CDP's 2017 Climate Change Information Request

Module: Introduction

CC0. Introduction

CC0.1 Introduction

Pegasus is a leading low-cost airline in Turkey, which provides reasonably-priced transportation opportunities on point-to-point basis in short and medium range routes, and aims to set up a wide flight network with high flight frequency for guests.

Pegasus, which was founded as a joint venture company on 1990 by Aer Lingus Group, Silkar Yatırım ve Insaat Organizasyonu A.S. and Net Holding A.S., entered into commercial operation with two airplanes.

After being acquired on 2005 by Esas Holding A.S. owned by Sevket Sabanci and his family, Pegasus started scheduled domestic flights in November of the same year and became the 4th top among the scheduled airlines operating in Turkey.

According to the final structure of partnership after the Initial Public Offering; 34.5 % of shares are floating in Borsa Istanbul and 65.5% belongs to Esas Holding A.S, whereas the rest is owned by Sevket Sabanci and his family.

Holding the belief that everybody has the right to travel by air, Pegasus brought "low cost model" to life soon after starting scheduled flights. Based on this vision, Pegasus still continues to introduce reasonably priced airline transportation services with a young fleet and high punctual departure rates.

With its fleet composed of 82 airplanes in total, where 60 of them are new generation 737-800 NG and the overall age average is 5.7 by March , 2017;

Pegasus extended its flight network, which was initially composed of 6 domestic locations at the beginning of scheduled flights, up to 102 locations and currently has 71 abroad and 32 domestic flight locations in 40 countries.

In order to provide a pleasant travel experience to the guests; Pegasus continues to offer substantial new services and products. In the last few years, the company also put additional income into providing services to support the low cost carrier model. By also expanding its family parallel to its growth in the sector; Pegasus turned into a huge family of 5.257 members in 10 years from a team of 700 staff. (as of March 2016)

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 Pegaus 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 was named "The Fastest Growing Airline" of Europe's major scheduled airlines in terms of seat capacity for 2011, 2012 and 2013 by the Official Airline Guide (OAG)report.

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. 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.

CC0.2 Reporting Year

Please state the start and end date of the year for which you are reporting data

01/01/2016-31/12/2016

CC0.3 Country List Configuration

Please select the countries for which you will be supplying data

Turkey

CC0.4 Currency Selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

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Module: Management

CC1. Governance

CC1.1: Where is the highest level of direct responsibility for climate change within your organization?

Senior Manager/Officer

CC1.1a: Please identify the position of the individual or name of the committee with this responsibility

The highest level of direct responsibility for climate change lies with Dr. Ümit Yaşar Özen who is the Head of Integrated Management System and Business Excellence Department. Mr. Özen is also a member of the Operations Executives Board and reports directly to Mr. Mehmet Tevfik NANE who is the President and CEO of Pegasus Airlines. Mr. Nane is also a Member of the Board.

The Integrated Management Systems and Business Excellence department is responsible for GHG emissions monitoring and reporting under the ISO 14001 and ISO 14064 standards and EU-ETS activities.

CC1.2: Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a: Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	***The type of incentives***	***Incentivized performance indicator***	***Comment***
Corporate executive team	*Monetary Reward*	*Please check the applicable boxes:* ☐ *Emissions reduction project* ☒ *Emissions reduction target* ☐ *Energy reduction project* ☒ *Energy reduction target* ☐ *Efficiency project* ☐ *Efficiency target* ☐ *Behavior change related indicator* ☐ *Environmental criteria included in purchases* ☐ *Supply chain engagement* ☐ *Other, please specify*	*Our Flight Operation Vice President and other Managerial Pilots have 2 emissions reductions targets that are integrated in their KPIs. Their first target is to reduce the fuel consumption per hour flown by a certain level (in kilograms). The second target is to realize a certain amount of the fuel reduction measures classified in Flight Operations Handbook under Environment protection measures. The executives that reach their targets receive bonuses. Due to confidentiality, we cannot communicate the exact value of the targets. However, in order to enhance our performance and to ensure meeting with those targets, we are planning to combine the monetary reward with a penalty system to support our employees improve their performances.*

CC2. Strategy

CC2.1: Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

☐ *Integrated into multi-disciplinary company-wide risk management processes (A documented process where climate change risks and opportunities are integrated into the company's centralized enterprise risk management program covering all possible types/sources of risks and opportunities)*

☒ *A specific climate change risk management process (A documented process which considers climate change risks and opportunities separate from other business risks and opportunities)*

☐ *There are no documented processes for assessing and managing risks and opportunities from climate change*

CC2.1a: Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	***To whom the results are reported?***	***Geographical areas considered***	***How far into the future are risks considered?***	***Comment***
Please select only one of the below options: ☐*Six monthly or more frequently* ☒ *Annually* ☐ *Every two years* ☐ *Sporadically, not defined* ☐ *Never*	*Please select only one of the below options:* ☒ *Board or individual/sub-set of the Board or committee appointed by the Board* ☐ *Other committee* ☐ *Senior manager/officer* ☐ *Other manager/officer* ☐ *Nobody*	*Turkey*	*>6 years*	*The risks that are assessed as important are first discussed in under the chairmanship of Dr. Ümit Yaşar Özen. The assessed risks that are considered to be necessary are reported regularly to our CEO. The most important risks are reported to our Board of Directors when necessary.*

CC2.1b: Please describe how your risk and opportunity identification processes are applied at both company and asset level

1. *At the company level, the scope of the identified risks and opportunities include, changes in fuel and energy prices, climate change related laws and regulations, global competitiveness, changing consumer behaviour. The climate change related risks and opportunities at the company level are assessed by the SHE (Safety, Health and Environment) Department. This department is responsible for identifying the level of each risk, setting targets to reduce these risks and making performance reviews to assess whether the climate change related targets are met. This department also decides on how and when the identified opportunities can be seized. The SHE department reports directly to Dr. Ümit Yaşar Özen who is the head of Integrated Management System and Business Excellence Department and is also a member of our Operations Executives Board.*
2. *At the asset level, especially for our aircrafts and facilities the scope of the identified risks includes changes in physical climate parameters, fuel consumption amounts and employee related issues. SHE department*

performs the risk analysis for the assetsusing the methodology and scoring system defined in section CC2.1.c

CC2.1c: How do you prioritize the risks and opportunities identified?

First, the probability of occurrence of the identified risk is scored as given below:

- *Frequent- Likely to occur many times - 5*
- *Probable- Likely to occur sometimes - 4*
- *Rare- Unlikely but possible, may occur once in a few years - 3*
- *Extremely Rare- Extremely unlikely but may happen in aviation - 2*
- *Extremely Improbable- Nearly 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:

- *Catastrophic - 5*
- *Major - 4*
- *Moderate - 3*
- *Minor - 2*
- *Negligible - 1*

To obtain an overall assessment of the risk, probability and severity tables are combined into a risk assessment matrix. For example, a risk probability has been assessed as medium (4). The risk severity has been assessed as high (4). The composite of probability and severity (16) is the risk of a harm under consideration. The color coding in the matrix reflects the tolerability regions.

- *Red - High Risk – Between 15 and 25 - Not acceptable with current conditions, requires E&GHG-WC approved mitigation in three days to continue operation.*
- *Orange - Medium Risk-Between 10 and 14 - Input for the next E&GHG-WC Meeting, acceptable after mitigation. Deadline for mitigation will be decided by E&GHG-WC and it will not exceed 60 days.*
- *Yellow - Low Risk-Between 5 and 9 - Input for the next E&GHG-WC Meeting, acceptable after mitigation. Deadline for mitigation will be decided by E&GHG-WC and it will not exceed 90 days.*
- *Green – Negligible Risk – 1 to 4 – No action is necessary.*

The risks that are assessed as important are first discussed with our CEO. The significant risks are reported to the Risk Committee. The most important risks are reported to our Board of Directors when necessary.

CC2.2: Is climate change integrated into your business strategy?

Yes

CC2.2a: Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

i. *Climate change has influenced our short term business strategy as we have a very high risk to be effected by climate change related regulations and physical climate parameters.*
ii. *As a first step to integrate climate change in our strategy we started calculating our GHG emissions in 2011. We take part in the Green Airport Project developed by the Directorate General of Civil Aviation, and we have started a GHG management system. We compile our GHG Inventory according to ISO 14064-1*

and our GHG Inventory is being verified by Turkish Standards Institute since 2014. We also use this data as an input for our climate change related business strategies.

iii. *The most important aspect of climate change that has influenced our strategy is the regulatory obligations that have increased due to climate change. Furthermore, research shows that guests and investors are increasingly concerned about environment and climate change, which pushes us to increase our efforts in reducing our GHG emissions while providing them with an utmost quality of service without compromising safety and security.*

iv. *Our short term (<1 years) strategy that has been influenced by the climate change is to enhance the fuel efficiency of our aircraft fleet which are our main GHG emission source. Our Performance and Navigation Group Directorate (PNG) is a department dedicated to researching sustainable ways to increase efficiency in our operations and PNG is responsible of closely watching for opportunities and potential to make sure this strategy is realized. Namely, by implementing every possible measure in terms of improving flight operations, enhancing techniques used and reducing the transported weight as much as possible while still fully meeting with all safety and security requirements.*

v. *One of our most important long term (>3 years) strategy that has been influenced by climate change and our GHG emission reduction targets, is to reduce the average age of our fleet by replacing them with fuel efficient new airplanes (A320 & A321 NEO) as part of our 'Pegasus Airlines prefers Airbus' project which will realize fuel efficiency exceeding 15% with respect to the current narrow body aircraft types in the market. All those airplanes are also light weight equipped. By doing this, we are targeting to reduce our CO2 emissions per flight hour. We are the first airline in the world to try this state-of-the-art engine of Airbus.*

   Pegasus Airlines had signed for up to purchase 100 A320 & A321 NEO Family aircraft with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. According to this contract, our fleet will consist over 10% of A320 NEO aircrafts by the second half of 2016 and by 2022 we will have replaced 100 aircrafts. This strategic decision will also give us advantage over our competitors as it will enable us to lower our operational costs.

   Moreover, we have obtained the "LEED Gold Certificate" for our Company Headquarters based in Aeropark facility in Istanbul. We aim to obtain he same Certificate for our Technical Buildings in Istanbul Sabiha Gökçen Airport, İzmir Adnan Menderes Airport and Antalya Airport. By doing so we aim to further improve our energy management practices and implement green building measured in order to reduce our GHG emissions.

vi. *Turkey has an INDC of up to 21 % reduction in GHG emissions from the Business as Usual (BAU) level by 2030. However the roadmap for achieving this reduction is not clear enough, and aviation industry is not yet included in the general plan except for the green airport projects. Therefore Paris Agreement has not influenced our business strategy yet, but we are watching the national developments very closely.*

vii. *We do not yet include forward looking scenario analyses to inform our organization's businesses, strategy, and/or financial planning.*

CC2.2c: Does your company use an internal price on carbon?

Please select one of the following options:

☒ *Yes*

☐ *No, but we anticipate doing so in the next 2 years*

☐ *No, and we do not currently anticipate doing so in the next 2 years*

CC2.2d: Please provide details and examples of how your company uses an internal price on carbon

Due to our inclusion in the EU ETS Aviation Scheme, we consider the price of carbon as approximately 5 €/t. Since the beginning of the 2012- 2015 EU ETS term, our emissions have only exceeded our allowance once, in 2012, during which we made a purchase of nearly 750 tonnes.

CC2.3 Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

☒ *Direct engagement with policy makers*
☐ *Trade associations*
☐ *Funding research organizations*
☒ *Other*
☐ *No*

CC2.3a: 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 with major exceptions*	*During the inclusion on the aviation sector in EU-ETS, we have submitted our opinions and suggestions to International Civil Aviation Organisation (ICAO) and International Air Transport Association (IATA) via Turkish Civil Aviation General Directorate.*	*According to the first version of the aviation sectors inclusion to EU-ETS, all the companies who are flying to or from EU were going to be allocated allowances for their flights. The companies would also be requested to reduce their emissions considerably according to a base year determined by the EU. However, because of their objection to the regulation, many countries applied to ICAO and ICAO started the negotiations with EC and until 2020 this regulation was derogated to include only Intra-EU flights. We have given our opinion to ICAO regarding the inclusion of only intra-EU flights.*
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.*	*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*	*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.*

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
		positioning and representing the civil aviation sector in it.	

CC2.3e: Please provide details of the other engagement activities that you undertake

Our Chief Operating Officer Mr. Nasuh Nazif Çetin is the Vice President of TÖSHİD (Turkish Private Sector Aviation Enterprises Association) and our Senior Vice President, Ground Handling Mr. Boğaç Uğurluteğin 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.

CC2.3f: 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?

Dr. Ümit Yaşar Özen the Head of our Integrated Management System and Business Excellence Department and Member of our Operations Executives Board, 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 as they are the ones who are making these strategies.

CC3. Targets and Initiatives

CC3.1 Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Please select at least one of the following options:

☐ *Absolute target*

☒ *Intensity Target*

☐ *Renewable energy consumption and/or production target*

☐ *No*

CC3.1b: Please provide details of your intensity target

ID	*Int 1*
Scope	*Scope 1*
% of emissions in scope	*100*
% reduction from base year	*3*
Metric	*g CO2/revenue passenger km*
Base year	*2016*
Normalized Base year emissions covered by target	*91.31*
Target year	*2020*
Is this a science-based target?	*No, but we anticipate setting one in the next 2 years*
Comment	*This year we have started reviewing the documents of Science Based Targets Initiative, and we set this intensity target using the metric that is suggested by the tool for setting science based targets for the aviation industry. After we see our performance in 2017, we will decide on whether we can commit to SBTi.*

CC3.1c: Please also indicate what change in absolute emissions this intensity target reflects

ID	***Direction of change anticipated in absolute Scope 1+2 emissions at target completion?***	***%change anticipated in absolute Scope 1+2 emissions***	***Direction of change anticipated in absolute Scope 3 emissions at target completion?***	***% change anticipated in absolute Scope 3 emissions***	***Comment***
Int 1	*Increase*	*10*	*No change*	*0*	*As we are one of the fastest growing airlines, this target indicates an increase in our absolute emissions, however we cannot anticipate the*

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	%change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
					exact % value of this increase, therefore the given value is just a rough estimation. We do not calculate our Scope 3 emissions, so we haven't calculated the effect of this target on our scope 3 GHG emissions.

CC3.1e: For all of your targets, please provide details on the progress made in the reporting year

ID	% Complete (time)	% Complete (Emissions or Renewable Energy)	Comments
Int 1	*0*	*0*	*This is the base year for our intensity target. The progress will be reported next year when we have more solid data.*

CC3.2: 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

CC3.3 Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

C3.3a: Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO_2e savings in metric tonnes CO_2e (only for rows marked*)
Under investigation	*0*	
*To be implemented**	*0*	*0*
*Implementation commenced**	*0*	*0*
*Implemented**	*16*	*5172*
Not to be implemented	*0*	

CC3.3b For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	*Transportation: fleet*
Description of activity	*Aircraft weight reduction*
Estimated annual CO_2e savings (mt CO_2e)	*5172*
Scope	*Scope 1*
Voluntary/ mandatory	*Voluntary*
Annual monetary savings	*-*
Investment required	*-*
Payback period	*-*
Estimated lifetime of the initiative	*Ongoing*
Comment	*As the monetary information regarding these projects is confidential and communicating them may cause competitive disadvantage we cannot provide the annual monetary savings and required investment amounts even though they are thoroughly investigated.*

CC3.3c: What methods do you use to drive investment in emissions reduction activities?

Please select one method and explain in the comments section.

Method	***Comment***
☐ *Compliance with regulatory requirements/standards* ☒ *Dedicated budget for energy efficiency* ☐ *Dedicated budget for low carbon product R&D* ☐*Dedicated budget for other emissions reduction activities* ☐ *Employee engagement* ☐ *Financial optimization calculations* ☐ *Internal price on carbon* ☐ *Internal incentives/recognition programs* ☐ *Internal finance mechanisms* ☐ *Lower return on investment (ROI) specification* ☐ *Marginal abatement cost curve* ☐ *Partnering with governments on technology development* ☐ *Other*	We have planned the amount of the investments to be made for the fuel efficiency projects until 2017 and dedicated a budget for them. However, as this information is confidential, we cannot communicate the exact amount of the budget.

CC4. Communication

CC4.1: 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	Status	Page/Section Reference	Comment
Please select one of the following: ☐ No ☐ In mainstream reports (including an integrated report) in accordance with the CDSB Framework ☐ In mainstream reports (including an integrated report) but have not used the CDSB Framework ☐ In other regulatory filings ☒ In voluntary communications	Please select one of the following: ☒ Complete ☐ Underway-previous year attached ☐ Underway-this is our first year	http://www.pegasusinvestorrelations.com/en/corporate-governance/sustainability.aspx	We publish a pdf version of our CDP report on our investor relations web site, under the sustainability tab. This way we are hoping to communicate our climate change related efforts to a broader public.

Module: Risks and Opportunities

CC5. Climate Change Risks

CC5.1: Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

☒ *Risks driven by changes in regulation*
☒ *Risks driven by changes in physical climate parameters*
☒ *Risks driven by changes in other climate-related developments*

CC5.1a: Please describe your inherent risks that are driven by changes in regulation

Risk driver	*Carbon taxes*	*Cap and trade schemes*
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. As one of the main components of our operational costs is Jet fuel consumption related, carbon taxation would increase our operational costs considerably.*	*Air traffic has been a part of the Emissions Trading Scheme* *Cap and trade schemes (ETS) 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 in until 2020. After 2020 CORSIA will take effect, and all air traffic around the globe will be included in this ETS scheme 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. This will result in a raise in our operational expenses*
Potential impact	*Increased operational costs*	*Increased operational costs*
Timeframe	*> 6 years*	*3-6 years*
Direct/ Indirect	*Direct*	*Direct*
Likelihood	*Very likely*	*Very likely*
Magnitude of Impact	*Medium*	*Medium*
Estimated financial implications	*10% rise in fuel prices will result in 3.4% raise in our operational expenses.*	*When the civil aviation sector included in EU ETS in 2012 we were given over 300000 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 80000 tonnes which would have caused a marginal financial implication*

		(over 400.000 €/annum) for us. As all flights will be included in CORSIA, the financial implications may be higher depending on the base year selected.
Management method	*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.*	*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.*
Cost of management	*We have made a certain amount of investment in our fuel efficiency projects in the reporting period in order to minimize our jet fuel consumption related Scope 1 emissions and realized a 5.72% reduction from business as usual (BAU) levels. Our Board has also approved a further investment of a certain amount to be used in fuel efficiency projects until 2017. Due to confidentiality of the monetary data, unfortunately we cannot communicate the exact amount of this investment; however they are determined through detailed evaluations.*	*We are constantly in contact with the national and global associations regarding the implementation of such a global ETS scheme in a fair manner. We also have measures in place to lower our fuel consumption and GHG emissions, which we believe will give us advantage over our competitors in the long term, the cost of management of this risk is equal to the cost of these measures, however we cannot communicate this cost publicly.*

CC5.1b: Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	*Tropical cyclones (hurricanes and typhoons)*	*Snow and ice*	*Change in temperature extremes*
Description	*Although we are not located in a zone where there are frequent cyclones, for the first time in 2014, cyclones were observed in Istanbul. This is an effect of climate change. 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.*	*One of the effects of climate change is having harsher and longer winters in the areas that we operate. This may result in an increase in our operational costs as we have to de-ice the planes more frequently. Not only these weather events increase our need for de-icing, but also they will cause delays in our operations both of which increases our operational costs.*	*Temperature extremes cause delay in our operations and negatively affect working conditions of our ground services employees directly reducing working hours therefore increase our operational costs. Additionally, in extremely hot temperatures aircraft engine performances decrease causing longer take-off runway time. In order to shorten this additional take-off runway period, the engine power is increased which results in additional fuel*

			consumption, which in turn increases our GHG emissions.
Potential impact	*Reduction/disruption in production capacity*	*Increased operational costs*	*Increased operational costs*
Timeframe	*3 to 6 years*	*1 to 3 years*	*3 to 6 years*
Direct/ Indirect	*Direct*	*Direct*	*Direct*
Likelihood	*More likely than not*	*Likely*	*About as likely as not*
Magnitude of Impact	*Low-medium*	*Low-medium*	*Low-medium*
Estimated financial implications	*In 2016 the cost of delays for our company were around 0.14% of our operational expenses.*	*In the winter months of 2016 the cost of de-icing was around 0.17% of our operational expenses.*	*In 2016 the cost of delays for our company were around 0.14% of our operational expenses.*
Management method	*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.*	*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.*	*We are able to manage this risk by having a younger fleet. Pegasus Airlines had signed up to purchase 100 A320 & A321 NEO Family aircraft with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. According to this contract, our fleet will consist over 10% of A320 NEO aircrafts by the second half of 2016 and by 2022 we will have replaced 100 aircrafts. This dedicated effort in minimizing the average age of our fleet also helps us minimize the risk of damage that will be caused by change in temperature extremes, as new aircrafts are more resillient to temperature extremes.*
Cost of management	*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.*	*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.*	*Monetary data related to the management of this risk is confidential, therefore cannot be communicated. It includes the aircraft purchase rates.*

CC5.1c: Please describe your inherent risks that are driven by changes in other climate-related developments

Please complete the table below:

Risk driver	*Changing consumer behaviour*
Description	*Air travel is seen as one of the biggest contributors to climate change, especially when people are calculating their own personal carbon footprints, they will immediately see the effect of air travel. Although majority of people in Turkey are not aware of climate change related issues, this can be a huge risk for us in the not so distant future, as people may choose to travel by train or bus to short distances under similar financial conditions.*
Potential impact	*Reduced demand for goods/services*
Timeframe	*> 6 years*
Direct/ Indirect	*Direct*
Likelihood	*About as likely as not*
Magnitude of Impact	*Low-medium*
Estimated financial implications	*A 10% reduction in the number of our total guests will result in 5-15% decrease of our revenue; therefore will affect our financial stability.*
Management method	*To manage this risk, we need to make sure that we are one of the most environmentally friendly airline companies in Turkey. In order to communicate our climate change related activities, we have been calculating our GHG emissions since 2011, and reporting to CDP since 2012. We also have many active measures to reduce our GHG emissions.*
Cost of management	*We have a dedicated budget for climate change related activities like CDP reporting. We also apply energy efficiency measures to reduce fuel consumption. The costs and details of these measures are confidential, therefore the monetary figures of these investments cannot be communicated.*

CC6. Climate Change Opportunities

CC6.1: Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

☒ *Opportunities driven by changes in regulation*
☒ *Opportunities driven by changes in physical climate parameters*
☒ *Opportunities driven by changes in other climate-related developments*

CC6.1a: Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	*Emission reporting obligations*
Description	*Turkish Ministry of Environment and Urbanization has published a regulation on Monitoring, Reporting and Verification of GHG emissions in the industry. Although this law is only for stationary installations, in the not so distant future we foresee that aviation industry can also be included in this reporting scheme.*
Potential impact	*Reduced operational costs*
Timeframe	*3-6 years*
Direct/ Indirect	*Direct*
Likelihood	*Virtually certain*
Magnitude of Impact	*Low*
Estimated financial implications	*By participating and complying with the Green Airport/Airline scheme, we gain 20% reduction on licence and permit renewal fees. As we already report our Scope 1 and 2 emissions according to ISO 14064-1 and get the result verified by Turkish Standards Institute, we will be well ready to comply with this obligation. Therefore, it will not bare an additional cost for us.*
Management method	*We have been reporting our GHG emissions since 2011 and having our emissions report verified by Turkish Standards Institute since 2014, we already have processes in place to collect activity data and report GHG emissions. This will provide an opportunity for us against our competitors. Moreover, our team has been working since 2008 to lower our fuel consumption and better our GHG Emissions Management, therefore as the first airlines company to report its GHG emissions to the Turkish Directorate General of Civil Aviation under the Green Airport and Green Airlines projects, we will have a significant advantage if a mandatory GHG emissions reporting will be required in the future.*
Cost of management	*As we are already working on these issues, there will be no extra cost of management of this opportunity.*

CC6.1b: Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	*Snow and ice*
Description	*Our aircraft fleet age average in 2016 was 5.35 years which is younger in comparison with our competitors, we also give de-icing services to our own aircrafts. Therefore, under these weather conditions, our operations will likely be affected less than other airline companies. This bares a competitive advantage for us. In the winter months of 2016, while most of the flights were cancelled we were able to operate.*
Potential impact	*Increased production capacity.*
Timeframe	*1 to 3 years*
Direct/ Indirect	*Direct*
Likelihood	*More likely than not*
Magnitude of Impact	*Low*
Estimated financial implications	*As Pegasus we handle extreme weather conditions very efficiently and minimize the possible delays and operational defects as much as physically possible. As the optimized operations management is a part of our risk management process, this opportunity results in an enhanced operational conditions for us and provides us an advantage over our competitors.*
Management method	*With our well trained staff and all necessary equipment, we are well prepared for the extreme winter conditions. Our integrated risk management process foresees the necessary investments to be made in order to cope with/be least affected from environmental risks.*
Cost of management	*As environmental risk management is integrated in the company's overall risk management and strategy process, it has not resulted in any additional costs. However, in order to maintain this opportunity we make investments in terms of training our personnel and sufficiently equipping our ground services.*

CC6.1c: Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	*Reputation*
Description	*As an important actor shaping the global GHG emissions, aviation sector has a responsibility to continuously reduce its emissions. Some c ompanies do more in order to achieve this goal and this drives the attention of the costumer. Responsible company is a more attractive choice for the passengers, employees and business partners. Pegasus, being the first airlines company in Turkey to monitor and report its GHG emissions and to set targets for reduction will become the choice of environmentally aware guests.*
Potential impact	*Increasing demand for existing goods/services*
Timeframe	*>6 years*
Direct/ Indirect	*Direct*
Likelihood	*Likely*

Magnitude of Impact	*Low-medium*
Estimated financial implications	*A 10% increase in demand will result in a 5-15% raise in our revenue, therefore economic sustainability of our company will benefit from this while working towards environmental sustainability.environmental sustainability.*
Management method	*Pegasus is continuously working to better its services to meet the guests' needs to become their first choice. Additionally, raising awareness about climate change in our value chain, especially our guests is one of our goals to enable them to make better choices for air travelling. To manage this opportunity we are continuously communicating our climate-change related efforts to our customers via our investor relations website and/or in-flight magazine.*
Cost of management	*The management of this opportunity doesn't have an extra cost as these activities are already included in our environmental management system. The communication to our clients are usually done via our investor relations website or our in-flight magazines, so this does not cost extra.*

Module: Emissions

CC7. Emissions Methodology

CC7.1 Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base Year	Base year emissions (metric tonnes CO2e)
Scope 1	01/01/2013-31/12/2013	1337708.71
Scope 2 (location-based)	01/01/2013-31/12/2013	1430.22
Scope 2 (market-based)	01/01/2013-31/12/2013	0

CC7.2 Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

CC7.3 Please give the source for the global warming potentials you have used

Gas	Reference
CO_2	IPCC Fifth Assessment Report (AR5-100 year)
CH_4	IPCC Fifth Assessment Report (AR5-100 year)
N_2O	IPCC Fifth Assessment Report (AR5-100 year)
HFCs	IPCC Fifth Assessment Report (AR5-100 year)

CC7.4 Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of the page

Fuel/Material/Energy	Emission Factor	Unit	Reference
Jet kerosene	3.083	$kgCO_2e/kg$	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)
Diesel/gas oil	2.633	$mtCO_2e/lt$	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)
Diesel/gas oil	2.665	$mtCO_2e/lt$	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion, On-road (Table 3.2.1 & 3.2.2)
Diesel/gas oil	2.897	$mtCO_2e/lt$	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion, Off-road (Table 3.3.1)

Fuel/Material/Energy	*Emission Factor*	*Unit*	*Reference*
Motor gasoline	*2.210*	*mtCO_2e/lt*	*2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)*
Motor gasoline	*2.307*	*mtCO_2e/lt*	*2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion (Table 3.2.1 & 3.2.2)*
Natural gas	*0.203*	*mtCO_2e/MWh*	*2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)*
Electricity, TR	*0.478*	*mtCO_2/MWh*	*IEA (2014)*
Other, please specify Electricity, International 400 Hz	*0.533*	*mtCO_2/MWh*	*IEA (2013)*

CC8. Emissions Data

CC8.1 Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational Control

CC8.2 Please provide your gross global Scope 1 emissions figures in metric tonnes CO_2e

2084883.18

CC8.3 Please describe your approach to reporting Scope 2 emissions

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

CC8.3a Please provide your gross global Scope 2 emissions figures in metric tonnes CO_2e

Scope 2, location based	Scope 2, market based	Comment
3074.09	0	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.

CC8.4 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?

Yes

CC8.4a Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Small airport offices in various locations	Emissions are relevant but not yet calculated.	Emissions are relevant but not yet calculated.	Emissions are not relevant.	A small number of staff operates in airports other than Istanbul Sabiha Gokcen, Izmir Adnan

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
				Menderes and Antalya Airports. However, the operation volumes in these offices are relatively low, therefore they are not included in our GHG inventory boundary yet. If the operational volumes increase in the future, we will include them in the boundary. We estimate the total emissions from these small offices will constitute around 1% of our total GHG emissions, therefore they are negligible.

CC8.5 Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Source	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	*More than 2% but less than or equal to 5%*	*Metering/ measurement constraints*	Pegasus has only utilized the primary data for the GHG emissions calculations, however due to unforeseen error in measurement or data management together with the chosen emission factors, uncertainties might have been encountered. Uncertainties associated with the data are expected to be low.
Scope 2 (location-based)	*More than 2% but less than or equal to 5%*	*Metering/ measurement constraints*	*Pegasus has only utilized the primary data for the GHG emissions calculations, however due to unforeseen error in measurement or data management together with the chosen emission factors, uncertainties might have been encountered. Uncertainties associated with the data are expected to be low.*
Scope 2 (market-based)	*Less than or equal to 2%*	*No sources of uncertainty*	*We don't calculate our market based Scope 2 emissions.*

CC8.6 Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place.

CC8.6a: Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	***Status in the current reporting year***	***Type of verification or assurance***	***Attach the document***	***Page/ section reference***	***Relevant standard***	***Proportion of reported Scope 1 emissions verified (%)***
Annual process	*Underway but not complete for reporting year-previous statement of process attached*	*Reasonable assurance*		Page 1-2-3	ISO 14064-3	100

CC8.7: Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions

Third party verification or assurance process in place.

CC8.7a Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	***Verification or assurance cycle in place***	***Status in the current reporting year***	***Type of verification or assurance***	***Attach the document***	***Page/ section reference***	***Relevant standard***	***Proportion of reported Scope 1 emissions verified (%)***
Location based	*Annual process*	*Underway but not complete for reporting year-previous statement of process attached*	*Reasonable assurance*		Page 1-2-3	ISO 14064-3	100

CC8.8 Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	***Comment***
No additional data verified	

CC8.9 Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC9. Scope 1 Emissions Breakdown

CC9.1 Do you have Scope 1 emissions sources in more than one country?

No

CC9.2 Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

Please select from:

- ☐ *By business division*
- ☒ *By facility*
- ☒ *By GHG type*
- ☒ *By activity*

CC9.2b Please break down your total gross global Scope 1 emissions by facility

Facility	***Scope 1 (metric tonnes CO_2e)***	***Lattitude***	***Longitude***
Istanbul Aeropark Company Headquarters (Including aircraft jet fuel consumption)	*2081780.31*	40°55'46''N	29°18'24''E
Sabiha Gokcen Airport	*3034.36*	40°54'18''N	29°18'54''E
Izmir Adnan Menderes Airport	*36.66*	38°17'30''N	27°08'58''E
Antalya Airport	*31.86*	36°53'58''N	30°47'54''E

CC9.2c Please break down your total gross global Scope 1 emissions by GHG type

GHG Type	***Scope 1 emissions (metric tonnes CO_2e)***
CO_2	*2066516.84*
CH_4	*365.24*
N_2O	*17394.23*
HFCs	*606.88*

CC9.2d Please break down your total gross global Scope 1 emissions by activity

Activity	***Scope 1 emissions (metric tonnes CO_2e)***
Jet kerosene consumption	*2080985.26*
Natural gas consumption	*129.79*
Diesel oil consumption (generators)	*0.31*
Gasoline consumption (generators)	*3.49*
Refrigeration fugitive emissions	*6.31*
Fire extinguishers	*600.58*
Diesel oil consumption (mobile sources)	*3140.30*
Gasoline consumption (mobile sources)	*17.15*

CC10. Scope 2 Emissions Breakdown

CC10.1 Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a: Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based emissions (metric tonnes CO2e)	Scope 2, market-based emissions (metric tonnes CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)
Turkey	3034.98	0	5309.46	0
Europe	39.11	0	73.61	0

CC10.2 Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

☐ By business division

☒ By facility

☒ By activity

CC10.2b Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions, location-based (metric tonnes CO_2e)	Scope 2 emissions, market-based (metric tonnes CO_2e)
Istanbul Aeropark Company Headquarters (Including 400Hz and GPU from flights operated)	2128.74	0
Sabiha Gokcen Airport	833.31	0
Izmir Adnan Menderes Airport	42.95	0
Antalya Airport	69.09	0

CC10.2c Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 location-based emissions (metric tonnes CO2e)	Scope 2, market-based emissions (metric tonnes CO2e)
Electricity consumption	2273.85	0
Central heating	126.99	0
400 Hz Consumption (Domestic)	149.99	0
400 Hz Consumption (International)	39.11	0
Ground Power Unit (GPU) Usage	484.15	0

CC11. Energy

CC11.1 What percentage of your total operational spend in the reporting year was on energy?

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

CC11.2 Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	**MWh**
Heat	*627.148*
Steam	*0*
Cooling	*0*

CC11.3 Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year.

5297917.75

CC11.3a Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	**MWh**
Jet kerosene	*5285797.46*
Natural gas	*640.89*
Diesel/gas oil	*11397.65*
Motor gasoline	*81.75*

CC11.4 Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure you provided in CC8.3a

Basis for applying a low carbon emission factor	**MWh consumed associated with low carbon electricity, heat, steam or cooling**	**Emissions factor (in units of metric tonnes CO2e per MWh)**	**Comments**
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor	0	0	

CC11.5 Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	***Consumed electricity that is purchased (MWh)***	***Total electricity produced (MWh)***	***Total renewable electricity produced (MWh)***	***Consumed renewable electricity that is produced by company (MWh)***	***Comment***
5144.40	*5144.40*	*0*	*0*	*0*	*Our electricity consumption includes domestic and international 400 Hz provided to our fleet as well as electricity purchased directly from the Turkish Grid.*

CC12. Emissions Performance

CC12.1 How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

CC12.1a Please 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

Reason	**Emissions value (percentage)**	**Direction of change**	**Please explain and include calculation**
Emissions reduction activities	*0.277*	*Decrease*	*Due to the Jet Kerosene consumption reduction measures stated in Section 3.*
Divestment			
Acquisitions			
Mergers			
Change in output	*11.8*	*Increase*	*Due to the 9.51% increase in the flights operated.*
Change in methodology			
Change in boundary			
Change in physical operating conditions			
Unidentified			
Other			

CC12.1b Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

CC12.2 Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO_2e per unit currency total revenue.

Intensity figure =	**Metric numerator (Gross global combined Scope 1 and 2 emissions)**	**Metric denominator: Unit total revenue**	**Scope 2 figure used**	**% change from previous year**	**Direction of change from previous year**	**Reason for change**
0.00056	*Metric tonnes CO2e*	*3707471135*	*Location-based*	*5.2*	*Increase*	*Our revenue has increased by 6.3% from previous year but our GHG emissions have increased by*

						11.8% due to the increase in the number of flights operated. This resulted in an increase in our emissions intensity.

CC12.3 Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure =	***Metric numerator (Gross global combined Scope 1 and 2 emissions)***	***Metric denominator***	***Metric denominator: Unit total***	***Scope 2 figure used***	***% change from previous year***	***Direction of change from previous year***	***Reason for change***
397.18	*Metric tonnes CO_2e*	*Full time equivalent (FTE) employee*	*5257*	*Location-based*	*5.7*	*Increase*	*While the number of our FTE increased by 5.8%, our gross global emissions have increased by 11.8% due to the increase in the number of flights operated, which resulted in an increase of our emissions intensity per FTE.*
0.0000684	*Metric tonnes CO_2e*	*Available seat km (Passanger km)*	*30510022171*	*Location-based*	*2.5*	*Increase*	*The passenger km for 2016 has risen by over 9%, our gross global emissions have increased by 11.8% due to the increase in the number of flights operated, which resulted in an increase of our emissions intensity per passenger km*

CC13. Emissions Trading

CC13.1 Do you participate in any emissions trading schemes?

Yes

CC13.1a Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
European Union ETS	From 01/01/2016 to 31/12/2016	1600	0	729	Aircraft fleet (Intra EU flights)

CC13.1b What is your strategy for complying with the schemes in which you participate or anticipate participating?

Our strategy in order to comply with the EU ETS scheme is to minimize our jet fuel consumption as much as financially possible and keep our emissions limit within the level of our allocated allowance.

CC13.2 Has your organization originated any project-based carbon credits or purchased any within the reporting period?

No

CC14. Scope 3 Emissions

CC14.1: Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	Metric tonnes CO_2e	Emissions calculation meth.	% of emissions calculated using data obtained from suppliers or value chain suppliers	Explanation
Purchased goods and services	Relevant, not yet calculated.				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. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Capital goods					
Fuel-and-energy-related activities (not included in Scope 1 or 2)					
Upstream transportation and distribution					
Waste generated in operations					
Business travel					
Employee commuting					
Upstream leased assets					
Downstream transportation and distribution					
Processing of sold products	Not relevant, explanation provided				As we provide a service not a product, this emission source is not relevant for our organisation.
Use of sold products					
End of life treatment of sold products					
Downstream leased assets	Not evaluated				
Franchises	Not relevant, explanation provided				Pegasus does not have any franchises.
Investments	Not evaluated				As over 99% of our Combined (Scope 1 and
Other (upstream)					

Sources of Scope 3 emissions	*Evaluation status*	*Metric tonnes CO_2e*	*Emissions calculation meth.*	*% of emissions calculated using data obtained from suppliers or value chain suppliers*	*Explanation*
Other (downstream)					*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. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.*

CC14.2 Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

No third party verification or assurance.

CC14.3 Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

No, we don't have any emissions data

CC14.4 Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

☐ *Yes, our suppliers*

☒ *Yes, our customers*

☒ *Yes, other partners in the value chain*

☐ *No, we don't engage*

CC14.4a Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

We communicate our GHG emissions strategy together with our findings and progress with the

partners in our value chain such as ICAO, IATA, TÖSHİD, Airport Authorities and last but not least

Airport operators. We take active part in Green Airport Project developed by the Directorate General of Civil Aviation where airport operators, airlines operators and subcontractors are encouraged to take part in and share their GHG emissions and conduct projects and management plans to enhance their performances. We therefore, communicate our performance with and encourage our suppliers and subcontractors to do so.

We also communicate our GHG Emissions performance with our Pegasus Family via our intranet web site and also with our guests through our Pegasus Magazines in flight and aim to draw attention on the subject as well as raising awareness and satisfying the inquiries of our environmentally friendly guests. We believe civil aviation sector like all other sectors, can take part in climate change mitigation. Therefore, it is important for us to share our findings and progress with the elements of our value chain.

As part of the Green Airport Project developed by the Directorate General of Civil Aviation, Pegasus was the first and only airline company in Sabiha Gökçen Airport who has Green Company Certificate in 2013, then Pegasus gained Green Company Certificate also in İzmir Adnan Menderes Airport and in Antalya Airport the following year on.

Module: Sign off

CC15. Sign off

CC15.1 Please provide the following information for the person that has signed off (approved) the CDP climate change response

Name	Job title	Corresponding job category
Dr. Ümit Yaşar Özen	Head of IMS and Business Excellence and Member of Operations Executives Board	Director on Board