C0. Introduction

C0.1

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

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 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 62.91% belongs to Esas Holding A.S and 2.58 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 and the overall age average is 5.74 by December 31, 2018;

Pegasus extended its flight network, which was initially composed of 6 domestic locations at the beginning of scheduled flights, up to 111 locations and currently has 76 abroad and 35 domestic flight destinations in 42 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 5.621 members in 10 years from a team of 700 staff. (as of December 2018)

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 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.

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
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions 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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas 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
Director on board	The highest level of direct responsibility for climate change lies with the Head of Integrated Management System and Business Excellence (IMS-BE) Department who is also a member of the Operations Executives Board and reports directly to the President and CEO of Pegasus Airlines. Head of IMS-BE Department is responsible for making sure all climate-change related decisions are reviewed by the board, including strategy, major plans of action, risk management and setting targets. He is also responsible for making sure that these decisions are turned into action in the related divisions of the company.

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	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	Head of IMS-BE department who is also a member of the Executive Board 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.

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)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Financial Officer (CFO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Operating Officer (COO)	Managing climate-related risks and opportunities	More frequently than quarterly
Risk committee	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other, please specify (Performance and Navigation Manager and Operation Control Center Manager and Navigation Manager)	Other, please specify (Drawing short cut flight routes)	More frequently than quarterly
Other, please specify (IMS-BE Department)	Assessing climate-related risks and opportunities	More frequently than 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, COO, CFO, CCO, CIO, CHRO, Legal Counsel, Finance & Fleet Management Director and CEO Consultant. This committee assesses all types of risks according to our risk assessment matrix. SHE Committee informs this committee of climate related risks. 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.

Assessment and follow up of all environmental risks and their management plans on a daily basis is the responsibility of the EHS Manager and the IMS-BE Department. The Head of IMS-BE Department reports directly to the CEO. If the IMS-BE Dept. assesses a risk to be important, it is first reported to the CEO, then the CEO takes the risk to the Operations Executive Board and if during the Meeting of the Operations Executive Board the risk is assessed to be critical it is taken to the RRB.

Performance and Navigation Manager and Operation Control Center Manager reports to COO. They are responsible for planning flight routes in order to optimize the fuel consumption and enhancing fuel efficiency. They try to reduce GHG emissions by drawing short cut flight routes, these routes are then approved by EUROCONTROL.

C1.3

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

Yes

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).

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Our IMS-BE 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 IMS-BE 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.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
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) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	1	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 year which is assessed to be short term for our business practices.
Medium-term	1	3	Medium term usually means between 1 to 3 years in our business practices, so this time horizon is also aligned with the timeline of our other strategic decisions.
Long-term	3	10	Long term decisions usually mean up to 10 years in our business practices, so this time horizon is aligned with our other business practice time horizons. An example of such decision is buying new generation AIRBUS A320 and A321 NEO aircrafts and renewing our fleet to consist mainly of these aircrafts. This decision was taken on 2012 and the implementation started in 2016 and will end in 2024.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.
Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	The Risk Review Board and Risk Board Meetings are performed quarterly. Climate change related risks are first assessed by the IMS-BE Department, and risks that are identified to have a significant impact on business are reported to CEO and assessed in RRB and RB meetings.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

How climate related risks are identified and assessed at a company and asset level:

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 quarterly RRB meetings.

Both at the company and asset level climate-change related risks and opportunities are first assessed by the Integrated Management Systems and Business Excellence Department (IMS-BE).The Head of IMS-BE Department is also a member of the Operations Executive Board and the Risk Review Board as CEO Consultant. The climate related risk assessment is performed in accordance with PG-EM-PR-003 "Corporate Risk/Opportunity Management Procedure".

The process to determine the relative significance of climate-related risks:

The risks that are assessed as important by the Head of IMS-BE Dept. are 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 IMS-BE 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 IMS-BE Department are discussed in the Operations Executive Board and further actions are taken according to the decisions of the Operations Executive Board.

IMS-BE 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 IMS-BE department with the approval of the Head of IMS-BE Department.

Definitions of Risk Terminologies Used

IMS-BE 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:

- Almost Certain - 5
- Probable - 4
- Rare- 3
- Extremely Improbable - 2
- 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:

- Critical - A
- Serious- B
- Moderate - C
- Minor - D
- 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.

- Red – 4A, 5A, 5B - Not Acceptable – Not acceptable with current conditions, requires immediate action (Opportunity: Immediate action to seize the opportunity).
- 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).
- 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)
- 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.

How we define substantive financial or strategic impact:

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 (9,7 million TL), national exposure or high but reversible environmental damage are all deemed as substantive impacts for our company.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The climate change related regulation has a direct effect on our operations, so it is always included in our risk assessments. Turkish MRV regulation is under our radar and included in our risk assessments but as we already have an active greenhouse gas management system, we see this current regulation and the potential inclusion of the aviation industry in Turkish Monitoring, Reporting and Verification Regulation as an opportunity against our competitors. However as this opportunity is assessed to not have a substantive impact on our business, it is not listed under section C2.4a.
Emerging regulation	Relevant, always included	As stated above climate change related regulation is of primary importance to us as our business is carbon intensive. Cap and Trade Schemes and CORSIA regulation is included in our risk assessments. Details of this risk can be seen in the risk table under question C2.3a (Risk2)
Technology	Relevant, sometimes included	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. 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	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 emerging regulation category. Please see Risk2 under the risk table in Question C2.3a.
Market	Relevant, always included	As one of our main operational expense is jet kerosene we need to monitor the changes in the market extremely closely. One example of risk that is assessed under this category is carbon taxes on fossil fuels. Please see Question C2.3a-Risk1.
Reputation	Relevant, always included	As we are in the service industry, changing customer behaviour is one of our primary concerns. 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 RRB. Therefore this risk is not reported under section C2.3a of this report.
Acute physical	Relevant, always included	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. Extreme weather events are one of the risks that are considered under acute physical category. Details of this risk can be seen in the below risk table under Question C2.3a Risk3.
Chronic physical	Relevant, always included	As stated above physical climate conditions are of primary importance to us. One risk we assess under this category is snow and ice, , however this year the impact of this risk was assessed once again and IMS-BE department decided that the impact is not substantive, so the risk was not reported to the RRB 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.
Upstream	Relevant, always included	Upstream risks are assessed under the market risk category because the most important point in our supply chain is fossil fuels. Carbon taxes are an example of this type of risk, because any revision of taxes in fossil fuels will directly effect our operational expenses. Details of this risk can be seen in the below risk table under Question C2.3a-Risk1.
Downstream	Relevant, always included	Downstream risks are assessed under reputational risks category as our product is the services we offer our passangers. So any change in customer behaviour is our risk point in our downstream value chain. However currently these risks are assessed not to have substantive impact on our operations, therefore they are monitored but not listed under section C2.3a of this report.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Decision process on how to manage the risks and opportunities;

As described under C2.2b we have a company-wide integrated assessment procedure for risks and opportunities.

IMS-BE department is responsible for assessing the potential size and scope of the identified risks and opportunities, according to the assessment procedure detailed under C2.2b. The decision on how to manage these risks is made according to the combined effect score of the identified risk.

The risks and opportunities that are assessed to have a substanive impact by the IMS-BE Department are reported to the CEO by the Head of IMS-BE Dept., who is also a member of the RRB as CEO Consultant. If the CEO also agrees that the reported risk or opportunity may have a substantive impact on the company, the identified risk or opportunity is reported to the Operations Executives Board (OEB) and the RRB. RRB assesses the risks and opportunities and reports the most important risks and opportunities to the Risk Board (RB) which consists of high level executives and Board Members.

The management proposals for the identified risks are also prepared by the IMS-BE Dept. and these proposals are reviewed in the OEB and further actions are taken according to the decisions of the OEB.

IMS-BE Dept. 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.

Process for prioritizing r&o;

R&O that may have a substantial health, financial, reputational and environmental impacts are prioritized and managed accordingly. i.e. a reportable disability, a financial impact of more then 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.

An example of how the process has been applied:

In 2018, CORSIA (Risk2 in C2.3a) regulation was included in the risk assessment and IMS-BE 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, OEB and RRB .

In 2018 we hosted a workshop about CORSIA, and we have already devised a management plan which includes mitigation via reduction of fuel consumption and also some part of the risk is accepted.

Risk 3 in C2.3a was assessed as follows:

This risk was identified during the risk assessment meetings of IMS-BE 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, OEB and RRB. The management plan suggested by the IMS-BE 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.

By whom climate-related risks and opportunities are monitored, and to whom the results are reported:

In Pegasus we have an integrated risk and opportunity management process, every risk is first identified and assessed in relevant departments. Climate related risks and opportunities are monitored by the IMS-BE Department. The results are reported to our CEO, who is also the Chairman of the Risk Review Board (RRB). If the CEO assesses the risk to be an important, the identified risk or opportunity is reported to the RRB and OEB. RRB analyses these risks and opportunities according to management of change analysis and decide whether they will include the risk in the general risk assessments.

RRB meets quarterly. The results of the RRB Meetings are reported to the Risk Board, which consists of the members of Board of Directors.

How far into the future risks are considered:

Regulatory and market risks are considered both short and medium term. Whereas physical risks are considered long term.

Geographical areas considered:

Geographical areas considered in our risk and opportunities management currently includes Turkey and all other countries that we fly to. We currently fly to 111 locations 76 of which are international covering 42 countries. We fly to 35 locations in Turkey.

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
Transition risk

Primary climate-related risk driver
Market: Increased cost of raw materials

Type of financial impact
Abrupt and unexpected shifts in energy costs

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. Turkey already has very high taxes on fossil fuels and an extra added tax 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
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)
0

Potential financial impact figure – maximum (currency)
250000000

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.

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. Pegasus Airlines had signed up to purchase 100 A320 & A321 NEO Family aircrafts with Airbus in 2012, 75 of which are subjected to a firm order and 25 optional. According to this contract, by the end of 2018, 26% of our fleet consists of A320 NEO aircraft, and by the second half of 2023 we will have replaced 100 aircrafts. As these aircrafts are more efficient than the ones that they replace, they will consume less fuel. We also work constantly on reducing the weight of the aircrafts, which results in less fuel consumption/flight.

Cost of management
40000000

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
Transition risk

Primary climate-related risk driver
Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
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 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.

Time horizon
Medium-term

Likelihood
Virtually certain

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)
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 (over 1.600.000 €/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

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 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. 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.

Cost of management
40000000

Comment
The cost of Airbus A320 NEO's were around 40 million TL in 2018. But this cost doesn't only relate to management of this risk. This action enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks. The cost of other courses of action are not calculated.

Identifier
Risk 4

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

Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact
Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description
Although we are not located in a zone where there are frequent cyclones, in the recent years in İstanbul and Antalya, cyclones were observed. This is an effect of climate change. We are also observing more intense rainfall and hail storms. 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)
7000000

Potential financial impact figure – maximum (currency)
20000000

Explanation of financial impact figure
The cost of delays and damage on our aircrafts can have an impact between 7 to 20 million TL annually. But a more important impact of this risk is having our employees or our customers injured.

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. We also transfer some of this risk by insuring our aircrafts for potential damage.

Cost of management

0

Comment

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 can not be disclosed due to confidentiality concerns.

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?

No

C2.4b

(C2.4b) Why do you not consider your organization to have climate-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	We have identified several climate-related opportunities in our scheduled risk management meetings. Some of the opportunities that were identified include, our strategic advantage of having know-how and expertise in GHG monitoring and reporting, which may give us an advantage when there are more regulations in place like CORSIA or Turkish MRV. However this opportunity is not assessed to have a substantive financial impact, keeping in mind that our definition of substantive impact is around 12 million TL. Another opportunity that was idenfied was shifting customer preferences, which may put us in a competitive position as we are constantly trying to reduce our footprint, but this opportunity is also not assessed to have a substantive impact. Both of the identified opportunities were not reported to the CEO or the RRB and they do not need any management efforts as we are already doing what is required to manage these opportunities.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	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 6 years). This risk was not assessed to be substantive, therefore not reported to the CEO or RRB.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	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)
Adaptation and mitigation activities	Not yet impacted	Turkey has not imposed any adaptation or mitigation activity on aviation industry yet, but as stated in the above sections an international mitigation activity under CORSIA will be applicable after 2020. Turkey is also in the process of including the aviation industry in its MRV system, however Turkish MRV system does not have any carbon trading or mitigation activities, it only requires installations to monitor and report their GHG emissions. The magnitude of impact of CORSIA assessed to be -medium. (Please see Risk2 under section C2.3a)
Investment in R&D	Impacted for some suppliers, facilities, or product lines	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. The magnitude of impact of this opportunity is assessed to be low at the moment, therefore it is not listed under section 2.4a of this report.
Operations	Impacted	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)
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	Our revenues are not yet impacted by climate related risks and opportunities but we expect such impact in long-term (3-10 years). These impacts are expected to be mainly on the customer preferences as they may select more energy efficient ways of travel like busses or trains in short distances. Changing customer preferences can also be an opportunity, as they may select companies with climate friendly practices. However, the impact of the above mentioned risk and opportunity is not assessed to be substantive therefore they are not communicated to the CEO or the RRB and are not included in this report.
Operating costs	Impacted	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 / capital allocation	Impacted	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. We have invested in fuel efficent aircrafts and have included 7 Airbus A320 NEO aircrafts in our fleet in 2018. The impact is assessed to be medium.
Acquisitions and divestments	We have not identified any risks or opportunities	As we are a service provider company, we don't usually divest from or acquire any company. Therefore, acquisition or divestments are not included in our risk assessments.
Access to capital	We have not identified any risks or opportunities	As we are a service provider company, our main climate related risks lie on the physical and legislation side. Therefore, as we have no climate-related problem in access to capital, it is not included in our climate change related risk assessments.
Assets	Impacted	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.
Liabilities	Not impacted	Our liabilities are not impacted by climate change related risks and opportunities. Because the identified risks and opportunities currently have very little effect on our revenues. These effects are manageable; therefore, they don't reflect any risk on our liabilities.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

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

No, and we do not anticipate doing so in the next two years

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b

(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.

No, we do not have a low-carbon transition plan

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Company-specific explanation of how business objectives and strategy have been influenced by climate-related issues;

As a first step to integrate climate change in our strategy we started calculating our GHG emissions in 2011 and we have also started a GHG management system. We compile our GHG Inventory according to ISO 14064-1. We also use this data as an input for our climate change related business strategies, we closely monitor local and international developments related to climate change (i.e. Developing regulations like Turkish MRV system and CORSIA) and we structure our strategy according to these developments.

Changing climate conditions causes an increase in taxi and waiting durations and delays. To manage these problems, we change our flight tariffs twice a year in order not to be affected by the changing weather patterns.

We also have alternative flight routes, emergency action plans according to extreme weather events like thunderstorms, hail, etc. During flight trainings our pilots are trained in simulators in all types of extreme weather event scenarios.

Explanation of whether our business strategy is linked to an emissions reductions target or energy reduction target;

As we are a low-cost airline, one of the main components of our strategy is to reduce fuel consumption by increasing energy efficiency. We have efficiency targets throughout the company and more importantly our captains have personal targets to increase efficiency without compromising security. Beginning from 2021 we will have a compulsory emission reduction target within the scope of CORSIA, which we will also include in our business strategy. Details of our targets can be seen under section C4 of this report.

What have been the most substantial business decisions made during the reporting year that have been influenced by the climate change driven aspects of the strategy;

We have an on-going project of renewing our aircrafts and in 2018 we have included 7 Airbus A320-200 Neo Aircrafts in our Fleet. With this inclusion we have increased the number of aircrafts in our fleet from 76 to 82 by the end of 2018. And 26% of our fleet now consists of Airbus A320-200 Neo aircrafts. This decision was influenced by many factors one of which is the regulatory aspects of climate change. As we may face carbon taxes or caps on our GHG emissions in the upcoming years we wanted to have a competitive advantage against other aircraft operators.

What aspects of climate change have influenced the strategy;

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.

Another important aspect is the need for adaptation. As climate change effects the migration routes of the birds, we need to revise route and landing plans according to the seasonal changes in the migration routes. We have also prepared emergency action plans against collision with bird flocks.

How the short-term strategy has been influenced by climate change;

Climate change has influenced our short-term business strategy as we have a very high risk to be affected by climate change related regulations and physical climate parameters. Our short term (<1 years) strategy that has been influenced by the climate change is to enhance the fuel efficiency of our fleet which is our main GHG emission source. We have also invested in a de-icing area in Sabiha Gökçen Airport in order to manage the icing on the plane in winter months. This gives us an advantage against our competitors as we can give de-icing services to our own aircrafts.

How the long-term strategy has been influenced by climate change;

One of our most important long term (>6 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 aircrafts (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 aircrafts 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 has signed an agreement with Airbus in 2012, for the purchase of up to 100 A320 & A321 NEO Family aircrafts, 75 of which subjected to a firm order and 25 optional. In 2018 we have included 7 A320-200 NEO Aircrafts in our fleet.By the end of 2018, 26% of our fleet consists of A320 NEO aircrafts.

How this is gaining a strategic advantage over our competitors;

This strategic decision will give us advantage over our competitors as it will enable us to lower our operational costs.

How the Paris Agreement has influenced the business strategy.:

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.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We are waiting for Turkey to ratify the Paris Agreement and to finalize NDC's so that we can include these in our business strategy. But we are considering using climate related scenario analysis especially for CORSIA.

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

Scope
Scope 1

% emissions in Scope
100

Targeted % reduction from base year
15

Metric
Grams CO2e per revenue passenger kilometer*

Base year
2016

Start year
2018

Normalized base year emissions covered by target (metric tons CO2e)
84.09

Target year
2026

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

% of target achieved
64

Target status
New

Please explain
In 2016 we have started reviewing the documents of Science Based Targets Initiative, and we set an intensity target using the metric that is suggested by the tool for setting science based targets for the aviation industry. However by the end of 2017 we have already exceeded the reduction target, therefore we decided to set a more challenging target for a longer period of time. We are also planning on working on SBTI guidance documents to set a more ambitious target. 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%, but it may be more depending on the size of our fleet. We do not calculate our Scope 3 emissions, so we haven't calculated the effect of this target on our scope 3 GHG emissions.

% change anticipated in absolute Scope 1+2 emissions
15

% change anticipated in absolute Scope 3 emissions
0

Target reference number
Int 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

Targeted % reduction from base year
10

Metric
Other, please specify (Grams CO2e per Available Seat Km)

Base year
2016

Start year
2017

Normalized base year emissions covered by target (metric tons CO2e)
69.91

Target year
2026

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

% of target achieved
53

Target status
Revised

Please explain
In 2017 we have set a new target to decrease our gross global Scope 1 and Scope 2 CO2 emissions per available seat km by %10. The base year is set as 2016. We currently reduced our GHG emissions/ASK by 53,9 %. As we are one of the fastest growing airlines, this target indicates an increase in our absolute emissions, however we cannot anticipate the 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. The target year of this target is revised as 2026, so that the monitoring period can be in line with the newly set target Int-1.

% change anticipated in absolute Scope 1+2 emissions
15

% change anticipated in absolute Scope 3 emissions
0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

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	
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	52672.92
Not to be implemented	0	

C4.3b

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

Initiative type
Energy efficiency: Processes

Description of initiative
Other, please specify (Compressor washes on the engines to increase efficiency)

Estimated annual CO2e savings (metric tonnes CO2e)
2959.71

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2200000

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

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
Regular compressor washes on the engine make the aircraft fly more efficiently. This year we have started calculating the effect of engine washes on fuel consumption. As this is a regular practice the investment required is reported as zero. The estimated lifetime of the initiative can't be calculated because this practice will be applied until there is a better technological option. So the given time frame is hypothetical.

Initiative type
Energy efficiency: Processes

Description of initiative
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)
49713.22

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
38200000

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 behavioral change. So the given time frame is hypothetical.

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 2018 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 Scope 1 and Scope 2 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)
2307043.45

Start date
January 1 2018

End date
December 31 2018

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.

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
3953.46

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 the reporting year, 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?
Yes

C6.4a

(C6.4a) 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
Small airport offices in various locations

Relevance of Scope 1 emissions from this source
Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source
Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why this source is excluded
A small number of staff operates in airports other than Istanbul Sabiha Gokcen, Izmir Adnan 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 below 1% of our total GHG emissions, therefore they are negligible.

C6.5

(C6.5) Account for your organization's 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>

Explanation
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>

Explanation
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>

Explanation
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>

Explanation
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>

Explanation
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>

Explanation
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>

Explanation
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
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>

Explanation
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.

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>

Explanation
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>

Explanation
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>

Explanation
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>

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

Downstream leased assets

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>

Explanation
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.

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>

Explanation
Pegasus does not have any franchises.

Investments

Evaluation status
Not evaluated

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>

Explanation
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.

Other (upstream)

Evaluation status
Not evaluated

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>

Explanation
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.

Other (downstream)

Evaluation status
Not evaluated

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>

Explanation
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.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered 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
0.000278

Metric numerator (Gross global combined Scope 1 and 2 emissions)
2310996.92

Metric denominator
unit total revenue

Metric denominator: Unit total
8296736033

Scope 2 figure used
Location-based

% change from previous year
29.6

Direction of change
Decreased

Reason for change
Our revenue has increased by 55% from previous year, but our absolute GHG emissions have risen by 9,26%, this corresponds to a significant decrease on our GHG emissions /revenue.

Intensity figure
411.14

Metric numerator (Gross global combined Scope 1 and 2 emissions)
2310996.92

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
5621

Scope 2 figure used
Location-based

% change from previous year
3.7

Direction of change
Increased

Reason for change
While the number of our FTE increased by 5.3%, our gross global emissions have increased by 9,26% due to the increase in the number of flights operated. This results in a slight increase of our GHG emissions/FTE

Intensity figure
0.0122

Metric numerator (Gross global combined Scope 1 and 2 emissions)
2310996.92

Metric denominator
kilometer

Metric denominator: Unit total
188787468

Scope 2 figure used
Location-based

% change from previous year
7.59

Direction of change
Increased

Reason for change
Distance flown has increased by 1.52% but our GHG emissions have increased 9.26% which resulted in an increase 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
0.000076

Metric numerator: emissions in metric tons CO2e
2304562.4

Metric denominator: unit
p.km

Metric denominator: unit total
30381270000

% change from previous year
3.98

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2018 has risen by 5.09% , our GHG emissions resulting from our flights however, have increased by 9,27% due to the increase in the number of flights operated, which resulted in an increase of 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
0.000076

Metric numerator: emissions in metric tons CO2e
2310996.92

Metric denominator: unit
p.km

Metric denominator: unit total
30381270000

% change from previous year
3.97

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2018 has risen by over 5,09%, our gross global emissions have increased by 9,26% due to the increase in the number of flights operated, which resulted in an increase of our emissions intensity per passenger km In this calculation all of our Scope 1 and Scope 2 emission sources are included. This includes the buses and HDV's we use for ground services in Sabiha Gökçen Airport. The GHG emissions of these vehicles comprise less than 0.25% of our total GHG emissions.

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	2286593.97	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	407.41	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	19223.9	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	818.18	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	2307043.45

C7.3

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

By facility
By activity

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)	2303745.53	40.929857	29.306877
Sabiha Gokcen Airport	3228.63	40.906473	29.315316
Izmir Adnan Menderes Airport	44.16	38.293822	27.151943
Antalya Airport	25.13	36.904361	30.801871

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	2301812.47
Diesel oil consumption (GPU)	963.04
Gasoline consumption (generators)	2.39
Fugitive emissions from refrigerators and air conditioners	3.62
Fugitive emissions from fire extinguishers	814.57
Diesel oil consumption (mobile sources)	3344.93
Gasoline consumption (mobile sources)	102.43

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 generation 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 (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	2303581.83	<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 in market-based approach (MWh)
Turkey	3837.3	0	8842.87	0
CEE (Central and Eastern Europe)	116.17	0	411.37	0

C7.6

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

By facility
By activity

C7.6b

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

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Istanbul Aeropark Company Headquarters (Including 400Hz and GPU from flights operated)	2322.38	0
Sabiha Gokcen Airport	1454.51	0
Izmir Adnan Menderes Airport	90.3	0
Antalya Airport	86.28	0

C7.6c

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

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Electricity consumption	2809.42	0
Central heating with natural gas	163.47	0
400 Hz Consumption (Domestic)	685.63	0
400 Hz Consumption (International)	18.55	0
Ground Power Unit (GPU) Usage (Domestic)	178.77	0
Ground Power Unit (GPU) Usage (International)	97.62	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 (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	980.57	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		<Not Applicable>		
Other emissions reduction activities	52672.92	Decreased	2.23	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= 52,672.92 tCO2e 2018 Total Emissions: 2,310,996.92 tCO2e Without these ER measures the total emissions would be: 2,363,669.84 (Total ER+2018 Realized Emissions) Emissions reduction value %=(52,672.92 /2,363,669.84)*100=2.228 %
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	195911.72	Increased	9.26	Our GHG emissions have increased to the increase in our operations. The number of flights operated has increased in 2018 by 8,115 % and our total GHG emissions have increased by 9,26%. Total SC1+SC2 Emissions in 2017 was 2,115,085.20. Total SC1+SC2 Emissions in 2018 is calculated as 2,310,996.92. The difference between two = 195,911.72 Emissions Value (%) is calculated as follows: (195,911.72 / 2,115,085.20) x 100 = 9.26 %
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

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 undertakes this energy-related activity
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 MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	9157637.7	9157637.7
Consumption of purchased or acquired electricity	<Not Applicable>	0	6628.32	6628.32
Consumption of purchased or acquired heat	<Not Applicable>	0	807.18	807.18
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	0	719.02	719.02
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	9165792.24	9165792.24

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	No
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
9135482.27

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

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>

Comment

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
16962.51

MWh fuel consumed for self-generation of electricity
4772.36

MWh fuel consumed for self-generation of heat
0

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>

Comment
MWh Fuel consumed for self-generation of electricity includes fuels used in the GPU units owned by Pegasus. This value is included in the "Total fuel MWh consumed by the organization" figure.

Fuels (excluding feedstocks)
Motor Gasoline

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
420.56

MWh fuel consumed for self-generation of electricity
3.56

MWh fuel consumed for self-generation of heat
0

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>

Comment
3.56 MWh is the amount of fuel consumed in the generators in some of our facilities. This value is included in the reported value under "Total fuel MWh consumed by the organization"

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
0.07956

Unit
metric tons CO2e per GJ

Emission factor source
2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile combustion, on-road (Table 3.2.1 & 3.2.2) 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile combustion, off-road (Table 3.3.1)

Comment
Combined EF for the fuels used in company cars, GPU units (stationary combustion) and off-road vehicles like buses and HDV's.

Jet Kerosene

Emission factor
0.07175

Unit
metric tons CO2e per GJ

Emission factor source
2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)

Comment
Fuel used in generators and GPUs.

Motor Gasoline

Emission factor
0.0709

Unit
metric tons CO2e per GJ

Emission factor source
2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion, On-road (Table 3.2.1 & 3.2.2)

Comment
Fuel used in company cars

C8.2e

(C8.2e) 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	4772.36	4772.36	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type
<Not Applicable>

Region of consumption of low-carbon electricity, heat, steam or cooling
<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling
<Not Applicable>

Emission factor (in units of metric tons CO2e per MWh)
<Not Applicable>

Comment
In the reporting year none of the electricity, heat and cooling amounts were accounted at a low-carbon emission factor.

C-TS8.4

(C-TS8.4) Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

Activity
Aviation

Metric figure
0.0213

Metric numerator
Other, please specify (Kg of Jet Kerosene)

Metric denominator
Available seat.km

Metric numerator: Unit total
745829760

Metric denominator: Unit total
34928000

% change from last year
0.68

Please explain
Although our kerosene consumption has increased 9.25 % in 2018, our ASK values have also increased by 10% and overall our consumption/ASK value has decreased when compared to the previous year.

C9. Additional metrics

C9.1

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

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
26

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 2018 we have included 7 A320-200 NEO Aircrafts in our fleet. By the end of 2018 26% of our fleet consists of A320 NEO aircrafts.

C-TO9.6/C-TS9.6

(C-TO9.6/C-TS9.6) What is your investment in research and development (R&D), equipment, products and services and which part of it would you consider a direct investment in the low-carbon transition?

Activity
Aviation

Investment start date
July 10 2012

Investment end date
December 15 2024

Investment area
Equipment

Technology area
Other, please specify (Energy efficient aircrafts)

Investment maturity
Large scale commercial deployment

Investment figure
45625000000

Low-carbon investment percentage
81-100%

Please explain
We have signed an agreement with Airbus in 2012, for the purchase of up to 100 A320 & A321 NEO Family aircrafts, 75 of which subjected to a firm order and 25 optional. In 2018 we have included 7 A320-200 NEO Aircrafts in our fleet. By the end of 2018 26% of our fleet consists of A320 NEO aircrafts. The given investment figure is the total investment amount for 12 years.

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 emissions data provided

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

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

Page/ section reference
According to EU regulations we are subject to EU-ETS for all of our intra EU flights. In 2018 we have performed a total of 123 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. This is why the statement is not attached to the CDP report.

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 systems in which you participate.

EU ETS

% of Scope 1 emissions covered by the ETS
0.04

Period start date
January 1 2018

Period end date
December 31 2018

Allowances allocated
4022

Allowances purchased
0

Verified emissions in metric tons CO2e
922

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 in which you participate or anticipate participating?

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 ve verified.

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
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 as approximately 20 €/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.

Actual price(s) used (Currency /metric ton)
20

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

Type of internal carbon price
Offsets

Impact & implication
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?
No, we do not engage

C12.1d

(C12.1d) Why do you not engage with any elements of your value chain on climate-related issues, and what are your plans to do so in the future?

We do not engage with any elements of our value chain because we do not calculate our scope 3 emissions. Our main impact on climate change lies on our jet kerosene consumption (99,6% of our total Scope 1+Scope 2 emissions comes from Jet kerosene consumption). Therefore our main effect on our Scope 3 emissions also comes from extraction, refining and transportation of the fuel we use. Rather than engaging with our value chain, we believe it is much more important to work and invest on projects where we can reduce our fuel consumption, which will have a more valuable impact on reducing our GHG emissions.

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?

Head of our Integrated Management System and Business Excellence Department who is also a 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 since they are the ones who are making these strategies.

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
2018_Investor_PEGASUS_HAVA_TAŞIMACILIĞI_AŞ.pdf
Pegasus Investor Relations Screenshot.png

Page/Section reference
We publish our CDP Reports on our investor relations website. The reports can be reached at: http://www.pegasusinvestorrelations.com/medium/image/pegasus-airlines-2018-cdp-report_886/view.aspx The whole document relates to climate change and GHG emissions.

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

Comment

C14. 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.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head of IMS and Business Excellence and Member of Operations Executives Board	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms