PEGASUS HAVA TAŞIMACILIĞI A.Ş. - Climate Change 2022

C0. Introduction

C0.1

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

Pegasus Hava Taşımacılığı A.Ş. ("**Pegasus**" or the "**Company**") is the leading Turkish low-cost airline in terms of passengers carried, focused on providing an affordable, on-time air travel service with a young fleet of 90 aircraft as of December 31, 2021. As a result of its successful implementation of this low-cost strategy, Pegasus has experienced rapid expansion of its operations both domestically and internationally and has achieved a broad awareness of its brand in Turkey and growing brand recognition internationally. Between 2009 and 2019, the total number of passengers carried increased at a CAGR of 18%, significantly outpacing the 9% annual average growth of the overall Turkish market, according to data from the Turkish General Directorate of State Airports Authority ("**DHMİ**") and the Company.

Pegasus focuses on providing high-frequency services on short- and medium-haul, point-to-point and transit routes across its domestic and international network, primarily from its hub, the modern Sabiha Gökçen Airport in Istanbul. With its "Low Cost Air Freight" business model, Pegasus provides air travel opportunities to large masses with its flight network of 44 countries/120 destinations as of the end of 2021. As of December 31, 2021, Pegasus offered scheduled passenger services on 36 domestic routes in Turkey and 84 international routes to European (including North Cyprus), CIS, Middle Eastern and African destinations, serving a flight network covering 120 destinations in 44 different countries.

Pegasus' business model is based on a strong focus on efficient operations and cost control, and revenue generation through various services ancillary to the core air passenger services, including revenue related to pre-order and in-flight sales of beverages and food, excess baggage fees, reservation change and cancellation fees, airport check-in fees, seat selection fees, and in-flight entertainment fees. In 2021, the Company's revenue recorded from ancillary services constituted 31% of total revenue for the period. In 2021, Pegasus continued to derive revenue from other services, primarily consisting of cargo services and a relatively low volume of charter and split charter flights for tour operators, which represented 2% of total revenue for the period.

In 2021, Pegasus had a total of 20.2 million passengers, compared to 14.7 million passengers in 2020 and 30.8 million passengers in 2019. Its market share in 2021, measured in terms of scheduled passenger numbers, was 13.0% in international routes to and from Turkey and 34.1% in domestic routes, compared to 16.0% and 38.7%, respectively, in 2020, according to data from DHMİ and the Company.

In 2021, the Company's cost per available seat kilometers ("**CASK**"), non-fuel was recorded as € 2.23.

As of December 31, 2021, Pegasus' operating fleet comprised 25 Boeing 737-800, 11 Airbus A320ceo aircraft, 46 Airbus A320neo aircraft and 8 Airbus A321neo aircraft.

Pegasus operates a young fleet, with the average age of its aircraft being 5.0 years as of December 31, 2021. Seven aircraft joined the Pegasus fleet in 2021 and under its Airbus order, Pegasus expects 20 aircraft and 18 aircraft to be delivered in 2022 and 2023, respectively.

Pegasus' revenue in 2021 was €1,025 million, compared to €629.9 million in 2020 and €1,739.5 million in 2019.

Pegasus is a publicly traded and privately owned entity and shares representing 34.53% of the Company's share capital is traded on Borsa Istanbul (**BIST**"). The ultimate beneficiaries of the remaining 65.47% are the members of Şevket SABANCI family, a significant majority of which is held through the Company's controlling parent Esas Holding A.Ş.

As of December 31, 2021, Pegasus and its consolidated subsidiaries employed 6,067 full time employees.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

Albania
Austria
Azerbaijan
Bahrain
Belgium
Bosnia & Herzegovina
Bulgaria
Czechia
Denmark
Egypt
Estonia
Finland
France
Georgia
Germany
Greece
Hungary
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jordan
Kazakhstan
Kuwait
Kyrgyzstan
Lebanon
Lithuania
Morocco
Netherlands
North Macedonia
Norway
Oman
Pakistan
Qatar
Republic of Moldova
Romania
Russian Federation
Saudi Arabia
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland

C0.4

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

TRY

C0.5

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

Operational control

C-TO0.7/C-TS0.7

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

Aviation

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	Borsa İstanbul TREPEGS00016
Yes, an ISIN code	Irish SE-Reg S XS2337336445
Yes, an ISIN code	Irish SE-Rule 144A US705567AA31
Yes, a Ticker symbol	Borsa Istanbul PGSUS

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	CEO is responsible for the management of all sustainability efforts. Accordingly, the highest level of direct responsibility for climate change lies with our CEO. Our CEO reports directly to the Board. Some of the climate-related responsibilities of our CEO includes: - Reviewing and guiding climate-change related strategies - Reviewing and guiding major plans of action - Reviewing and guiding risk management policies - Following up management actions for risks that are determined as substantive - Reviewing performance objectives - Leading the strategies on how climate-related good practices are communicated to our customers - Reviewing the climate-related compliance activities Two of major climate-related decisions approved by our CEO in the reporting year are firstly the 2050 net zero carbon target and then commitment to reduce RPK rate by 20% by 2030 compared to 2019. Pegasus Airlines; In line with the "Net Zero Carbon Emissions Until 2050" decision adopted at IATA's 77th Annual General Assembly, was among the leading airline companies in the world that made this commitment. We support and commit to the net zero carbon target until 2050, with the opportunity provided by the technological developments for the sector, with the support of the energy sector and with the coordination of the stakeholders. In addition, in 2021, the subject of SAF purchase and use was taken into consideration and added to the agenda.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	CEO briefs the Board on climate related issues. Especially risks and opportunities related to upcoming regulations are discussed in the Board. At Board meetings in 2021, sustainability and related environmental and climate change issues were discussed. In the field of environment; - The strategy including climate change was determined. - Strategic and parallel targets were determined. - Climate and environmental issues were also discussed and overviewed in the Risk Board quarterly.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Important but not an immediate priority	In the current situation, since sub-working groups and units provide sufficient support, it is not necessary to have a competent person in the board yet. Board members and the CEO are informed in detail and clearly on sustainability and climate-related issues. The CEO and board members have sufficient knowledge of climate-related issues and the financial aspects of these issues. Also, Authorized Board Members; - Monitors the CDP reports and gives approval at the final stage - Are the final level of decision making and implementation of sustainability-related decisions (such as the IATA Net Zero 2050 target and 2030 20% RPK reduction target). For this reason, a competence in this sense is not sought in the board at the moment. In the next two years, studies will be started to provide sustainability and climate trainings and to gain competence at the desired level within the scope of the board members.

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Operating Officer (COO) *This position is named Chief Flight Operations Officer in Pegasus (CFOO)*	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other C-Suite Officer, please specify (Chief Human Resources Officer (CHRO))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Risk committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other, please specify (Sustainability Working Group)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Risk Review Board)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other, please specify ((Director of Sustainability (Directly reports to CEO)))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	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).

The Board of Directors adopts and reviews the Corporate Sustainability Policy of Pegasus.

CEO is responsible for the management of all sustainability efforts. CEO performs this duty mainly in collaboration with the Director of Sustainability and Sustainability Working Group.

Pegasus established a Sustainability Office as part of its organizational structure, responsible for the coordination and reporting of Company activities within the scope of corporate sustainability and the ESG aspects and the management of opportunities and risks in this area. Company General Counsel who directly reports to our CEO is also undertaking the said duties as Director of Sustainability.

A dedicated Sustainability Working Group is planned in 2021 and formed in 2022 to facilitate communication among relevant departments regarding sustainability and ESG. Sustainability Working Group is also formed, bringing together senior management representatives and Director of Sustainability, to monitor the progress of work on sustainability and ESG, long term targets and planning.

Director of Sustainability facilitates communication between The Working Group and other units and reports on their work to the CEO. Work carried out in this area is also reported to the Corporate Governance Committee on a quarterly basis and to the Board of Directors on an annual basis. Pegasus Corporate Sustainability Policy, sustainability opportunities and risk framework, strategic targets and key performance indicators and reporting regarding the foregoing are reviewed and/or approved by the CEO, the Corporate Governance Committee and/or the Board of Directors according to the governance matrix set out in written Company procedures.

Sustainability Working Group (SWG) is led by our Director of Sustainability and consists of another representative of the Legal & Corporate Secretariat, 2 Representatives of the Environment and Health Safety Management, 2 representatives from Organizational Development and Talent Management and 1 representative from Investor Relations.

SWG is responsible for working on and proposing of the following climate-related issues to the CEO:

· Sustainability Policy,

· Risks and opportunities framework,

· Targets,

· KPI’s

CFO is a member of the Executive Committee and Risk Review Board and reports to CEO. CFO is responsible for various functions including budgeting, financial reporting, fleet management, finance and procurement. Therefore, CFO is involved in climate change related risks and opportunities from strategy-development, execution and reporting aspects. 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.

CHRO is a member of the Executive Committee and Risk Review Board and reports to CEO. The Environment and OHS Department reports to the CHRO and she is responsible for monitoring current and emerging climate-related regulations and their possible impacts on the company. Assessing and managing climate related risks. Assessment of resource requirements and periodic reviews together with the CEO.

CFOO (Chief Flight Operations Officer) which is the equivalent of COO in Pegasus, is a member of the RRB and has an indirect responsibility related to climate change. One of his main duties is to make sure that we use the most efficient 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. He has targets to reduce fuel consumption, thus reducing GHG emissions.

The Chairperson of the Risk Review Board (RRB) is our CEO. RRB is composed of high-level executives such as COO, CFO, CCO, CIO, CHRO and General Counsel. RRB assesses all types of risks, including climate-related risks according to our risk assessment matrix during their meetings and reviews the Company’s bi-monthly Risk Management Reporting carried out under the scrutiny of the Risk Committee of the Board of Directors.

Risk Committee has 3 members and is chaired by an independent member of the Board of Directors and the majority of its members are non-executive members of the BoD. Following the assessment of RRB, significant risks and trends are reported to the Risk Committee by CEO and senior management.

C1.3

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

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

C1.3a

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	Our Environment, Health and Safety department executives are responsible for monitoring GHG emission reductions, and this is a part of their KPI's. These targets include monitoring the reduction of GHG emissions per revenue passenger km. During annual performance assessments the EHS executives are also assessed according to their achievement status of these targets, and they are awarded accordingly. The executives that reach their targets receive bonuses. Due to confidentiality, we cannot disclose the exact value of the targets or the rewards.
Chief Operating Officer (COO)	Monetary reward	Energy reduction target	Our CFOO (Chief Flight Operations Officer-Equivalent position of COO in Pegasus) has a target to reduce fuel consumption as a part of his KPI's. During annual performance assessments the CFOO 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.
All employees	Monetary reward	Emissions reduction project	There is the "Flydea" system, which is planned to be put into use within the scope of Pegasus in 2021 and implemented in 2022. With this system, all employees can submit suggestions and system improvements (including sustainability and climate) in 8 categories and be rewarded with a cash prize when their suitability is confirmed after evaluation.

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

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

C2.1b

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

The impact of the risk is assessed in four categories: Human, Financial, Reputation and Environment.

Definition of substantive impact of a risk, therefore, changes according to the category as follows:

· Human: A reportable disability,

· Financial: an impact of 29.36 million TL (2 million Euros),

· Reputation: National exposure

· Environment: High but reversible environmental damage

If the impact of a risk is assessed to be higher than the above given thresholds, even if its probability of occurance is low, the risk is considered as a substantive risk and mitigation activities are planned.

For risks with lower impact we use a risk matrix to assess the probability and impact of the risks as follows:

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

o Almost Certain - 5

o Probable - 4

o Rare- 3

o Extremely Improbable - 2

o Almost impossible - 1

Then, the impact of the identified risk event is determined. Out of 4 categories (Human, Financial, Reputation and Environment), the one with the highest impact contributes to the assessment. In other words, the weakest link philosophy is used:

o Critical - A

o Serious- B

o Moderate - C

o Minor - D

o Negligible -E

To obtain an overall assessment of the risk/opportunity, probability & 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 & severity (3B) is the risk of a harm under consideration. The color coding in the matrix reflects the tolerability regions.

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

o Orange – 3A, 4B, 5C - High Risk: Mitigation measures shall be applied very quickly (Opportunity: Action to be planned and realized in 1 year).

o Yellow – 2A, 2B, 3B, 3C, 4C, 4D, 5D – Critical Risk: The risk level shall be reduced. Mitigation measures shall be applied mid-term. (Opportunity: Realization of the opportunity planned mid-term)

o Green – All the rest – Acceptable risk shall be controlled regularly (Opportunity: No action-except monitoring)

C2.2

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

Value chain stage(s) covered
Direct operations
Upstream
Downstream

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

Frequency of assessment
More than once a year

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

Description of process
We have a risk management process that is integrated multi-disciplinary company-wide risk identification, assessment &management processes. In the risk assessment we cover all value chain stages including risks related to our supply chain & risks related to our customers (behavioral change, reputation etc.). We cover all time horizons depending on the risk type, i.e regulatory risks may be covered for short-medium term assessments, whereas physical climate related risks are covered for long-term (7-30 years). Both at the company and asset level climate-change related risks and opportunities are first assessed by the Environment, Health and Safety (EHS) Department. The climate related risk assessment is performed in accordance with PG-HA-PR-013 “Corporate Risk/Opportunity Management Procedure”. The risks that are assessed to have substantive operational & financial impacts by the EHS Department Manager are reported to the Senior Risk Specialist in order to be included in the company-wide risk assessment process. This process includes a thorough impact & vulnerability assessment in the Risk Review Board (RRB) Meetings. If the risk has low operational and/or financial impact, this risk is first discussed in the Sustainability Working Group (SWG) & after the risk is assessed in the SWG, if the risk is assessed to be important, then it is discussed with our CEO, then discussed in the Operations Executive Committee (OEC)if deemed necessary by the CEO. The significant risks are then reported to the RRB. The most important risks are reported to our Risk Committee (RC), which consists of non-executive members of our BoD & non-Board member non-executive experts. The RRB and the RC meet quarterly to assess & define how to manage the risks that are identified by the relevant departments. Risk Management Reporting takes place once every two months. The management proposals given by the EHS Department are discussed in the OEC & further actions are taken according to the decisions of the OEC. EHS Department is responsible for application of the management plan, which includes setting targets to reduce these risks & making performance reviews to assess whether the climate change related targets are met. For Moderate & Minor Risks the management plans are developed & applied by the EHS department with the approval of EHS Department Manager. The risks are assessed in four categories, namely: Human, Financial, Environmental & Reputational Risk assessment methods are described in Question C2.1b. The risks that are assessed as important are first discussed with our CEO. The significant risks are reported to the RRB. The most important risks are reported to our Risk Committee. Risks & opportunities that may have a substantial health, financial, reputational & environmental impacts are prioritized & managed accordingly. For example a reportable disability, a financial impact of more than 2 million Euros (29.36 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. Application of the process to a transition risk: Emerging ETS regulations like CORSIA & Turkish ETS poses a risk of increase in our indirect operational expenses. This risk was included in the risk assessment and initial assessment was performed using financial criteria as this risk would have apparent financial repercussions on Pegasus. The minimum financial impact of this risk was calculated as 192.9 Million TL, which is way above our substantive impact threshold of 29.36 Million TL, hence there was no need of scoring the risk any further. This risk was reported to the CEO and RRB. Our investment in Airbus NEO’s is one of the ways we respond to this risk as NEO’s use less fuel. Details of how this risk is managed can be seen under Risk 1 in C2.3a. Application of the process to a physical risk: According to climate change related scenarios, the frequency & severity of extreme weather events will become higher. 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. 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 & RRB. The management plan suggested by the EHS Department is accepted by the RRB. The management plan includes transferring the risk by insuring our aircraft 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 Committee, both of the risks identified above are not reported to the RC as they are coded Orange.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	RELEVANCE: As our operations are carbon-intensive, the climate change related regulation has a direct effect on our operations, so it is always included in our risk assessments. EXAMPLE: We are included in the EU-ETS aviation regulation. This regulation covers less than 1% of our flights and we always have excess allowances. CORSIA has started in 2020. In the initial plan of CORSIA, GHG emissions from 2019 and 2020 would be identified as the baseline and emissions would be limited to the average of these two base-years. However due to the pandemic the emission figures in 2020 were very low, therefore it has been decided to exclude 2020 from the baseline calculations. Our responsibility for monitoring, reporting and verification however, continued in 2020 and 2021. According to CORSIA GHG emissions that exceed 2019 levels will be subject to a fee. But it is not clear how the fee is going to be applied by the member states. This uncertainty poses a risk and this risk is closely monitored by our EHS Team.
Emerging regulation	Relevant, always included	RELEVANCE: As stated above, climate change related regulation is of primary importance to us as our business is carbon intensive. EXAMPLE: Emission trading schemes like EU-ETS and CORSIA regulation is included in our risk assessments. In Turkey, there is an active MRV system, and the aviation industry will be a part of this regulation. Turkish authorities are already working on a carbon pricing mechanism, and it is expected that this mechanism will be similar to EU-ETS. With this regulation in place almost all of our operations will be regulated under an ETS. In EU it is expected the scope of the aviation activities will expand and there is a risk of EU-ETS and CORSIA overlapping for our European destinations. Details of how this risk is managed can be seen in the risk table under question C2.3a (Risk1).
Technology	Relevant, sometimes included	RELEVANCE: Technological improvements may help us reduce our effect on climate change while also reducing our costs, so it is included in our risk assessments under potential opportunities section. EXAMPLE: One example of this type of opportunity is our fleet age, as our aircraft 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. We are also following up new technologies like Sustainable Aviation Fuels, Hydrogen fuelled GPUs, electric ground operations vehicles, etc. However, we are unable to calculate the financial impacts of these new technologies.
Legal	Relevant, always included	RELEVANCE: Non-compliance with the climate related regulation may result in climate related litigation claims. Although we include this issue in our risk assessment, it is assessed under current and emerging regulation categories. Other than regulatory issues, we don't see any other risks where we may be subject to climate-related litigation claims. Although our business is carbon-intensive, we are always working to reduce its climate-related impacts by reducing our fuel consumption. We are constantly renewing our fleet with fuel efficient aircraft like Airbus-NEO aircraft. EXAMPLE: Climate related emerging and current regulation like CORSIA and Turkish ETS are under our radar. Non-compliance with these regulations may result in penalties or litigation claims. In order to manage this risk we follow the development of these regulations closely, participating in workshops and giving feedback to policy makers.
Market	Relevant, always included	RELEVANCE: As one of our main operational expenses is jet kerosene, we need to monitor the changes in the market extremely closely. Even a small fluctuation on market prices, may impact our operational expenses severely. EXAMPLE: One example of risk that is assessed under this category is carbon taxes on fossil fuels. Some of the European countries that we provide service to have already started implementing carbon taxes on fossil fuels. In the light of the new international agreements this application may be more common than it is today. This presents a risk of increase in our indirect operational expenses. Another example is the compulsory use of Sustainable Aviation Fuels in some countries. As SAF is not a very common fuel, it is currently much more expensive than regular Jet fuel which means we would face additional operating costs. Please see Question C2.3a-Risk 2 for details on this risk and how it is managed.
Reputation	Relevant, always included	RELEVANCE: As we are in the service industry, changing customer behaviour is one of our primary concerns. Also our reputation as a company is of utmost importance to us, if our reputation is lost, we may lose customers and this may have drastic impacts on our business. EXAMPLE: Being the first aviation company in Turkey to monitor and report our climate related strategies, risks, targets and performance to CDP, Pegasus has a good reputation in terms of climate-change related efforts. As people become more aware of the impacts of climate change, they may opt for aviation companies to take action on climate-change. This may present an opportunity for us. On the other hand, customers may also opt for less carbon intensive transport options, which may pose a risk of reduced revenues due to reduced demand for our services. However, the impacts of this opportunity and this risk were not assessed to be substantive, and therefore they were not taken to the Risk Review Board. Please see Question C2.4a-Opportunity 2 for details on this topic.
Acute physical	Relevant, always included	RELEVANCE: Being in the transportation industry, we always need to work according to the weather conditions, and aviation is one of the most effected industries from acute physical weather events, that is why it is always included in our risk assessments. EXAMPLE: Extreme weather events are one of the risks that are considered under acute physical category. According to climate change related scenarios, the frequency and severity of extreme weather events will become higher. Storms with extreme rainfall, wind and lightning have a potential to restrict our operations, causing delays and cancellation of flights. Extreme weather events may also result in higher wind velocities and increased en route turbulence, which may require changes in flight routes or cruise altitudes, or even cancellation of flights. This risk is assessed annually. For 2021 the impact of this risk was not assessed to be substantive, so it is not reported to the Risk Review Board and not included under section C2.3a of this report. Although the details of these risks are not included in this report, we are closely monitoring and managing these risks.
Chronic physical	Relevant, always included	RELEVANCE: As stated above physical climate conditions are of primary importance to us. Changes in precipitation patterns and extreme variability in weather patterns and also rising mean temperatures are chronic impacts of climate change that are relevant to our operations. EXAMPLE: One of the effects of climate change is having harsher and longer winters in the areas that we operate. This may result in an increase in our operational costs as we have to de-ice the planes more frequently. Not only these weather events increase our need for de-icing, but also they will cause delays in our operations both of which increases our operational costs. Another risk is temperature extremes which may cause delay in our operations and negatively affect working conditions of our ground services employees directly reducing working hours therefore increasing our operational costs. Additionally, in extremely hot temperatures aircraft engine performances decrease causing longer take- off runway time. In order to shorten this additional take-off runway period, the engine power is increased which results in additional fuel consumption, which in turn increases our GHG emissions. Both of these risks are assessed each year. For 2021 the impact of these two risks were not assessed to be substantive, so the risks were not reported to the Risk Review Board and not included under section C2.3a of this report. Although the details of these risks are not included in this report, we are closely monitoring and managing these risks.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Within the scope of EU ETS, we report intra EU flights (intra EEA flights) to Europe every year and calculate our greenhouse gas emissions from these flights. If the scope of the report for EU ETS is expanded, the area and amount of flights we are responsible for will increase. In case of exceeding the determined and allocated level, we would

have to purchase allowances for the exceeded amount within the scope of EU-ETS. In 2020 CORSIA took effect, and all international air traffic around the globe expected to be included in this ETS until 2027 (except LDC and SIS) In order to comply with CORSIA we started monitoring and reporting all our international flights. As 2020 & 2021 were extraordinary years, the baseline will be determined according to 2019 values, and we will need to offset the GHG emissions that exceed the 2019 values. This will result in an increase in our indirect (operating) costs. However according to some reports published by IATA it is not expected for the aviation industry to recover from the impacts of Covid-19 and exceed the 2019 baseline emission figures until 2025. That is why, although this regulation is in effect, the time horizon for this risk is selected as medium-term. Since CORSIA and EU ETS are two different reporting schemes, there is a risk of double counting of emissions where the scopes overlap, so we may even face a risk of the same flight being included in both trading schemes. In such a case we would have to pay for allowances in both schemes.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
High

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)
192883772

Potential financial impact figure – maximum (currency)
223865224

Explanation of financial impact figure
Currently we are responsible for only intra EU flights (intra EEA flights) under EU-ETS. In the first version of inclusion of Aviation industry in EU-ETS, all flights to and from EU were included, but this was cancelled afterwards. If there is a scope expansion to include these flights we may have a risk of exceeding the cap on our emissions, which would require us to buy extra allowances. (Total emissions (Europe to Turkey + Turkey to Europe)) * 30% (Estimated acceptance of CAP exceedance) * 85 € unit credit price = EU ETS Extended Full Scope scenario EU ETS Expanded version cost: 185 million TL (185,138,350 TL) Euro/TL rate is taken as 14.68 for 2021. Almost all of our international flights are included in CORSIA, if we project an operational growth of 3% with respect to 2019 levels, we would have to purchase 74,647 tons of CO2e / annum starting from 2026 as IATA predicts 2019 baseline cannot be exceeded until 2025. According to price projections published on the ICAO website, CORSIA Frequently Asked Questions document, the lowest price assumption for the beginning phase is 8 USD/ton and the highest price assumption (IEA High) on the advanced stages of the compliance cycles can go up to 40 USD/ton USD/TL rate is taken as 12.97 for 2021. The risk that occurs in the absence of a pandemic under normal conditions, which can be taken as an example of the scenario we will face in the coming years: The minimum potential financial impact is calculated as: 8 USD/ton x 74,647 tons x 12.97 TL/USD =7.75 million TL (7,745,372) The maximum potential financial impact is calculated as: 40 USD/ton x 74,647 tons x 12.97 TL/USD =38.73 million TL (38,726,864) In addition, re-evaluations are being made regarding the inclusion of 2020 in the baseline calculations. In this case, the need for offset may come to the fore again in the near term. As a result, there is a case of making payments under both CORSIA and EU ETS (extended version). The same flights are included twice for each scenario. The total cost of risk varies between approximately 192.9 and 223.8 million TL.

Cost of response to risk
3027493567

Description of response and explanation of cost calculation
Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects and challenge ourselves to reduce our GHG emissions. By doing so, we apply our strategy to minimize the impact ETS has/will have on our operational costs. We are also investigating other management options like renewable energy investments and carbon offsetting possibilities for this risk. We are also renewing our fleet with more efficient aircraft and have an ongoing fleet renewal plan. Each year several Airbus A320&A321 NEO aircraft are being included in our fleet. In 2021 we have included 6 A320NEO and 1 A321NEO Aircraft in our fleet, while retiring 9 Boeing 737-800 and 1 A320CEO aircraft. The cost of response was calculated to be around 3.027 billion TL. Although this cost of response is higher than the financial impact of the risk, we see this investment in Airbus Neo aircraft as an investment which will help us manage more than one risk along with several opportunities. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks. The given cost of response is also a one-time investment, whereas the aircraft that we invest in have a very long lifetime. We have also decided to accept some of this risk and reflect the fines that we may need to pay to ticket prices. During the risk review board meeting, it was decided that this will be the major course of action for most of the Turkish aviation companies. The cost of other courses of action are not calculated.

Comment

Identifier
Risk 2

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

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services

Primary potential financial impact
Increased direct costs

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

Company-specific description
It is planned to use alternative fuels for transportation types within the scope of EU Green Deal and Fit For 55. With this method, it is aimed to reduce emissions. Also, it is planned to encourage the use of biofuels, the use of SAF (Sustainable Aviation Fuels) on especially aviation industry, and the roadmap has been drawn up to increase the use of biofuels over the years. In this context, 1% of the fuels loaded for our flights departing from Europe will have to contain SAF and the SAF will have to be supplied from Europe and Turkey. As SAF prices are currently much higher than regular jet fuel, this means an increase in our direct costs.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

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

Potential financial impact figure (currency)
43782245.77

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

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

Explanation of financial impact figure
In case of SAF obligation, it will be possible to supply SAF from both Europe and Turkey. However, when a 1% loading value is calculated for all flights departing from Europe, separate pricing options for Europe and Turkey emerge. In addition, the use of SAF has a higher cost than our current aviation fuels. SAF is not readily available in Turkey yet. For this reason, we have used the average purchasing prices from EU to calculate the impact of this risk on our operations. Based on the scenarios of EU Refuel regulation and possible SAF regulation in TR, our financial impact approach can be considered as follows: Fuel uplift (from all airports in EU and TR) x 1% blend rate x (3500 $/ton) average fuel price for SAF – (1300 $) JetA1 = Additional fuel cost Blend ratio will gradually increase by 3%, 5%, 20% etc, but meanwhile the volume of SAF supply will increase. Unit prices for fuel will change accordingly. Therefore, it is not possible to predict the medium term at the moment. The final calculated financial impact of this risk is 43.78 Million TL.

Cost of response to risk
3027493567

Description of response and explanation of cost calculation
Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects and challenge ourselves to reduce our GHG emissions. We are also renewing our fleet with more efficient aircraft and have an ongoing fleet renewal plan. Each year several Airbus A320&A321 NEO aircraft are being included in our fleet. In 2021 we have included 6 A320NEO and 1 A321NEO Aircraft in our fleet, while retiring 9 Boeing 737-800 and 1 A320CEO aircraft. The cost of response was calculated to be around 3.027 billion TL. Although this cost of response is higher than the financial impact of the risk, we see this investment in Airbus Neo aircraft as an investment which will help us manage more than one risk along with several opportunities. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks. In addition, by reducing the amount of fuel we need to supply with our fleet change, we create the opportunity to prevent additional charges due to both SAF and Jet fuel usage. The given cost of response is also a one-time investment, whereas the aircraft that we invest in have a very long lifetime.

Comment

C2.4

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

C2.4a

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

Identifier
Opp1

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

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of new technologies

Primary potential financial impact
Increased revenues resulting from increased production capacity

Company-specific description
Current and emerging climate-related national and international legislation, forces us to be more and more focused on our fossil fuel consumption. These climate-related regulations together with regular increase in fuel prices drives us to invest in new technologies and emission reduction initiatives. The best way to reduce our GHG emissions is to invest in more efficient aircraft. In July 2012, Pegasus placed an order with Airbus for 57 firm order A320neo and 18 firm order A321 neo aircraft, totalling 75, and an additional 25 optional aircraft, thereby constituting a purchase order for 100 new aircraft. In December 2017, Pegasus exercised its option for 25 additional aircraft and converted these option aircraft to firm orders in A321neo configuration, subject to an additional option to reconvert the order to A320neo configuration subject to the applicable notice periods prior to the scheduled delivery of aircraft. In October 2021, Pegasus placed an order with Airbus for 6 additional A321neo aircraft. The 2012 Airbus Order, as amended, comprised a total of 42 A320neo and 64 A321neo aircraft as of December 31, 2021.Pegasus is the first customer of CFM-Leap series engine used on A320neo aircraft. The LEAP-1A engine offers A320-NEO and A321-NEO operators enhanced performance in terms of fuel consumption and CO2 emissions (15% lower). The engine found in the A320 NEO & A321 NEO aircraft, the LEAP-1A, is a high bypass ratio engine. (It has an 11:1 ratio). The bypass ratio of the CFM56-5B engine in our older AirbusCEO aircraft or the CFM56-7B engine in the B737-800 is around 5:1 or 6:1. A321 NEO Aircraft has also an additional benefit of about 25% higher passenger capacity. Seven aircraft joined Pegasus fleet in 2021 and and as of December 2021, 60% of the aircraft in our fleet are Airbus NEO aircraft. This investment also is an opportunity for us to reduce our fuel related operational expenses, which is one of our major expense terms. Realizing this opportunity will also increase our revenues, because new and more efficient aircraft also have the capacity to carry more passengers than the old versions.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

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

Potential financial impact figure (currency)
68745669

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

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

Explanation of financial impact figure
In the reporting year, we have saved 68,745,669 TL of fuel cost by inclusion of the new aircraft in our fleet. To calculate the potential financial impact, we used the ton of fuel burned per block hour for each type of aircraft. We calculated how much more fuel would be burned in the absence of these new aircraft and multiplied this value with the 2021 average fuel price. This value is reported as the minimum financial impact of this opportunity, as the aviation industry has not yet fully recovered from Covid-19 and returned to normal levels of operation. In the future this financial impact will also be higher with added benefits of lower carbon taxes or ETS fees due to avoided GHG emissions.

Cost to realize opportunity
3027493567

Strategy to realize opportunity and explanation of cost calculation
We are constantly investing in our fleet in order to reduce our GHG emissions. In the medium-term we have a goal of reducing our fleet age. In 2021 we have included 6 A320-Neo and 1 A321-Neo Aircraft in our fleet, while retiring 9 Boeing 737-800 and 1 A321 CEO aircraft. The cost of response was calculated as around 3.03 billion TL. Although this cost of response is higher than the financial impact of the opportunity, we see this investment in Airbus Neo aircraft as an investment which will help us manage more than one opportunity along with several risks. This action also enables us to reduce our fuel consumption which helps reduce our OPEX while managing these risks. The given cost of response is also a one-time investment, whereas the aircraft that we invest in have a very long lifetime.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

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

Company-specific description
According to a recent research by İklim Haber and Konda titled “Perception of Climate Change and Environmental Problems in Turkey” , 66% of the respondents are concerned or highly concerned about the impacts of climate change, and 58% of the respondents think climate crisis has the potential to have a much bigger impact then Covid-19. As the study shows, awareness on climate change is rapidly increasing in Turkey. By demonstrating our commitment to the environment, Pegasus Airlines conveys to its customers and partners that it values corporate social responsibility, which has the potential to create or enhance brand loyalty. Pegasus Airlines is the first airline in Turkey to report its climate-change related strategies CDP Climate-Change program since 2015 (reporting our 2014 performance). Pegasus believes there is a growing inverse correlation between an airline's impact on the environment and airlines' consumer appeal, although it is difficult to quantify as many elements influence customer choice and perceptions. With growing consumer awareness, online platforms such as skyscanner have now started to compare flights on the same route, and the flights that have lower emissions due to better practices and newer technology aircraft are highlighted as greener flight options. With its renewed fleet, Pegasus stands out as an environmentally friendly airline on such platforms. In the long-term as people become more aware of the impacts of climate-change, both investors and customers may have a tendency to choose Pegasus Airlines as we have been working to reduce our emissions by renewing our fleet and also transparently assessing and managing our climate-related risks since 2014.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Low

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

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
10664407

Potential financial impact figure – maximum (currency)
106644070

Explanation of financial impact figure
To calculate the financial impact figure, we have estimated a 0.1% to 1% increase in our revenue. The given min. financial impact figure represents 0.1% of our revenue for 2021 (10.66 Billion TL) and the max. financial impact represents 1% of revenue for 2021.

Cost to realize opportunity
242880

Strategy to realize opportunity and explanation of cost calculation
Pegasus is committed to pursuing reductions in fuel consumption. One of our main strategies to reduce our GHG emissions is renewing our fleet and using more efficient aircraft while reducing our fleet age in the medium-term. As fleet renewal is not solely done to realize this opportunity, the costs associated with fleet renewal is not included in the total costs for realization of this opportunity. We are also disclosing our sustainability-related efforts including our climate-related publicly and transparently on our website and other channels like our in-flight magazine. We also purchase consultancy services to guide our Environment, Health and Safety Department for our climate-related disclosure. We have a team of experts internally who are dedicating some portion of their time to these climate-related disclosures. The given cost is the cost of the consultancy services together with the hours spent internally for the communication of climate-related disclosures.

Comment

Identifier
Opp3

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

Opportunity type
Energy source

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

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
We constanly follow up the developments in sustainable aviation fuels. We see the use of sustainable aviation fuels as an opportunity to reduce our GHG emissions. By reducing our GHG emissions we will have a chance to reduce the impacts of upcoming ETS regulations like CORSIA and Turkish MRV Regulation. In the long-term if we are able to use more sustainable aviation fuels, and if we are to remain under the emissions cap that is implemented by CORSIA and Turkish ETS, we may even have a chance to sell our emissions allowances.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
Low

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

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
We have foreseen 1% reduction in GHG emissions by using sustainable aviation fuels. This translates to 24,882.33 tons CO2e. The calculation is made using 2019 levels of GHG emissions as in 2020 we had to implement a forced suspension of our operations due to Covid-19 related restrictions, and our 2020 GHG emission figures does not reflect our normal level of operations. With the projected min. carbon price of 6 USD for CORSIA which is equal to 37.56 TL, the minimum potential financial impact is calculated as (24,882 x 37.56 TL) 934,567 TL With the projected max. carbon price of 40 USD for CORSIA which is equal to 250.40 TL the max. potential financial impact is calculated as (24,882 x 250.40 TL) 6,230,452 TL. However, we cannot yet realize this opportunity as there are no sustainable aviation fuel suppliers in Turkey.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
As stated above we are following up the research and development studies and applications on Sustainable Aviation Fuels (SAFs). However, there are still barriers on the use of SAF in aviation industry. One major barrier is the lack of production facilities for SAFs, which results in lack of supply. There are also no suppliers in Turkey, therefore we cannot predict a cost for realization of this opportunity in the short-term.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

Publicly available transition plan

<Not Applicable>

Mechanism by which feedback is collected from shareholders on your transition plan

<Not Applicable>

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)

<Not Applicable>

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

In order to reduce emissions and reach net zero, the biggest exit point foreseen from the sectoral perspective of IATA is planned as SAF. Therefore, the expectation is to reduce GHG emissions by 2050 with SAF. When the SAF production is increased and its supply is completed globally, a planning will be made with the current emission values and a road map will be drawn. In fact, it does not seem possible to define a transition plan at the moment due to the expectations of the sector and the factors outside our company within the current possibilities.

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: IEA NZE 2050	Company-wide	<Not Applicable>	We have selected the IEA NZE2050 scenario as it presents a roadmap for the energy sector to transition to a net zero energy system by 2050. It assumes that advanced economies will reach net zero in advance of 2050 and sets out an emissions trajectory consistent with a 50% chance of limiting the global temperature rise to 1.5°C without a temperature overshoot. According to this scenario by 2040, 50% of fuels used in aviation are low-emission bio-based fuels and by 2050 the industry relies largely on biofuels and synthetic fuels. In this scenario it is also stated that aviation emissions are difficult to be eliminated entirely. Another very important highlight of this scenario for Pegasus is "emissions reductions in transport in 2050, nearly 80% come from measures to reduce passenger aviation demand". Almost half of liquid biofuel use in 2050 is for aviation, where biokerosene accounts for around 45% of total fuel use in aircraft. Passenger aviation demand would grow more than threefold globally between 2020 and 2050 in the absence of the assumed changes in behaviour in the NZE. About 60% of this growth would occur in emerging market and developing economies. In the NZE, three changes lead to a 50% reduction in emissions from aviation in 2050, while reducing the number of flights by only 12%. 1- Keeping air travel for business purposes at 2019 levels. Although business trips fell to almost zero in 2020, they accounted for just over one-quarter of air travel before the pandemic. This avoids around 110 Mt CO2 in 2050 in the NZE. 2- Keeping long-haul flights (more than six hours) for leisure purposes at 2019 levels. Emissions from an average long-haul flight are 35-times greater than from a regional flight (less than one hour). This affects less than 2% of flights but avoids 70 Mt CO2 in 2050.
Physical climate scenarios: RCP 8.5	Company-wide	<Not Applicable>	IPCC RCP 8.5 was chosen as one of the worst-case scenarios in order to assess the impacts of acute & chronic physical risks of climate change on our business. This is a pessimistic scenario that contains factors like high population and high economic growth etc. We focus on the acute and chronic physical risks gathering several indicators categorized in increased severity of the extreme weather events like heat waves, storms, heavy precipitation. For the physical impacts of climate change we prefer to analyze medium-to long-term, as the impacts are expected to be more visible in these time horizons. All of our operations are included in the scenario analysis including the supply chain operations. In the long-term, consumer preferences, flight routes, number of flights are expected to change due to climate-related impacts. Also summer-locations may be impacted for sea level rise or temperatures may increase drastically in some regions so flights to those destinations may be cancelled. The results of the scenario analysis impacted Pegasus Airlines strategies as follows: • To become more resilient to impacts of climate change (With the work system of the OCC department, multiple flight planning and route planning can be provided based on the weather information received for each flight. Thus, both safe flight planning is ensured and the most ideal route can be selected to save emissions and energy.) • In 2021, we were among the leading airlines in the world to join the "2050 Net Zero Carbon Emissions" target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). • Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

1. What type of transitional changes we may face if the world agrees to limit the global warming to 1.5°C? 2. What are the physical risks that Pegasus operations are most exposed to? 3. How are flight routes determined in extreme weather conditions? 4. Why was the IEA NZE2050 Scenario chosen for review among the climate-related scenarios?

Results of the climate-related scenario analysis with respect to the focal questions

1. According to NZE2050 Scenario, aviation industry will face drastic changes and if these changes occur it may have serious implications on our business. The most important implications are listed below: a. In 2021, we were among the leading airlines in the world to join the “2050 Net Zero Carbon Emissions” target adopted at the 77th Annual General Assembly of International Air Transport Association (IATA). b. Also in 2021, we further strengthened this commitment by setting our interim carbon emissions target for 2030. Accordingly, we are aiming to reduce flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030, compared to 2019. c. As of October 2021, we started disclosing our carbon emission data benchmarked against past years as part of our monthly traffic report., d. We are working to create sustainable transportation alternatives that can be provided in other transportation routes. We follow the developments on the use of SAF, which is on the agenda. Unfortunately there is currently no SAF supply available. However, we anticipate that the amount of emission reduction due to its use will increase with its formation. e. We have created a long-term fleet transformation project to reduce our emissions and provide a more sustainable transportation alternative. We are replacing our airplanes with new-generation aircraft. With this project, which is planned for the period of 2016-2025, we use less fuel and accordingly emit less emissions with new fleet. f. In order to prevent the negative impact of climate change, we examine the path followed by the IEA NZ2050 scenario and evaluate our actions within this scope. We evaluate the applicability of limited developments in the aviation industry by measuring them. 2. As we fly to many different countries, the physical risks differ from region to region, but many heavy precipitation events like hail and snow, increasing severity and frequency of storms, heat waves may impact our operations in several different ways. 3. With the work system of the OCC department, multiple flight planning and route planning can be provided based on the weather information received for each flight. According to many criteria such as weather conditions, route length, and existing airports, alternatives are created and the most ideal is selected. Thus, both safe flight planning is ensured and the most ideal route can be selected to save emissions and energy. 4. Our purpose in chosing the NZE 2050 Scenario is to evaluate the long-term transitional impacts of climate change on our business. As a company, we have a net zero target of 2050. In order to achieve this goal, we need to decide what factors we need to take into account and what we need to change. We also prioritized examining this scenario to assess the most negative transitional impacts on aviation industry and to start working on better solutions for our industry that can achieve the same global results.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	No	Our services are expected to be impacted from climate related reputational issues. As the customer preferences change, being in a carbon intense sector, the customers may prefer more climate friendly ways of travel. This may impact our short-haul flights as the customers may prefer going to short distances by bus or train. The timeline for this impact is identified as long term (more than 7 years). This risk was not assessed to be substantive, therefore not reported to the CEO or RRB. Therefore, climate-change related risks related to our services have not influenced our strategy yet.
Supply chain and/or value chain	Yes	For the markets where carbon taxes are in place, we have already started seeing the impacts on oil prices. The change in fuel prices will have a direct impact on our operational expenses. An example of the most substantial strategic decision made in this area, which is impacted by climate change related risks, can be our efforts to reduce fuel consumption. We have many efficiency measures in place, and we are also investing in fuel efficient aircraft since 2012. In 2012, Pegasus has signed an agreement with Airbus for the purchase of up to 100 A320 & A321 NEO Family aircraft, 75 of which are subject to a firm order and 25 optional.
Investment in R&D	No	In 2018 we started researching the use of biofuels in our aircraft. This can be great opportunity to reduce our GHG emissions, however there are still no suppliers in Turkey and aircraft producers shall also confirm the use of biofuels in the planes. We are currently monitoring the research that is being done in the field and considering investing in R&D of this opportunity. However up until now, there has been no investment in such R&D project, therefore we can say that climate-related risks and opportunities have not yet influenced our strategy in investment in climate-related R&D.
Operations	Yes	Our operations are being impacted especially from extreme weather conditions. These effects include damages to aircraft 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 but not reported under section 2.3a An example of themost substantial strategic decision made in this area, which is impacted by climate change related risks is our decision to invest on our own de-icing equipment to reduce delays.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Indirect costs Capital expenditures Capital allocation Assets	DIRECT COSTS: Climate-related risks and opportunities have influenced our financial planning especially for direct costs. As our services include transportation of passengers, we classify fuels that we use in our aircraft as a direct cost. Any climate-related increase in fuel prices will directly impact our operational expenses. As an example: Carbon taxes on fuels, and mandates on using biofuels in some countries have already been included in our financial planning. These risks are assessed to have a medium to high financial impact. For details of this assessment please see Risk 2 under Section 2.3a of this report. The time horizons covered by the financial planning is short to medium-term, as we think after medium-term these climate-related impacts will be our new normal. INDIRECT COSTS: Climate-change related extreme weather events may harm our aircraft. This harm is classified under indirect costs in our financial planning. The time horizons covered by the financial planning is short-medium and long-term. Our OPEX has already been impacted from extreme weather conditions. Although, the impact is low for the time being, we predict the impact can be medium in the long term (3-10 years) with changing climate patterns. CAPITAL EXPENDITURES: As we are facing challenges like carbon taxes, EU-ETS scope expansion and CORSIA we work hard to manage our GHG emissions and lower our fuel consumption. Therefore climate-related risks are always included in our financial planning in short-medium and long-term time horizons. As an example on the influence of climate-related risks on our financial planning, in the reporting period, we have invested in fuel efficent aircraft and have included 6 A320-Neo and 1 A321-Neo Aircraft in our fleet, while retiring 9 Boeing 737-800 and 1 A320ceo aircraft in the reporting year. CAPITAL ALLOCATION: As stated above, we are facing challenges especially on climate-related regulations (Risk 1 under section 2.3a of this report). These climate -related risks have influenced our financial planning especially for capital allocation. In 2012, Pegasus has signed an agreement with Airbus for the purchase of up to 100 A320 & A321 NEO Family aircraft, 75 of which are subject to a firm order and 25 optional. Therefore, these risks have already been included in our medium to long term financial planning on capital allocation. ASSETS: Our main assets are our planes, and they are impacted by extreme weather events such as hail storms. Although currently the magnitude of these impacts are low, we believe in the long term the impacts may be medium. Therefore impacts of climate-related risks on our assets have influenced our financial planning especially in the long-term time horizon.

C4. Targets and performance

C4.1

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

C4.1b

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

Target reference number
Int 1

Year target was set
2018

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Location-based

Scope 3 category(ies)
<Not Applicable>

Intensity metric
Grams CO2e per revenue passenger kilometer

Base year
2016

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)
84.09

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
0.12

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)
84.22

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure
100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure
100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure
<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure
100

Target year
2026

Targeted reduction from base year (%)
15

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]
71.587

% change anticipated in absolute Scope 1+2 emissions
17

% change anticipated in absolute Scope 3 emissions
10

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)
72.1

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
0.18

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)
72.18

% of target achieved relative to base year [auto-calculated]
95.3059447478825

Target status in reporting year
Underway

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

Target ambition
<Not Applicable>

Please explain target coverage and identify any exclusions
This target covers 100% of our Scope 1 and Scope 2 GHG emissions. While setting our targets we have used the intensity metrics that are mainly used in the aviation industry. With this target we aim a reduction of 15% in our GHG emissions intensity per passenger kilometer. 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 17%.

Plan for achieving target, and progress made to the end of the reporting year
We plan to achieve this target via renewal of our fleet. In July 2012, Pegasus placed an order with Airbus for 57 firm order A320neo and 18 firm order A321 neo aircraft, totaling 75, and an additional 25 optional aircraft, thereby constituting a purchase order for 100 new aircraft. In December 2017, Pegasus exercised its option for 25 additional aircraft and converted these option aircrafts to firm orders in A321neo configuration, subject to an additional option to reconvert the order to A320neo configuration subject to the applicable notice periods prior to the scheduled delivery of aircraft. In October 2021, Pegasus placed an order with Airbus 6 additional A321neo aircraft. The 2012 Airbus Order, as amended, comprised a total of 42 A320neo and 64 A321neo aircraft as of December 31, 2021. Pegasus is the first customer of CFM-Leap series engine used on A320neo aircraft. Seven aircraft joined Pegasus fleet in 2021.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

Target reference number
Int 2

Year target was set
2021

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Location-based

Scope 3 category(ies)
<Not Applicable>

Intensity metric
Grams CO2e per revenue passenger kilometer

Base year
2019

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)
64.68

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
0.1

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)
64.78

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure
100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure
100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure
<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure
100

Target year
2030

Targeted reduction from base year (%)
20

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]
51.824

% change anticipated in absolute Scope 1+2 emissions
15

% change anticipated in absolute Scope 3 emissions
10

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)
72.1

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
0.18

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)
72.28

% of target achieved relative to base year [auto-calculated]
-57.8882371102192

Target status in reporting year
New

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

Target ambition
<Not Applicable>

Please explain target coverage and identify any exclusions
This target covers 100% of our Scope 1 and Scope 2 GHG emissions. While setting our targets we have used the intensity metrics that are mainly used in the aviation industry. With this target we aim a reduction of 20% in our GHG emissions intensity per revenue passenger kilometer by 2030. Our main focus is to reduce the amount of emissions caused by aviation fuel use, however we have also included Scope 2 emissions in this 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%.

Plan for achieving target, and progress made to the end of the reporting year
We plan to achieve this target via renewal of our fleet. In July 2012, Pegasus placed an order with Airbus for 57 firm order A320neo and 18 firm order A321 neo aircraft, totaling 75, and an additional 25 optional aircraft, thereby constituting a purchase order for 100 new aircraft. In December 2017, Pegasus exercised its option for 25 additional aircraft and converted these option aircrafts to firm orders in A321neo configuration, subject to an additional option to reconvert the order to A320neo configuration subject to the applicable notice periods prior to the scheduled delivery of aircraft. In October 2021, Pegasus placed an order with Airbus 6 additional A321neo aircraft. The 2012 Airbus Order, as amended, comprised a total of 42 A320neo and 64 A321neo aircraft as of December 31, 2021. Pegasus is the first customer of CFM-Leap series engine used on A320neo aircraft. Seven aircraft joined Pegasus fleet in 2021.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C4.2

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

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Int1
Int2

Target year for achieving net zero
2050

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

Please explain target coverage and identify any exclusions
The target covers all of our GHG emissions company wide. There are no exclusions. As Pegasus Airlines, minimising the negative effects on the environment and preventing pollution within the framework of the life cycle are an integral part of our environmental policy. We also carry out monitoring, reporting and improvement work within the framework set out by national and international regulations as part of the efforts towards climate protection and combating global warming. We committed IATA's "Net Zero Carbon Emissions by 2050" resolution together with the world's leading airlines. With this commitment, we support and commit to the target of achieving net zero carbon emissions by 2050 by utilising the opportunities provided to our sector through technological advances, with the support from the energy sector and in coordination with stakeholders. "IATA Net Zero Carbon Emissions by 2050" target milestones; • Increasing the use of SAF gradually from 2025 until 2050 and meeting 65% of the total fuel need by 2050 (65% Sustainable Aviation Fuel (SAF)) • 13% New technology, electric and hydrogen • 3% Infrastructure and operational efficiencies • 19% Offsets and carbon capture This target is the most realistic net zero target in the industry. The target is based on the entire aviation industry acting together and progressing in cooperation. For this reason, it should be considered as an individual and also a sectoral target.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?
Unsure

Planned milestones and/or near-term investments for neutralization at target year
<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

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

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	3	44686
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
31360

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
167328564

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

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
In 2021 we have reduced our GHG emissions through efficient flight planning and optimization of the flight routes during the flights. These two separate initiatives help us reduce fuel consumption considerably. During the reporting year we have reduced 31,360 tons of CO2e emissions through these efficiency measures. As these initiatives do not require an extra investment other than time and effort of our employees, the investment required value is given as zero. As the investment figure is zero, the payback period is selected as “no payback” The annual monetary savings are calculated using the price of fuel and the amount of fuel saved in kgs. The estimated lifetime of the initiative can’t be calculated because these initiatives are optimization activities, and do not include any investment in new materials/machines that will have a certain lifetime. Therefore, the estimated lifetime is given as “ongoing”.

Initiative category & Initiative type

Transportation	Company fleet vehicle replacement

Estimated annual CO2e savings (metric tonnes CO2e)
12884

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
68745669

Investment required (unit currency – as specified in C0.4)
3027493567

Payback period
>25 years

Estimated lifetime of the initiative
16-20 years

Comment
We have increased the Airbus Neo percentage on our fleet from 50% in 2020 to around 60% in 2021, with the addition of 6 Airbus A320 NEO, and 1 A321 NEO aircraft. Our fleet age has also decreased from 5.04 to 5.0 in 2021. These new investments resulted in 12,884 tonnes of CO2 savings. Annual monetary savings are calculated using the unit fuel price and amount of fuel saved during the reporting year. This is part of an on-going investment. In 2021 the investment in these new technology aircraft were around 3.03 billion TL. Renewal of our fleet is embedded into our business strategy since 2012, therefore these investments are considered as a fundamental cost of performing our business rather than an incremental cost occurring as a result of an emission reduction project.

Initiative category & Initiative type

Transportation	Company fleet vehicle replacement

Estimated annual CO2e savings (metric tonnes CO2e)
442

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1282519

Investment required (unit currency – as specified in C0.4)
4199340

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
We have reduced 442 tons of emissions by replacing diesel oil powered tracktors used in ground handling operations with electric versions. During the reporting year we have reduced 442 tons of CO2e emissions with this efficiency measure. In 2015 the investment in these new technology charged tractors were around 4.2 million TL. If a diesel vehicle was purchased instead of the Electric Tractor, the fuel consumption cost over the years (approximately 3 years) was calculated as 536,295 L diesel and 3,557,464.84 TL cost.

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 2021 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?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

The IEA Energy Technology Perspectives Clean Energy Technology Guide

Type of product(s) or service(s)

Aviation	Geared Turbo Fan/ Ultra-High Bypass Ratio engine

Description of product(s) or service(s)

As of December 2021, 60% of the aircraft in our fleet are Airbus NEO aircraft. The LEAP-1A engine offers A320-NEO and A321-NEO operators enhanced performance in terms of fuel consumption and CO2 emissions (15% lower), NOx emissions (up to 50% lower) and noise (in accordance with Chapter 14). The engine found in the A320 NEO & A321 NEO aircraft, the LEAP-1A, is a high bypass ratio engine. (It has an 11:1 ratio). The bypass ratio of the CFM56-5B engine in our older Airbusceo aircraft or the CFM56-7B engine in the B737-800 is around 5:1 or 6:1. For this reason, LEAP-1A engines in Airbus NEOs are called "high bypass". A321 NEO Aircraft has also an additional benefit of about 25% higher passenger capacity.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify (Using own revenue passanger kilometer data for each type of aircraft in our fleet and their fuel consumption figures, we calculated gr CO2/rpk data and we made a comparison to see the efficiency of Airbus A321NEO aircraft.)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

revenue passanger km

Reference product/service or baseline scenario used

Non Airbus NEO aircraft in our current fleet

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

0.00001384

Explain your calculation of avoided emissions, including any assumptions

In order to be able to make a plausible comparison we used kg of fuel emitted per revenue passanger km in each type of plane in our fleet. We calculated grCO2e per revenue passanger kilometer (rpk) for our A321NEO and A320 NEO aircraft and other aircraft. For A321NEO and A320NEO aircraft average g CO2e emissions per rpk equals to 64.66 gCO2/rpk For our other aircraft with non high bypass ratio engines average g CO2e emissions per rpk equals to 81.50 gCO2/rpk. The avoided emissions are calculated as= 81.50-64.66 = 13.84 gCO2/rpk = 0.00001384 tCO2/rpk

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

60

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

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

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, we don't use any market-based instruments.

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 are not able to reach market-based emission factors. Therefore we don't calculate market-based Scope 2 GHG emissions.

Scope 3 category 1: Purchased goods and services

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
66529.81

Comment
2021 is our first year of a detailed Scope 3 calculation. As we weren't able to find relevant emission factors for the goods and services we purchase, this figure is calculated using GHG Protocol Quantis Scope 3 Evaluator tool.

Scope 3 category 2: Capital goods

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
14024.64

Comment
2021 is our first year of a detailed Scope 3 calculation. This category includes our Airbus aircraft purchases.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
371054.16

Comment
WTT emissions of the fuels and electricity used in our operations.

Scope 3 category 4: Upstream transportation and distribution

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Upstream transportation and distribution is assessed to be not relevant. We used the GHG Protocol Quantis Scope 3 evaluator to assess the relevance of this category.

Scope 3 category 5: Waste generated in operations

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Waste generated in operations is assessed to be not relevant for our operations. We used the GHG Protocol Quantis Scope 3 evaluator to assess the relevance of this category.

Scope 3 category 6: Business travel

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus employees us our aircraft for business travel, therefore this category is included in our Scope 1 GHG emissions.

Scope 3 category 7: Employee commuting

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
5033.3

Comment
Employee commuting is calculated using fuel use data of the shuttle service providers.

Scope 3 category 8: Upstream leased assets

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
All the upstream leased assets are controlled by Pegasus, hence their GHG emissions are reported under Scope 1 and Scope 2.

Scope 3 category 9: Downstream transportation and distribution

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
We don't produce any goods that would require transportation and distribution. Therefore, this category is not relevant for Pegasus.

Scope 3 category 10: Processing of sold products

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus is a service provider company and we don't produce any goods, therefore this category is not relevant.

Scope 3 category 11: Use of sold products

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus is a service provider company and we don't produce any goods, therefore this category is not relevant.

Scope 3 category 12: End of life treatment of sold products

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus is a service provider company and we don't produce any goods, therefore this category is not relevant.

Scope 3 category 13: Downstream leased assets

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
We didn't lease any of our assets in 2021.

Scope 3 category 14: Franchises

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus does not have any franchises.

Scope 3 category 15: Investments

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
Pegasus does not have any investments that would require reporting under this category.

Scope 3: Other (upstream)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
No other upstream GHG emissions.

Scope 3: Other (downstream)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment
No other downstream GHG emissions.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
1791358.05

Start date
<Not Applicable>

End date
<Not Applicable>

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, or residual emission factors that can be used to calculate 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
4559.14

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

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Our main electricity consumption is in Turkey, we also consume electricity in the airports where we land outside of Turkey. We also report the heat purchased in our offices under this scope. 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. We don't have any supplier specific data, or residual emission factors that can be used to calculate market based Scope2 emissions. We didn't use any market-based instruments in the reporting year.

C6.4

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

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
66529.81

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
2021 is our first year of a detailed Scope 3 calculation. As we weren't able to find relevant emission factors for the goods and services we purchase, this figure is calculated using GHG Protocol Quantis Scope 3 Evaluator tool. We have first made a spend analysis on all our operating expenses. Then we have entered 2021 expenses for Handling Services, Maintenance Services and Catering Costs to GHG Protocol Quantis Scope 3 evaluator tool to evaluate our GHG emissions from this category. In the future we are planning to collect data from our suppliers for this category.

Capital goods

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
14024.64

Emissions calculation methodology
Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Pegasus Airlines had signed for up to purchase 100 A320 & A321 NEO Family aircraft with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. In 2021 we have included 6 A320-Neo and 1 A321-Neo Aircraft in our fleet. The GHG emissions from the production and transportation of these aircraft are a relevant source of Scope 3 GHG emissions. To calculate the GHG emissions, we have gathered data from Airbus sustainability report, and used supplier data to estimate the GHG emissions.

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

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
371054.16

Emissions calculation methodology
Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
99.44% of our Scope 1 and Scope 2 GHG emissions come from our Jet A1 fuel consumption. 100% of the activity data was already collected from our fuel suppliers. To calculate this figure, we have used the well to tank emission factors published by DEFRA (Conversion Factors 2021 Full Set for Advanced Users). The jet A1 consumption figures are multiplied with WTT emission factors in order to calculate WTT GHG emissions of the fuels used in our aircraft. We have also calculated emissions for transmission and distribution losses for our electricity consumption both in Turkey and other countries. The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
We don’t purchase any raw materials, transportation of which would have a significant impact (>2%) on our Scope 3 GHG emissions. Our only raw material that is relevant is jet kerosene, and its transportation related impacts are reviewed under Category 3. According to the analysis made with the Scope 3 evaluator tool of GHG Protocol, this Scope 3 category is also not relevant to our operations as its weight is 0.001% in all our operations.

Waste generated in operations

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
According to the analysis we have performed using the Scope 3 evaluator of GHG protocol, this Scope 3 category is assessed to be not-relevant for our operations. The impact of this category is assessed to be 0.001% of our total Scope 3 GHG emissions, as it is way below our 1% threshold, this category is assessed to be not relevant.

Business travel

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
All of the business travel of our employees are made using our own aircraft; therefore they are included in our Scope 1 GHG emissions. Therefore, business travel is not a relevant source of Scope 3 emissions for our organization.

Employee commuting

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
5033.3

Emissions calculation methodology
Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
We have collected the fuel use data from our shuttle service providers. We have used DEFRA Conversion Factors 2021 -Fuels tab emission factors to calculate the GHG emissions.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
We use operational control approach to compile our GHG inventory, and as the upstream leased assets are under our control, the GHG emissions from upstream leased assets are reported under Scope 1 or Scope 2.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
Pegasus is a transportation service provider company. We don't produce any goods that would require transportation and distribution. Therefore, this category is not relevant for Pegasus.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
Pegasus is a transportation service provider company and we don't produce any goods, therefore this category is not relevant for our operations.

Use of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
Pegasus is a transportation service provider company and we don't produce any goods, therefore this category is not relevant for our operations.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
Pegasus is a transportation service provider company and we don't produce any goods, therefore this category is not relevant for our operations.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
We didn't lease any of our assets in 2021. Therefore the GHG emissions from this category is not relevant for the reporting year.

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

Please explain
Pegasus doesn't have any franchises.

Investments

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

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

Other (upstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

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

Other (downstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

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

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

C6.7

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

C6.10

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

Intensity figure
0.000168

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
1795917.19

Metric denominator
unit total revenue

Metric denominator: Unit total
10664406707

Scope 2 figure used
Location-based

% change from previous year
35.85

Direction of change
Decreased

Reason for change
The major reason of this decrease is the inclusion of 7 Airbus NEO aircraft in our fleet. As these aircraft are more efficient, their fuel consumption is lower, therefore it helps us decrease our emission intensties. Also, 2020 was a crisis year for the aviation industry and for the world due to Covid-19 related restrictions. In 2020 both our GHG emissions and our revenue decreased drastically which also decreased our efficiency. In 2021, although we didn't yet turn back to normal levels of operation, our efficiency and our revenues have improved.

Intensity figure
6.54

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
1795917.19

Metric denominator
Other, please specify (Block Hour)

Metric denominator: Unit total
274555.01

Scope 2 figure used
Location-based

% change from previous year
3.37

Direction of change
Decreased

Reason for change
The major reason of this decrease is the inclusion of 7 Airbus NEO aircraft in our fleet. As these aircraft are more efficient, their fuel consumption is lower, therefore it helps us decrease our emission intensties. Also, 2020 was a crisis year for the aviation industry and for the world due to Covid-19 related restrictions. In 2020 both our GHG emissions and block hour decreased drastically which also decreased our efficiency. In 2021, although we didn't yet turn back to normal levels of operation, our operational efficiency has improved. The emissions per block hour decreased from 6.77 in 2020 to 6.54 in 2021.

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
0.0000718

Metric numerator: emissions in metric tons CO2e
1789489.1

Metric denominator: unit
p.km

Metric denominator: unit total
24908533735

% change from previous year
11.25

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2021 has increased by 60.54%, our GHG emissions resulting from our flights have also increased by 42.48% . As a result our emissions intensities per p.km for aviation activities have decreased by 11.25%. The major reason for this decrease is the inclusion of 7 new Airbus Neo engine aircraft in our fleet. 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
0.0000721

Metric numerator: emissions in metric tons CO2e
1795917.19

Metric denominator: unit
p.km

Metric denominator: unit total
24908533735

% change from previous year
11.29

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
The passenger km for 2021 has increased by 60.54%, our GHG emissions have also increased by 42.42% . As a result our emissions intensities per p.km for aviation activities have decreased by 11.29%. The major reason for this decrease is the inclusion of 7 new Airbus Neo engine aircraft in our fleet.

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	1772778.15	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1097.96	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	16733.65	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	748.28	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	1791358.05

C7.3

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

By business division
By facility
By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Flights	1787538.25
Ground Operations	3560.66
Offices	99.8
Headquarters	157.94

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 Aircraft)	1788634.02	40.929857	29.306877
Sabiha Gokcen Airport	2638.03	40.906473	29.315316
Izmir Adnan Menderes Airport	35.29	38.293822	27.151943
Antalya Airport	22.95	36.904361	30.801871
Ankara Airport	11.89	40.116115	32.99301
Trabzon Airport	1.19	40.994339	39.782373
Kayseri Airport	3.43	38.765464	35.482104
Adana Airport	1.05	36.98548	35.297284
Bodrum Airport	6.88	37.244456	27.673032
Dalaman Airport	2.07	36.717369	28.786883
Other offices	1.24		

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	1786793.63
Diesel oil consumption (GPU, APU, ASU, ACU and generators)	937.87
Gasoline consumption (generators)	0.78
Fugitive emissions from refrigerators and air conditioners	3.65
Fugitive emissions from fire extinguishers	744.84
Diesel oil consumption (mobile sources)	2759.45
Gasoline consumption (mobile sources)	118.04

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

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

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	1788476.07	<Not Applicable>	99.84 % of our gross global Scope 1 emissions come from our flights. These emissions include the Jet kerosene consumption, fugitive emissions from fire extinguishers on the aircraft, and diesel oil consumed in the GPU units that are under our operational 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)
Turkey *We are not able to reach market-based emission factors we also don't use any market-based instruments.*	4112.42	
CEE (Central and Eastern Europe) *This value includes all of our international flights. Although the region is selected as CEE, we have emissions in other regions, but we are not able to differentiate those scope 2 emissions, that is why all Scope 2 emissions caused by the 400 Hz Electricity or GPU consumption of our aircraft are reported under this region. We are not able to reach market-based emission factors, and we don't use any market-based instruments.*	446.72	

C7.6

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

By business division
By facility
By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Flights	0	
Ground Operations	1013.03	
Offices	2635.78	
Headquarters	920.33	

C7.6b

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

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Istanbul Aeropark Company Headquarters (Including 400Hz and GPU from domestic and international flights operated)	1933.36	
Sabiha Gokcen Airport	2075.54	
Izmir Adnan Menderes Airport	167.91	
Antalya Airport	146.9	
Ankara Airport	41.68	
Trabzon Airport	2.8	
Kayseri Airport	4.78	
Adana Airport	0.85	
Bodrum Airport	2.38	
Dalaman Airport	1.93	
Other offices	181.01	

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity consumption	3082.89	
Central heating with natural gas	463.22	
400 Hz Consumption (Domestic)	384.46	
400 Hz Consumption (International)	72.77	
Ground Power Unit (GPU) Usage (Domestic)	181.84	
Ground Power Unit (GPU) Usage (International)	373.95	

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

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

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	1013.03		This figure includes the GHG emissions of 400Hz electricity consumption of our aircraft and consumption of electricity generated by the GPU units that are not operated by Pegasus.

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	No change in renewable energy consumption.
Other emissions reduction activities	44686	Decreased	3.58	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= 44,686 tCO2e 2020 Total Emissions: 1,248,561.96 tCO2e Emission value % is calculated as follows: 44,686 / 1,248,561.96*100 = 3.58%
Divestment	0	No change	0	There were no divestments during the reporting period.
Acquisitions	0	No change	0	There were no acquisitions during the reporting period.
Mergers	0	No change	0	There were no mergers during the reporting period.
Change in output	547355.23	Increased	43.84	Due to Covid-19 pandemic, we had announced a forced suspension of all our domestic and international flights between March 30 and July 1st 2020. Also after July 1st 2020, we were not able to work at full capacity. Therefore our operations has been drastically impacted by Covid-19 in 2020. In 2021 we have started to return to our normal levels of operations, although we are still not totally recovered from the impacts of Covid. Therefore, our emissions have increased 2020 Total Emissions: 1,248,561.96 tCO2e Emission value % is calculated as follows: 547,355.23 / 1,248,561.96 tCO2e*100 = 43.84%
Change in methodology	0	No change	0	There were no changes in methodology.
Change in boundary	0	No change	0	There were no changes in boundary
Change in physical operating conditions	0	No change	0	There were no changes in physical operating conditions.
Unidentified	0	No change	0	There were no unidentified changes.
Other	0	No change	0	There were no other changes.

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	6843743.63	6843743.63
Consumption of purchased or acquired electricity	<Not Applicable>	0	8217.63	8217.63
Consumption of purchased or acquired heat	<Not Applicable>	0	2281.48	2281.48
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	6854242.73	6854242.73

C8.2b

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

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

C8.2c

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

Sustainable biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
We don't use sustainable biomass in any of our operations. In some of our flights we use sustainable aviation fuel but it is very low quantity and is not included in our GHG calculations.

Other biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
We don't use any other type of biomass in our operations.

Other renewable fuels (e.g. renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
We don't use any other renewable fuels in our operations.

Coal

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
We don't use coal in any of our operations.

Oil

Heating value
LHV

Total fuel MWh consumed by the organization
6843743.63

MWh fuel consumed for self-generation of electricity
5544.33

MWh fuel consumed for self-generation of heat
6838199.3

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
Jet A1 used in our aircraft, Diesel and Gasoline are used in our ground operations and vehicles. All the oil used in mobile sources are reported under "MWh fuel consumed for self-generation of heat" Diesel oil and gasoline used in GPU's and generators are reported under "MWh fuel consumed for self-generation of electricity"

Gas

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
Natural gas is used for heating some of our offices, but the boilers are not under our control and we purchase the heat produced by natural gas, therefore it is included in our scope 2 GHG emissions and not reported under this section.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

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
We don't use any other type of fuels.

Total fuel

Heating value
LHV

Total fuel MWh consumed by the organization
6843743.63

MWh fuel consumed for self-generation of electricity
5544.33

MWh fuel consumed for self-generation of heat
6838199.3

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
Pegasus only uses Jet A1, Diesel oil and gasoline in its operations. Which are all reported under "oil" therefore the total fuel consumption is equal to the figures given under "oil"

C8.2d

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	5544.33	5544.33	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area
Turkey

Consumption of electricity (MWh)
8713.91

Consumption of heat, steam, and cooling (MWh)
2281.48

Total non-fuel energy consumption (MWh) [Auto-calculated]
10995.39

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Other, please specify (please specify We consume electricity produced by GPU units and 400 Hz electricity in the airports that we fly to. The complete list of countries we operate in is given under C0.3 of this report)

Consumption of electricity (MWh)
1565.61

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
1565.61

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

C-TS8.5

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

Activity
Aviation

Metric figure
0.000207

Metric numerator
MWh

Metric denominator
Available seat.km

Metric numerator: Unit total
6827498.03

Metric denominator: Unit total
33052000000

% change from last year
3.96

Please explain
This figure is only for jet fuel consumed in our aircraft. MWh / ASK value in 2020 was 0.000215, this value decreased by 3.96 reaching 0.000207 in 2021.

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 aircraft)

Metric figure
58.89

Metric unit
Other, please specify (% of fleet)

Explanation
Pegasus Airlines had signed for up to purchase 100 A320 & A321 NEO Family aircraft with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. In 2021 we have included 6 A320-Neo and 1 A321-Neo Aircraft in our fleet. By the end of 2021, 58.89% of our fleet consists of A320& A321 NEO aircraft.

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

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

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

C10. Verification

C10.1

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

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

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

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
F11b_Verification_Statement_GHG_PEGASUS_2021_v2.pdf
EMICERT_QSI_Representation Agreement.pdf
CDP-verification-Letter-Pegasus.pdf

Page/ section reference
Verification Statement: Page 2: Level of Assurance & Verification Standard Page 3: Category 1 (Scope 1) GHG emissions CDP Verification Letter: Page 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
Scope 2 location-based

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
F11b_Verification_Statement_GHG_PEGASUS_2021_v2.pdf
EMICERT_QSI_Representation Agreement.pdf
CDP-verification-Letter-Pegasus.pdf

Page/ section reference
Verification Statement: Page 2: Level of Assurance & Verification Standard Page 3: Category 2 (Scope 2) GHG emissions CDP Verification Letter: Page 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Upstream leased assets
Scope 3: Investments
Scope 3: Downstream transportation and distribution
Scope 3: Processing of sold products
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products
Scope 3: Downstream leased assets
Scope 3: Franchises

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
F11b_Verification_Statement_GHG_PEGASUS_2021_v2.pdf
EMICERT_QSI_Representation Agreement.pdf
CDP-verification-Letter-Pegasus.pdf

Page/section reference
Verification Statement: Page 2: Level of Assurance & Verification Standard Page 3: Category 3-4 (Scope 3) GHG emissions CDP Verification Letter: Page 3 All of the scope 3 categories are selected because the verification company also assessed the relevance of the categories that are reported as "Not Relevant".

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

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?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Progress against emissions reduction target	ISO 14064-3	As a part of the verification activities, our Targets and progress against our targets and the GHG emission reductions for the implemented emission reduction activities are also verified. Please see CDP verification letter page 3.
C4. Targets and performance	Emissions reduction activities	ISO 14064-3	As a part of the verification activities, our Targets and progress against our targets and the GHG emission reductions for the implemented emission reduction activities are also verified. Please see CDP verification letter page 3.

CDP-verification-Letter-Pegasus.pdf

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
UK ETS

C11.1b

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

EU ETS

% of Scope 1 emissions covered by the ETS
0.03

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2021

Period end date
December 31 2021

Allowances allocated
4331

Allowances purchased
0

Verified Scope 1 emissions in metric tons CO2e
453

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment
In EU-ETS we are only responsible for the emissions of our intra-EU flights (intra EEA flights). The % of Scope 1 emissions covered by EU-ETS is 0.02528%, as CDP's online response system only allows 2 decimal digits this value is rounded up to 0.03%.

UK ETS

% of Scope 1 emissions covered by the ETS
0

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2021

Period end date
December 31 2021

Allowances allocated
30

Allowances purchased
0

Verified Scope 1 emissions in metric tons CO2e
17

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment
All flights originating from the UK and landing in the UK or the EEA are covered by the UK ETS. In the reporting period %0.000949 of our emissions were covered by UK ETS. As CDP's online response system only allows for 2 decimal digits we have entered this value as %0.

C11.1d

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

We have been monitoring our GHG emissions related to our intra-EU flights (intra EEA 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 always below our emission cap. So far, our strategy to comply with EU-ETS was to calculate the GHG emissions of our intra-EU flights, and to have them verified by an accredited 3rd party.

All flights operated under Pegasus Airlines are stored in the system. All EU scheculed and nonscheduled flights included in EU ETS are recorded in Pegasus Emmissions System. Additionally, Pegasus Airlines can trace all leased-in and leased-out operations and these are recorded also separately in the system.

Cost Control Department is responsible for cross checking on a monthly basis whether the flights of Pegasus Airlines that have been invoiced by Eurocontrol are recorded on RCA system and also cross checking on voyage reports with Technic Department on technical logs.

E-OHS Department is responsible for sample checks of the performance (number of flights, kilometers flown, maintenance, etc.) of aircrafts in Pegasus Airlines fleet. Inconsistencies in the data are tracked down with the help of performance controls.

In 2021, we reported EU ETS report as 453 tCO2, and our allocation amount was 4,331 tons of CO2.

In UK-ETS our allocation amount was 30 tons of CO2 and we reported our emissions as 17 tCO2e.

However, now we have an emerging regulation, namely CORSIA, which will cover about 40% of our operations. We verified the 2019, 2020 and 2021 CORSIA reports and submitted them to the authority.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

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

Yes

C11.3a

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

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

GHG Scope
Scope 1

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

Actual price(s) used (Currency /metric ton)
1247.8

Variance of price(s) used
According to Trading Economics website data on EU allowance auction prices (https://tradingeconomics.com/commodity/carbon) , in 2021 spot prices for EU-ETS allowances reached 85 € which equals to 1,247.80TL. We also use CORSIA's projection of carbon prices in order to calculate the impact of our risks related to this emerging regulation. The min. carbon price we use internally for risk calculation is 8 USD (77.82 TL) and the max carbon price we use is 40 USD (518.80 TL)

Type of internal carbon price
Shadow price
Offsets

Impact & implication
We use min. shadow price of 8 USD and max. shadow price of 40 USD in order to calculate the financial impacts of emerging regulations, CORSIA and Turkish ETS. As a result of our calculations, we have calculated a liability between 25.8 to 129.09 Million TL. We use shadow price of 85€ (which equals to 1,247.80 TRY) taken from Trading Economics website for EU-ETS allowance prices. We use this price to calculate the impact of EU-ETS on our operations. As there is a risk of expansion of scope for EU-ETS we calculate the impact of this risk as 185 million TRY. The internal prices on carbon is updated every year from online databases and CORSIA reports.

C12. Engagement

C12.1

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

C12.1b

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

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number
100

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

Please explain the rationale for selecting this group of customers and scope of engagement
We have selected to publish our CDP report on our website in order to reach both our investors and our customers. In 2021, we published the posts about our Environment and Climate related work on certain social media platforms, radio spots, content production platforms and in our own press releases. Our media shares for our commitment to 2050 net zero carbon emissions have reached 118 press reflections, 2,791,080,000 reach. In addition, the target of reducing our RPK value 20% by 2030 compared to 2019 have reached 91 press reflections, 1,194,609,000 reach. As our customers are not limited to any group of people, it is not possible to estimate % of customers by number. But as the news about our climate-related performance is published in more than one media outlet, we would assume that we have reached all of our customers that visit our website.

Impact of engagement, including measures of success
We are publishing our CDP report on our investor relations website, so that both our customers and investors can learn about our climate change performance and strategies. During the reporting year we have published information about our CDP performance on our flypgs website, where all of our customers visit frequently. We also publish our monthly emission values on our investor relations page. We report transparently the developments and value changes regarding our emission intensity values. Related website address: https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data Our media shares for our commitment to 2050 net zero carbon emissions have reached 118 press reflections, 2,791,080,000 reach. In addition, the target of reducing our RPK value 20% by 2030 compared to 2019 have reached 91 press reflections, 1,194,609,000 reach. 2050 target link: https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-commits-to-achieve-net-zero-carbon-emissions-by-2050 2030 target link: https://www.flypgs.com/en/press-room/press-releases/pegasus-airlines-sets-its-interim-carbon-emissions-target-of-a-reduction-by-20-for-2030 Our climate performance, climate related news and projects were also published in many social media platforms, radio spots, content production platforms which further increased the reach of our engagement activity. Therefore we can easily say that we have exceeded our expectations with this engagement activity and the engagement activity is assessed to be successful.

C12.1d

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

Meetings and workshops were held in Turkey in 2021 on the Green Deal under the leadership of the Ministry of Commerce. These meetings and studies have been designed as both general participation and sector-wide. We also attended the meetings where the situation assessments about our industry were made and we expressed our concerns especially about the EU ETS-Corsia duplication.

In the field of aviation, recommendations gathered on the Improvement of the Investment Environment under the leadership of the Vice President Of The Republic; We expressed our expectations about increasing the production and supply of SAF with local resources through the Union of Chambers and Commodity Exchanges of Turkey.

We engage with Turkish Directorate General of Civil Aviation directly on inclusion of the aviation sector in Turkish MRV system. We actively participated in the studies on the creation of the local MRV system in the aviation sector. We took part in data sharing and demo studies of the created software. We have given our feedback about the system.

In 2022, we participated in the meeting on the improvements that can be made in the transportation sector for the local net zero target by the Ministry of Energy and expressed the needs for SAF supply and new technology aircraft, which are important for the aviation sector.

We participated as an observer in the Collobarative Environment Meeting activities initiated by the Brussels Airport authority in 2021. Measures were evaluated about efficient use of the runway, continuous descending, single engine taxi etc.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

We demand compliance with current regulations and ISO 14001 requirements from our suppliers at the contract stage. We inform and request company-specific issues by detailing them in one-on-one meetings. We expect the legal obligations determined to be complied with, and we expect the avoidance of actions that harm or may harm the environment. When a situation that does not comply with regulative environmental actions or is deemed inappropriate occurs, we communicate with our suppliers and explain the non-compliance. We start a process for them to take action about this nonconformity. With this process, which started as Corrective and Preventive activities, we explain where the problem originates and explain the level of compliance expected from them and complete the process positively if the preventive action is taken by performing control within a certain period of time. We also have a unit that questions these issues in ISO internal audits under the scope of "Policy", also during external 3rd party ISO audits, these issues are questioned. During these audits, if any discrepancy between our climate change policy and any of our direct and indirect activities is detected, then a corrective action request is issued and these corrective action requests are reviewed in regular management review meetings.

% suppliers by procurement spend that have to comply with this climate-related requirement

5

% suppliers by procurement spend in compliance with this climate-related requirement

5

Mechanisms for monitoring compliance with this climate-related requirement

Certification
Supplier self-assessment
Off-site third-party verification

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate
Yes, we engage directly with policy makers

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?
Yes

Attach commitment or position statement(s)
Pegasus Airlines commits to achieve Net Zero Carbon Emissions by 2050.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy
Pegasus Airlines, which manages its operations and activities with the understanding of "sustainable environment"; In line with the "Net Zero Carbon Emissions until 2050" decision adopted at the 77th Annual General Assembly of the International Air Transport Association (IATA), it has been among the leading airline companies in the world that has made this commitment. With this commitment, which is in line with the target of the Paris Agreement, which was also accepted by our country on October 11, 2021, to ensure that global warming does not exceed 1.5°C, it is aimed to reach a net zero carbon level by 2050 and to make flying sustainable. To ensure consistency, employees who advise/advise senior management on strategy are also those who engage with third parties. In order to maintain the same point of view, the people involved in the fight against climate change display the same attitude in every platform. Embodiment; Switching to a fuel efficient fleet and reducing the emission intensity is the most effective step we can take in the short term. Therefore, we start off with operational improvement first. As the next step, we are trying to implement our medium-term plan in parallel with IATA by providing opinions and suggestions to ensure the supply of low-emission SAF and to introduce legal regulations.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate
Emissions trading schemes

Specify the policy, law, or regulation on which your organization is engaging with policy makers
We engage with Turkish Directorate General of Civil Aviation directly on inclusion of the aviation sector in Turkish MRV system. We actively participated in the studies on the creation of the local MRV system in the aviation sector. We took part in data sharing and demo studies of the created software. We have given our feedback about the system. Then, when the draft regulation was published, we contributed by giving feedback.

Policy, law, or regulation geographic coverage
National

Country/region the policy, law, or regulation applies to
Turkey

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
We took an active part in roundtable discussions and meetings held by the Directorate General of Civil Aviation about the inclusion of the aviation industry in the Turkish MRV system. We have also submitted our feedback to the draft regulation of aviation MRV in Turkey. We took part in data sharing and demo studies of the created software. We have given our feedback about the system. Then, when the draft regulation was published, we contributed by giving feedback.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

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 mainstream reports

Status
Complete

Attach the document
PEGASUS-2021-annual-activity-report.pdf

Page/Section reference
Page 25 & 29

Content elements
Strategy
Emission targets
Other metrics

Comment

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	No, and we do not plan to have both within the next two years	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	No, and we do not plan to do so within the next 2 years	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	No, and we do not plan to assess biodiversity-related impacts within the next two years	<Not Applicable>

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	No, and we do not plan to undertake any biodiversity-related actions	<Not Applicable>

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	Please select

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications	<Not Applicable>	<Not Applicable>

C16. 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.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms