reducing our fleet age. In 2019 we have included 9 A320-Neo and 2 A321-Neo Aircrafts in our fleet, while retiring 8 Boeing 737-800 aircrafts. The cost of response was calculated as around 166 Million TL. Although this cost of response is higher than the financial impact of the opportunity, we see this investment in Airbus Neo aircrafts as an investment which will help us manage more than one opportunity along with several risks. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
By demonstrating our commitment to the environment, Pegasus Airlines conveys to its customers and partners that it values corporate social responsibility, which has the potential to create or enhance brand loyalty. Pegasus Airlines is the first airline in Turkey to report its climate-change related strategies CDP Climate-Change program since 2015 (reporting our 2014 performance). Pegasus believes there is a growing inverse correlation between an airline's impact on the environment and airlines' consumer appeal, although it is difficult to quantify as many elements influence customer choice and perceptions. In the long-term as people become more aware of the impacts of climate-change, both investors and customers may have a tendency to choose Pegasus Airlines as we have been transparently assessing and managing our climate-related risks since 2014.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
11025224

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
To calculate the financial impact figure, we have estimated %0.1 increase in our revenue. The given financial impact figure represents 0.1% of our revenue for the reporting year.

Cost to realize opportunity
200000

Strategy to realize opportunity and explanation of cost calculation
Pegasus is committed to pursuing reductions in fuel consumption. One of our main strategies to reduce our GHG emissions is renewing our fleet and using more efficient aircrafts while reducing our fleet age in the medium-term. We are also disclosing our sustainability-related efforts including our climate-related publicly and transparently on our website and other channels like our in-flight magazine. We also purchase consultancy services to guide our Environment, Health and Safety Department for our climate-related disclosure. We have a team of experts internally who are dedicating some portion of their time to these climate-related disclosures. The given cost is the cost of the consultancy services together with the hours spent internally for the communication of climate-related disclosures.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
We constanly follow up the developments in sustainable aviation fuels. We see the use of sustainable aviation fuels as an opportunity to reduce our GHG emissions. By reducing our GHG emissions we will have a chance to reduce the impacts of upcoming ETS regulations like CORSIA and Turkish MRV Regulation.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3889519

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We have foreseen 1% reduction in GHG emissions by using sustainable aviation fuels. This translates to 24,882.33 tons CO2e. With the projected carbon price of 24.58 € which is equal to 156.32 TL, the potential financial impact is calculated as 3,889,519 TL

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
As stated above we are following up the research and development studies and applications on Sustainable Aviation Fuels (SAFs). However, there are still barriers on the use of SAF in aviation industry, the initial barrier is the aircraft producers' thresholds on blending SAFs into regular aviation fuels, which is permitted from 2% to 5% max depending on the aircraft type. The other barrier is the lack of production facilities for SAFs, which results in lack of supply. There are also no suppliers in Turkey, therefore we cannot predict a cost for realization of this opportunity in the short-term.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Nationally determined contributions (NDCs)	NDCs: Although Turkey has not ratified the Paris Agreement yet, the INDC's of Turkey have been submitted to UNFCCC. The implementation period given in the Turkish INDC is 2021-2030, which is in line with our previously identified short-medium and long-term time horizons. Turkish INDC has a target to reduce the Business as Usual emissions by 21% until 2030. This is not interpreted as an ambitious contribution but in 2023, countries are expected to revise their plans and the level of ambition can be increased. As a part of plans and policies to be implemented for the submitted INDC, under transport section, there are only two actions that may be relevant to the aviation industry which are as follows: - Promoting alternative fuels and clean vehicles - Implementing green airport project to include energy efficiency. As a result of the analysis of Turkish INDC, we currently see no actions that may be relevant to our industry. However, being a pioneer in the Turkish aviation industry in climate-related activities like CDP reporting, we have already identified the need to perform beyond national targets. We are closely monitoring other climate-driven regulations like CORSIA and inclusion of the aviation industry to Turkish MRV.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	No	Our services are expected to be impacted from climate related reputational issues. As the customer preferences change, being in a carbon intense sector, the customers may prefer more climate friendly ways of travel. This may impact our short-haul flights as the customers may prefer going to short distances by bus or train. The timeline for this impact is identified as long term (more than 7 years). This risk was not assessed to be substantive, therefore not reported to the CEO or RRB. Therefore, climate-change related risks have not influenced our services yet.
Supply chain and/or value chain	Yes	For the markets where carbon taxes are in place, we have already started seeing the impacts on oil prices. However in Turkey as there is no such regulation in place, our fuel suppliers are not impacted. The magnitude of this impact is assessed to be medium. (Please see Risk1 under Section C2.3a)
Investment in R&D	No	In 2018 we started researching the use of biofuels in our aircrafts. This can be great opportunity to reduce our GHG emissions, however there are still no suppliers in Turkey and aircraft producers shall also confirm the use of biofuels in the planes. We are currently monitoring the research that is being done in the field and considering investing in R&D of this opportunity. However up until now, there has been no investment in such R&D project, therefore we can say that climate-related risks and opportunities have not yet influenced our strategy in investment in climate-related R&D.
Operations	Yes	Our operations are being impacted especially from extreme weather conditions. These effects include damages to aircrafts and delays in flights due to extreme weather events. Although the magnitude of the impact is low at the moment, it may be higher in the upcoming years, with changing weather patterns, so it is watched closely and assessed as a Medium impact risk. (Please see Risk 3 under section 2.3a)

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Indirect costs Capital expenditures Capital allocation Assets	DIRECT COSTS: Climate-related risks and opportunities have influenced our financial planning especially for direct costs. As our services include transportation of passengers, we classify fuels that we use in our aircrafts as a direct cost. Any climate-related increase in fuel prices will directly impact our operational expenses. As an example: Carbon taxes on fuels, and mandates on using biofuels in some countries have already been included in our financial planning. These risks are assessed to have a high financial impact. For details of this assessment please see Risk 1 under Section 2.3a of this report The time horizons covered by the financial planning is short to medium-term, as we think after medium-term these climate-related impacts will be our new normal. INDIRECT COSTS: Climate-change related extreme weather events may harm our aircrafts. This harm is classified under indirect costs in our financial planning. Our OPEX is impacted from extreme weather conditions. (Risk 3 under section 2.3a) Although, the impact is low for the time being, we predict the impact can be medium in the long term (3-10 years) with changing climate patterns. CAPITAL EXPENDITURES: As we are facing challenges like carbon taxes (Risk 1) and CORSIA (Risk 2) we work hard to manage our GHG emissions and lower our fuel consumption. Therefore climate-related are always included in our financial planning in short-medium and long term time horizons. As an example on the influence of climate-related risks on our financial planning, in the reporting period, we have invested in fuel efficent aircrafts and have included 9 A320-Neo and 2 A321-Neo Aircrafts in our fleet, while retiring 8 Boeing 737-800 aircrafts in the reporting year. CAPITAL ALLOCATION: As stated above, we are facing challenges especially on climate-related regulations (Risk 1 and Risk 2 under section 2.3a of this report). These climate -related risks have influenced our financial planning especially for capital allocation. In 2012, Pegasus has signed an agreement with Airbus for the purchase of up to 100 A320 & A321 NEO Family aircrafts, 75 of which are subject to a firm order and 25 optional. Therefore, these risks have already been included in our medium to long term financial planning on capital allocation. ASSETS: Our main assets are our planes, and they are impacted by extreme weather events such as hail storms. Details of the assessment of this impact is included under section 2.3a, Risk 3. Although currently the magnitude of these impacts are low, we believe in the long term the impacts may be medium.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

All information on how climate-related risks and opportunities have influenced our strategy and financial planning are given under relevant sections of this report.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Grams CO2e per revenue passenger kilometer

Base year

2016

Intensity figure in base year (metric tons CO2e per unit of activity)

84.22

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2026

Targeted reduction from base year (%)

15

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

71.587

% change anticipated in absolute Scope 1+2 emissions

17

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)
64.14

% of target achieved [auto-calculated]
158.948784928362

Target status in reporting year
Achieved

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

Please explain (including target coverage)
This target covers 100% of our Scope 1 and Scope 2 GHG emissions. While setting our targets we have used the intensity metrics that are mainly used in the aviation industry. With this target we aim a reduction of 15% in our GHG emissions intensity per passenger kilometer. Although this target was set for the year 2026, we have overachieved this target in the reporting period, reaching a reduction of 15.89%. However, we are planning to continue monitoring this target in 2020, as there were major disruptions in our operations due to Covid-19. Although the target is achieved for the reporting year, as there were much less flights and much less passengers traveling per flight, the intensity figure may rise in 2020. As we are one of the fastest growing airlines, this target indicates an increase in our absolute emissions, we have predicted this increase to be about 15%, in fact as we have overachieved this target in the reporting period, and our Scope 1+2 emissions increased by 19,58% , we can say our predictions were accurate. We do not calculate our Scope 3 emissions, so we haven't calculated the effect of this target on our scope 3 GHG emissions.

Target reference number
Int 2

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Intensity metric
Other, please specify (gCO2e/Available seat km)

Base year
2016

Intensity figure in base year (metric tons CO2e per unit of activity)
69.91

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure
100

Target year
2026

Targeted reduction from base year (%)
10

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]
62.919

% change anticipated in absolute Scope 1+2 emissions
15

% change anticipated in absolute Scope 3 emissions
0

Intensity figure in reporting year (metric tons CO2e per unit of activity)
56.82

% of target achieved [auto-calculated]
187.240738091832

Target status in reporting year
Achieved

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

Please explain (including target coverage)
This target covers 100% of our Scope 1 and Scope 2 GHG emissions. While setting our targets we have used the intensity metrics that are mainly used in the aviation industry. With this target we aim a reduction of 10% in our GHG emissions intensity per available seat kilometer. Although this target was set for the year 2026, we have overachieved this target in the reporting period, reaching a reduction of 18.72%. However, we are planning to continue monitoring this target in 2020, as there were major disruptions in our operations due to Covid-19. Although the target is achieved for the reporting year, as there were much less flights and much less passengers traveling per flight, the intensity figure may rise in 2020. As we are one of the fastest growing airlines, this target indicates an increase in our absolute emissions, we have predicted this increase to be about 15%, in fact as we have overachieved this target in the reporting period, and our Scope 1+2 emissions increased by 19,58% , we can say our predictions were accurate. We do not calculate our Scope 3 emissions, so we haven't calculated the effect of this target on our scope 3 GHG emissions. In the reporting year we have overachieved this target and achieved a reduction of 18.72%.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	98924
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
63462

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
62615000

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
Our captains are trained on how to optimize the flight routes during the flights. This initiative taken by the captains helped us reduce fuel consumption considerably during the reporting year. As trainings are a natural part of our operations this initiative didn't need any investment. The estimated lifetime of the initiative can't be calculated because this initiative is a behavioural change. So, the given time frame is hypothetical.

Initiative category & Initiative type

Transportation	Company fleet vehicle replacement

Estimated annual CO2e savings (metric tonnes CO2e)
35462

Scope(s)
Scope 1

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)
34885000

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
In 2019 due to replacement of 8 Boeing 787-800 aircrafts with Airbus Neo Aircrafts we have achieved an emission reduction of 35,462 tCO2e. This is part of an on-going investment. Renewal of our fleet is embedded into our business strategy since 2012, therefore these investments are considered as a fundamental cost of performing our business rather than an incremental cost occurring as a result of an emission reduction project. This is why the annual investment amount is given as zero.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	We have planned the amount of the investments to be made for the fuel efficiency projects until 2019 and dedicated a budget for them. However, as this information is confidential, we cannot communicate the exact amount of the budget.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
1337708.71

Comment

Scope 2 (location-based)

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
1430.22

Comment
We only calculate Scope 2 location based.

Scope 2 (market-based)

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
0

Comment
We don't calculate market based Scope 2 emissions.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
2492935.28

Start date
January 1 2019

End date
December 31 2019

Comment
We haven't purchased any emission reduction certificates in the reporting year; therefore, our gross global Scope 1 emissions are equal to our net global Scope 1 emissions.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
2362043.53

Start date
January 1 2018

End date
December 31 2018

Comment
We haven't purchased any emission reduction certificates in 2018; therefore, our gross global Scope 1 emissions are equal to our net global Scope 1 emissions.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment
We have emissions from our electricity use in the EU and other airports, however we don't have any supplier specific data to be able to report market based Scope2 emissions.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
4024.68

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2019

End date
December 31 2019

Comment
Our main electricity consumption is in Turkey, we also consume electricity in the airports where we land outside of Turkey, however we don't have any market specific data. We haven't purchased any emission reduction or renewable energy certificates in the reporting year, therefore our gross global Scope 2 emissions are equal to our net global Scope 2 emissions.

Past year 1

Scope 2, location-based
3863.76

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2018

End date
December 31 2018

Comment
Our main electricity consumption is in Turkey, we also consume electricity in the airports where we land outside of Turkey, however we don't have any market specific data. We haven't purchased any emission reduction or renewable energy certificates in 2018, therefore our gross global Scope 2 emissions are equal to our net global Scope 2 emissions.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory

Capital goods

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory

Upstream transportation and distribution

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory

Waste generated in operations

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory.

Business travel

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory.

Employee commuting

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. Reducing our Scope 1 emissions from fuel consumption will also have a positive effect on our Scope 3 emissions because our main source of scope 3 emissions are well to tank emissions of fuels. In the future we will include our relevant Scope 3 emission sources in our Inventory

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The GHG emissions from our leased assets are reported under Scope 1 or Scope 2, because the upstream leased assets are under our control.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As we provide a service not a product, this emission source is not relevant for our organization.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As we provide a service not a product, this emission source is not relevant for our organization.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As we provide a service not a product, this emission source is not relevant for our organization.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As we provide a service not a product, this emission source is not relevant for our organization.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not own any downstream leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Pegasus does not have any franchises.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As we are not in the finance sector, the GHG emissions resulting from our investments are usually included in the Scope 1 and Scope 2 calculations.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We don’t have any other sources of upstream Scope 3 emissions.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We don’t have any other sources of downstream Scope 3 emissions.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000226

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
2496959.97

Metric denominator
unit total revenue

Metric denominator: Unit total
11025224523

Scope 2 figure used
Location-based

% change from previous year
20.58

Direction of change
Decreased

Reason for change
Our revenue has increased by 32.89% from previous year, however our absolute GHG emissions have risen by 5.54%, this corresponds to a significant decrease on our GHG emissions /revenue.

Intensity figure
405.09

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
2496959.97

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
6164

Scope 2 figure used
Location-based

% change from previous year
3.76

Direction of change
Decreased

Reason for change
While the number of our FTE increased by 9.66%, our gross global emissions have increased by 5.54% due to the increase in the number of flights operated. This results in a slight decrease of our GHG emissions/FTE.

Intensity figure
0.01203

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
2496959.97

Metric denominator
kilometer

Metric denominator: Unit total
207498223

Scope 2 figure used
Location-based

% change from previous year
2.28

Direction of change
Decreased

Reason for change
Distance flown has increased by 8% but our GHG emissions have increased 5.54% which resulted in a 2.28% decrease in GHG emissions/km.

C-TS6.15

(C-TS6.15) What are your primary intensity (activity-based) metrics that are appropriate to your emissions from transport activities in Scope 1, 2, and 3?

Aviation

Scopes used for calculation of intensities
Report Scope 1 + 2

Intensity figure
0.000064

Metric numerator: emissions in metric tons CO2e
2491109.23

Metric denominator: unit
p.km

Metric denominator: unit total
38930216449

% change from previous year
5.57

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2019 has increased by 11.79%, our GHG emissions resulting from our flights however, have increased by 5.5695% due to the increase in the number of flights operated. This resulted in a decrease of 5.57% in our emissions intensity per passenger km. While calculating GHG emissions resulting from our aviation activities, jet kerosene consumption, fire extinguishers and diesel oil consumption in our own GPU units are included as scope 1. Diesel oil consumption of the GPU units that are not operated by us and 400 Hz electricity consumption are included as Scope2.

ALL

Scopes used for calculation of intensities
Report Scope 1 + 2

Intensity figure
0.000064

Metric numerator: emissions in metric tons CO2e
2496959.97

Metric denominator: unit
p.km

Metric denominator: unit total
38930216449

% change from previous year
5.59

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2019 has increased by 11.79%, our GHG emissions however, have increased by 5.54% due to the increase in the number of flights operated. This resulted in a decrease of 5.59% in our emissions intensity per passenger km. Although the intensity seems to be same with the intensity calculated with only aviation activities, there is a difference of 0.0000001. This is normal because 99.76% of our emissions comes from aviation activities.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2492186.24	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	0.75	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	49.95	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	698.33	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Turkey	2492935.28

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division
By facility
By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Flights	2488233.36
Ground Operations	4425.96
Offices	87.77
Headquarters	188.2

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Istanbul Aeropark Company Headquarters (Including Scope 1 GHG emissions from Aircrafts)	2490222.2	40.929857	29.306877
Sabiha Gokcen Airport	2640.92	40.906473	29.315316
Izmir Adnan Menderes Airport	2.7	38.293822	27.151943
Antalya Airport	26.91	36.904361	30.801871
Ankara Airport	20.11	40.116115	32.99301
Trabzon Airport	3.99	40.994339	39.782373
Kayseri Airport	4.17	38.765464	35.482104
Adana Airport	1.37	36.98548	35.297284
Bodrum Airport	11.28	37.244456	27.673032
Dalaman Airport	0.9	36.717369	28.786883
Other offices	0.73		

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Jet kerosene consumption	2488233.36
Diesel oil consumption (GPU, APU, ASU, ACU and generators)	1114.2
Gasoline consumption (generators)	2.59
Fugitive emissions from refrigerators and air conditioners	3.19
Fugitive emissions from fire extinguishers	695.14
Diesel oil consumption (mobile sources)	2781.61
Gasoline consumption (mobile sources)	105.19

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	2490034	<Not Applicable>	99.82 % of our gross global Scope 1 emissions come from our flights. These emissions include the Jet kerosene consumption, fugitive emissions from fire extinguisher on the aircrafts, and diesel oil consumed in the GPU units that are under our control.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Turkey	3894.09	0	8842.87	0
CEE (Central and Eastern Europe)	130.6	0	411.37	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division
By facility
By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Flights	0	0
Ground Operations	1075.23	0
Offices	1802.79	0
Headquarters	1146.66	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Istanbul Aeropark Company Headquarters (Including 400Hz and GPU from flights operated)	2221.89	0
Sabiha Gokcen Airport	1420.02	0
Izmir Adnan Menderes Airport	96.34	0
Antalya Airport	88.69	0
Ankara Airport	129.39	0
Trabzon Airport	4.48	0
Kayseri Airport	5.28	0
Adana Airport	8.79	0
Bodrum Airport	9.52	0
Dalaman Airport	5.99	0
Other offices	34.3	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity consumption	2570.9	0
Central heating with natural gas	378.55	0
400 Hz Consumption (Domestic)	740.79	0
400 Hz Consumption (International)	19.29	0
Ground Power Unit (GPU) Usage (Domestic)	203.84	0
Ground Power Unit (GPU) Usage (International)	111.31	0

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	1075.23	0	This figure includes the GHG emissions of 400Hz electricity consumption of our aircrafts and electricity consumption from the electricity generated by the GPU units that are not operated by Pegasus.

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	No change in renewable energy consumption.
Other emissions reduction activities	98819.52	Decreased	4.18	Total emission reduction figure is calculated using the kg of avoided jet kerosene by the energy efficiency measures (details can be found in section 4.3b) Total emission reductions= 98,819.52tCO2e 2018 Total Emissions: 2,365,907.29 tCO2eEmission value % is calculated as follows: 98,819.52 / 2,365,907.29*100 = 4.18 %
Divestment	0	No change	0	There were no divestments during the reporting period.
Acquisitions	0	No change	0	There were no acquisitions during the reporting period.
Mergers	0	No change	0	There were no mergers during the reporting period.
Change in output	130812.37	Increased	5.53	Our GHG emissions have increased in proportion to the increase in our operations. The Block Hours operated has increased in 2019 by 6.17 % and our total GHG emissions have increased by 5.54%. Total SC1+SC2 Emissions in 2018 was 2,365,907.29 Total SC1+SC2 Emissions in 2019 is calculated as 2,496,959.97 The difference between two = 131,052.68 240.30 tCO2e of these emissions increase is due to change in boundary, so the increase in emissions due to increase in operations is equal to: 130,812.37 Emissions Value (%) is calculated as follows: (130,812.37/2,365,907.29) x 100 = 5.53 %
Change in methodology	0	No change	0	We have changed the methodology in order to be in line with CORSIA calculations, however we have also revised the 2018 calculations so there is no emission change that can be attributed to change in methodology.
Change in boundary	240.3	Increased	0.01	This year we have expanded the operational boundary to include the ticketing offices at the airports. This resulted in an increase of 240.30 tCO2e in our SC1+SC2 GHG emissions. Our total SC1+SC2 GHG emissions were 2,365,907.29 tCO2e in 2018. Emissions value, % is calculated as follows: (240.30/2,365,907.29)x100 = 0.01%
Change in physical operating conditions	0	No change	0	There were no changes in physical operating conditions.
Unidentified	0	No change	0	There were no unidentified changes.
Other	0	No change	0	There were no other changes.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 50% but less than or equal to 55%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	9621774.53	9621774.53
Consumption of purchased or acquired electricity	<Not Applicable>	0	7223.49	7223.49
Consumption of purchased or acquired heat	<Not Applicable>	0	1459.49	1459.49
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	0	110.93	110.93
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	9630568.45	9630568.45

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Jet Kerosene

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
9605683.15

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
9605683.15

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
3.16

Unit
metric tons CO2 per metric ton

Emissions factor source
ICAO Environmental Technical Manual-Volume IV

Comment
Fuel used in our aircrafts.

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
15666.52

MWh fuel consumed for self-generation of electricity
5317.78

MWh fuel consumed for self-generation of heat
10348.74

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
2.68697

Unit
kg CO2e per liter

Emissions factor source
DEFRA Conversion Factors 2019

Comment
Fuel used in company cars, generators and GPU's

Fuels (excluding feedstocks)
Motor Gasoline

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
424.87

MWh fuel consumed for self-generation of electricity
10.21

MWh fuel consumed for self-generation of heat
414.65

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
2.31495

Unit
kg CO2e per liter

Emissions factor source
DEFRA Conversion Factors-2019

Comment
Fuel used in company cars and generators.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	5327.99	5327.99	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C-TS8.5

(C-TS8.5) Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

Activity
Aviation

Metric figure
0.000219

Metric numerator
MWh

Metric denominator
Available seat.km

Metric numerator: Unit total
9605683.15

Metric denominator: Unit total
43947000000

% change from last year
4.16

Please explain
Although our jet kerosene consumption in MWh has increased 5.57 % in 2019, our ASK values have also increased by 10.14% and overall our intensity in MWh/ASK value has decreased by 4.16 % when compared to the previous year.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value

Metric numerator

Metric denominator (intensity metric only)

% change from previous year

Direction of change
<Not Applicable>

Please explain

C-TO9.3/C-TS9.3

(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.

Activity
Aviation

Metric
Fleet adoption

Technology
Other, please specify (Fuel efficient aircrafts)

Metric figure
39

Metric unit
Other, please specify (% of fleet)

Explanation
Pegasus Airlines had signed for up to purchase 100 A320 & A321 NEO Family aircrafts with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. In 2019 we have included 9 A320-Neo and 2 A321-Neo Aircrafts in our fleet By the end of 2019, 39% of our fleet consists of A320 NEO aircrafts.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	No	

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
Emisyon Bakiyesi 2019.jpg
Verification Opinion Statement_Pegasus 2019.pdf

Page/ section reference
According to EU regulations we are subject to EU-ETS for all of our intra EU flights. In 2019 we have performed a total of 91 intra EU flights and the emissions resulting from these flights are verified by ETS Verification GmbH. However, these emissions comprise below 1% of our total scope 1 emissions. The amount of allowances surrendered can be seen in the attached jpeg file.

Relevant standard
European Union Emissions Trading System (EU ETS)

Proportion of reported emissions verified (%)
1

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we are waiting for more mature verification standards and/or processes

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.
EU ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS
0.03

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2019

Period end date
December 31 2019

Allowances allocated
4382

Allowances purchased
0

Verified Scope 1 emissions in metric tons CO2e
722

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment
In EU-ETS we are only responsible for the emissions of our intra-EU flights.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

We have been monitoring our GHG emissions related to our intra-EU flights since the aviation industry's inclusion in EU-ETS. As the intra-EU flights make up a very small portion of our business, we are usually below our emission cap. However, now we have an emerging regulation, namely CORSIA, which will cover about 40% of our operations. In 2018 we have submitted our monitoring plan to the local authority, and the flights that are included in CORSIA will also be verified starting from 2020.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Navigate GHG regulations
Other, please specify (EU-ETS compliance)

GHG Scope
Scope 1

Application
Due to our inclusion in the EU ETS Aviation Scheme, we consider the price of carbon to navigate the GHG regulations. Internal carbon price also helps us calculate our risks arising from new regulations like CORSIA and inclusion of the aviation industry in the Turkish MRV.

Actual price(s) used (Currency /metric ton)
156.32

Variance of price(s) used
The given price is a uniform price.

Type of internal carbon price
Shadow price
Offsets

Impact & implication
Based on the 2019 average EU ETS allowance price for the primary markets published by EEX on “EEX EUA Primary Auction Spot Report-2019” (€ 24.58 per t CO2 which equals to 156.32 TRY). The internal price on carbon is updated every year from the EEX database. The internal price on carbon has not impacted our company yet as we are responsible for only intra-EU flights. However, we are expecting to have higher impacts after CORSIA is implemented.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Climate change is integrated into supplier evaluation processes

% of suppliers by number
1

% total procurement spend (direct and indirect)
2.6

% of supplier-related Scope 3 emissions as reported in C6.5
0

Rationale for the coverage of your engagement
Pegasus has over 800 suppliers. When selecting the supplier to engage we are assessing the suppliers that may have a considerable effect on our environmental impacts. We have performed on-site audits based on ISO 14001 to the selected suppliers.

Impact of engagement, including measures of success
Although a very small number of suppliers were selected, their impact on our environmental performance is considerable, therefore we consider the on-site audits to be a success.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number
20

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
We have selected to publish our CDP report on our website in order to reach both our investors and our customers.

Impact of engagement, including measures of success
We are publishing our CDP report on our investor relations website, so that both our customers and investors can learn about our climate change performance and strategies. In the upcoming years we have plans on engaging with all of our customers through our flypgs.com website and sharing more compact and easily understandable information about our climate-related performance.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We engage with Turkish Directorate General of Civil Aviation directly on inclusion of the aviation sector in Turkish MRV system. We get invites for these studies and we always give feedback about this emerging regulation.

We engage with airport authorities and give them suggestion on how to improve taxi ways, how to optimize the taxi distance to maximize the fuel efficiency.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Direct engagement with policy makers
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Cap and trade	Support	Following COP21, Turkish Civil Aviation General Directorate has started communications regarding post Paris Agreement Action Plan on behalf of ICAO. Pegasus has made a projection of financial implications of CORSIA and we have submitted our opinion to Turkish Civil Aviation General Directorate.We have also submitted our monitoring plan to the local authorities.	Under the Carbon Offsetting Scheme for International Aviation (CORSIA), aircraft operators will be required to purchase offsets, or “emission units”, for the growth in CO2 emissions covered by the scheme. CORSIA aims to address any annual increase in total CO2 emissions from international civil aviation above 2020 levels. We support such a global scheme, and we believe such measures shall also be implemented globally in most GHG intense industries.
Mandatory carbon reporting	Support	We took an active part in roundtable discussions and meetings held by the Directorate General of Civil Aviation with participation from the Foreign Ministry and the Ministry of Environment and Urbanization. Additionally, brainstorming with as well as guiding the participants in the Negotiations held by ICAO with the aim of discussing the Paris Agreement and better positioning and representing the civil aviation sector in it. We have also given a training to the Ministry of Environment and Urbanisation officials about GHG monitoring and calculation of Fuel Consumption in Aviation industry.	Our aim for engaging in both National and International Meetings and negotiations has been to be well prepared for the foreseen results of the new International agreement on Climate Change and establish an appropriate system to gain consistent data from the civil aviation companies in order to comply with the requirements. Moreover, during those engagements we have contributed in the discussions of opportunities for the development of a similar regulation/scheme as the EU-ETS.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Our Chief Operating Officer is the President of TÖSHİD (Turkish Private Sector Aviation Enterprises Association) and our Senior Vice President, Ground Handling is a Member of the Board of Supervisors in TÖSHİD.

TÖSHİD actively follows up regulations regarding the civil aviation industry, and as a part of this task, it was the first association to take action against Turkish civil aviation operators to be included in the EU-ETS when the regulation first came into force in 2008.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our Environment, Health and Safety Department Manager and our CEO are the ones that are responsible for connecting with policy makers and other organizations regarding climate change policy. They are all well aware of our climate change strategy since they are the ones who are making these strategies.

We also have a unit that questions these issues in ISO internal audits under the scope of “Policy”, also during external 3rd party ISO audits, these issues are questioned. During these audits, if any discrepancy between our climate change policy and any of our direct and indirect activities is detected, then a corrective action request is issued and these corrective action requests are reviewed in regular management review meetings.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary communications

Status
Complete

Attach the document
Pegasus Sustainability Screenshot.png

Page/Section reference
Attached is a screenshot of the sustainability section of our website where we also publish our CDP report. The full report can be reached at: http://www.pegasusyatirimciiliskileri.com/medium/image/pegasus-cdp-raporu-2018_884/view.aspx We also publish emission data at the same page. The 2019 emission figures can be reached at: http://www.pegasusinvestorrelations.com/medium/image/pegasus-2019-emissions-reporting-overview_981/view.aspx

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
We publish our CDP report on our investor relations website.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	CEO	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below
I have read and accept the applicable Terms