

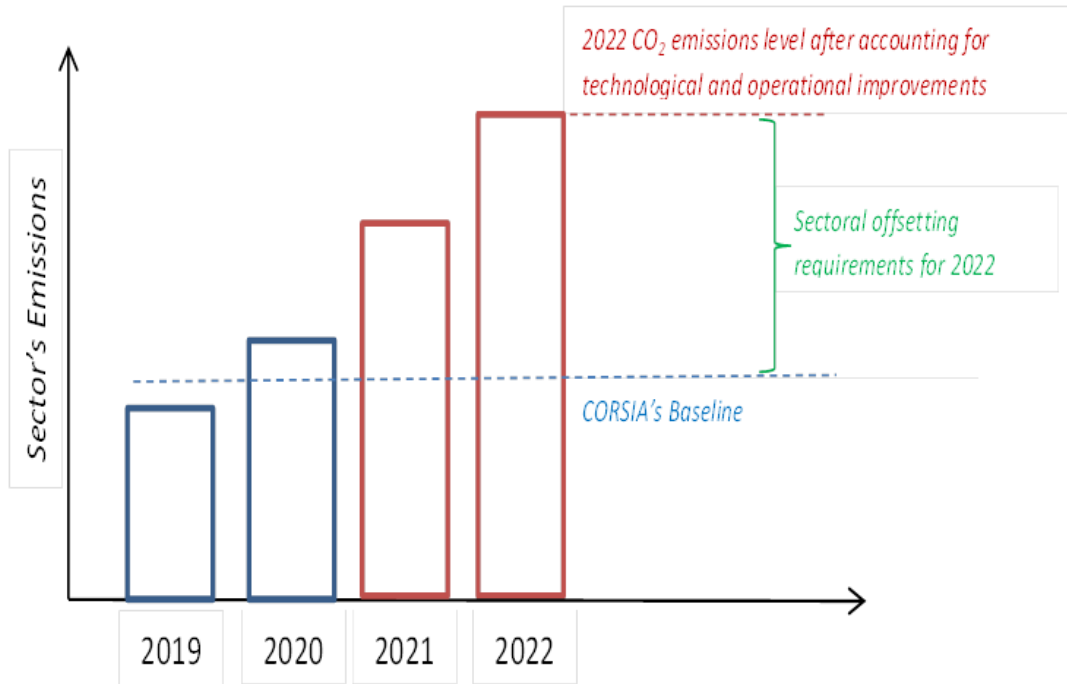
PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

GENERAL INFORMATION ON CARBON EMISSION MONITORING AND REPORTING AND 2019 EMISSIONS REPORTING OVERVIEW

1. CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation)¹

The CORSIA has been adopted as complementary to the broader package of measures to help ICAO achieve its aspirational goal of carbon-neutral growth from 2020 onwards. CORSIA relies on the use of emissions units from the carbon market to offset the amount of CO₂ emissions that cannot be reduced through the use of technological and operational improvements, and sustainable aviation fuels.

The approach for CORSIA is based on comparing the total CO₂ emissions for a year (from 2021 onwards) against a baseline level of CO₂ emissions, which is defined as the average of CO₂ emissions from international aviation covered by the CORSIA for the years 2019 and 2020 (due to the impact of the COVID-19 pandemic on international aviation in 2020, baseline is expected to be calculated solely based on 2019 data). In the following years, any international aviation CO₂ emissions covered by the CORSIA that exceed the baseline level represent the sector's offsetting requirements for that year. See graph below for an illustrative example for year 2022.



The sectoral offsetting requirements are shared among aeroplane operators participating in the CORSIA based on the sectoral growth factor and the individual CO₂ emissions of the operators.

The CORSIA will be implemented in three phases, starting with participation of States in the CORSIA offsetting on a voluntary basis (pilot phase and first phase), followed by participation of all States except the States exempted from offsetting requirements, as follows:

¹ This section was prepared based on information available on ICAO Corporate Website / CORSIA (<https://www.icao.int/environmental-protection/CORSIA/Pages/default.aspx>) and SHT-CORSIA published by the Turkish General Directorate of Civil Aviation (<http://web.shgm.gov.tr/documents/sivilhavacilik/files/mevzuat/sektorel/talimatlar/2020/SHT-CORSIA.PDF>).

- Pilot phase: from 2021 to 2023;
- First phase: from 2024 to 2026; and
- Second phase: from 2027 to 2035.

It is important to note that all States whose aeroplane operator undertake international flights need to develop a monitoring, reporting and verification (MRV) system for CO₂ emissions from international flights starting from 1 January 2019. The requirement to monitor, report and verify CO₂ emissions from international aviation is independent from the offsetting requirements, and the data reported by States will be used for the calculation of the CORSIA's baseline, as well as for the basis of calculating aeroplane operators offsetting requirements, where applicable.

Republic of Turkey joined CORSIA from the pilot phase and regulatory basis was laid down by the Turkish General Directorate of Civil Aviation's Regulation on the Implementation of CORSIA (SHT-CORSIA).

2. PEGASUS CARBON EMISSIONS REPORTING SYSTEM

Our journey of monitoring and reporting our greenhouse gas inventory, including CDP (Carbon Disclosure Project) Reporting, started in 2012. In 2019, we updated our existing methodology to comply with the CORSIA regulation as of 2019.

Following to the introduction of CORSIA, we aim to increase traceability in internal data management. Therefore, aircraft fuel consumption of CDP 2019 was also calculated using the emission factor recognized by CORSIA. Thanks to this update, the mandatory reporting we made under CORSIA and the voluntary reporting values we made under CDP were 100% compatible with each other.

Data from the previous year and base year data requested in the CDP reporting system were also updated using the CORSIA emission factors to make the 2019 calculations comparable.

Comparative data on both 2018 and 2019 are provided below. The following explanations are underlined when reviewing the data presented.

- IzAir, formerly operating as a separate subsidiary, merged with Pegasus at the end of 2018. For this reason, fuel consumption of IzAir was included in the reporting for 2018 and 2019.
- Other energy expenditures such as electricity and natural gas were calculated using the emission factors published annually by DEFRA as of 2019. In this direction, calculations for 2018 were updated using the emission factors published by DEFRA in 2018.
- Until 2019, only the activities at the Head Office, Istanbul Sabiha Gökçen Airport, İzmir and Antalya offices, where we carry out the largest portion of our business activities, were included in the greenhouse gas inventory accounts. However, with a decision taken as of 2019, we now include our activities in all our offices in order to comply with the principles of transparency and completeness of our greenhouse gas inventory.

	2015	2016	2017	2018	2018-NEW	2019	2015-2019 Flux, %	2018 (old)- 2019 Flux, %	2018-2019 Flux, %
FLIGHTS					2,359,687	2,491,109			5.6%
AEROPARK					1,472	1,335			-9.3%
FLIGHTS+AEROPARK	1,865,873	2,084,058	2,110,736	2,306,068	2,361,160	2,492,444	33.6%	8.1%	5.6%
SAW	1,029	3,868	4,709	4,683	4,523	4,061	294.5%	-13.3%	-10.2%
İZMİR	75	80	96	134	115	99	31.2%	-26.3%	-14.1%
ANTALYA	102	101	129	111	109	116	13.2%	3.8%	5.9%
OTHER OPS						215			
TOTALS	1,867,080	2,088,106	2,115,670	2,310,997	2,365,907	2,496,935	33.7%	8.0%	5.5%

* 2018 and 2019 data are reported in tonCO₂ for all lines including flights and in tonCO₂e for all other lines.