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 Türkiye's leading low-cost airline, with a fleet of 96 aircraft and an annual passenger volume of 26.9 million as of 2022. Since 2005, we became a leading player in the airline industry across a network of 47 countries and 126 destinations, of which 90 are international, again as of 2022. In 2022, we recorded the highest EBITDA margin across the industry with 34.1%, while at the same time we achieved similar success in terms of low unit costs (measured in non-fuel cost per available seat kilometer – CASK) at €c 2.18.

Our young fleet, efficient aircraft utilization, passenger numbers and passenger loyalty are vital to our lean & efficient operations, and we keep safety at the core of our business.

We aim to provide passengers with an easy, consistent, and personalized travel experience via innovation, digital initiatives, ancillary services and our BolBol Loyalty Program. We thrive on an inclusive and open work environment and we empower our workforce with data, know-how and technologically advanced digital tools.

We maintain the youngest aircraft fleet in Türkiye and we run one of the youngest fleets among all low-cost carriers globally. Our average fleet age was 4.4 years as of the end of 2022. In July 2012, we placed a firm order with Airbus for 75 firm order and 25 optional Airbus A320/321neo aircraft. This was the largest single aircraft order in Turkish civil aviation history at the time.

Following the exercise of our option in December 2017, and several amendments and additional orders up to 2022, the 2012 Airbus Order, as amended, contains a total of 42 A320neo and 72 A321neo aircraft. In addition, in 2016, we became the first customer of the CFM-Leap series engine used on A320neo aircraft.

Significant investment in our fleet and ongoing fleet transition brings substantial advantages in reducing fuel burn. According to Airbus, the new generation neo aircraft, compared to previous generation models (Airbus A320ceo – current engine option or Boeing 737-800NG), provides 15-20% efficiency in fuel consumption and carbon emissions.

The share of the fuel-efficient new generation Airbus neo aircraft in our fleet, in terms of total seats, reached 76% as of the end of 2022. This is expected to reach 97% in 2025. Investment in a fuel-efficient fleet and further potential fleet efficiency and advancement opportunities will help us move towards our 2030 and 2050 targets and continue to play a vital role in the early stages of our decarbonization roadmap.

We are a publicly traded entity and shares representing 41.53% of our share capital are traded on Borsa Istanbul ("**BIST**"). As of December 31, 2022, Esas Holding is our controlling shareholder. Established in 2000, Esas Holding is the largest family-owned investment firm in Türkiye and is backed by the first- and second-generation family members of Şevket SABANCI, one of the five founding members of H. Ö. Sabancı Holding A.Ş., a leading Turkish conglomerate. With offices in Istanbul and London, Esas invests in various asset classes globally including private equity, real estate, venture capital and public markets.

As of the end of 2022, Pegasus Airlines and its consolidated subsidiaries employed 6,765 full time employees.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
January 1 2022

End date
December 31 2022

Indicate if you are providing emissions data for past reporting years
Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
Not providing past emissions data for Scope 1

Select the number of past reporting years you will be providing Scope 2 emissions data for
3 years

Select the number of past reporting years you will be providing Scope 3 emissions data for
Not providing past emissions data for Scope 3

C0.3

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

Albania
Armenia
Austria
Azerbaijan
Bahrain
Belgium
Bosnia & Herzegovina
Bulgaria
Cyprus
Czechia
Denmark
Egypt
Estonia
Finland
France
Georgia
Germany
Greece
Hungary
Iran (Islamic Republic of)
Iraq
Israel
Italy
Jordan
Kazakhstan
Kuwait
Kyrgyzstan
Lebanon
Morocco
Netherlands
North Macedonia
Norway
Oman
Pakistan
Poland
Qatar
Republic of Moldova
Romania
Russian Federation
Saudi Arabia
Serbia
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 or committee	Responsibilities for climate-related issues
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 of Directors. Our CEO is also the most senior member of our ESG Steering Committee, bringing together our C-Level Executives and our Sustainability Director (a position that is equivalent of Chief Sustainability Officer in Pegasus, therefore will hereinafter be referred to as such) and our Marketing Director. 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 strategies on how climate-related good practices are communicated to our customers - Reviewing the climate-related compliance activities Several major climate-related decisions approved by our CEO in the past years were: Commitment to the 2050 net zero carbon target in 2021; Commitment to reduce carbon intensity measured in terms of grCO2/RPK by 20% by 2030, compared to 2019 in 2021; Establishment of a dedicated Sustainability Office, directly reporting to the CEO – responsible for implementing our sustainability policy and our strategic sustainability targets, also responsible for coordinating and reporting on company-wide sustainability and ESG efforts, in 2022; Participation in the UN Global Compact's Early Adopter Program and the publication of our Enhanced Communication on Progress with CEO's sign-off, by which we became one of the only two "Early Adopter" airlines in the travel and leisure industry to voluntarily implement new enhanced reporting format a year before its full launch, in 2022; Implementation of several key initiatives in 2022, including the first ever voluntary use of Sustainable Aviation Fuels (SAF), the first targeted offsetting project whereby carbon emissions arising from all flights we performed on June 5, 2022 World Environment Day was offset, and the closing of the first-ever sustainability-linked aircraft-secured term loan for the financing of 10 new Airbus 321neo aircraft joining our fleet.
Board-level committee	In 2022, the Board of Directors reviewed and approved proposed integration of sustainability (ESG) targets and initiatives into the Corporate Strategy. Within the scope of these targets and initiatives, the Corporate Governance Committee which is a Board level committee, is tasked with the quarterly oversight of the Company's sustainability (ESG) actions. As of March 30, 2023, the Chairperson of the Corporate Governance Committee is also serving as Co-Chair for Sustainability Committee at another publicly traded Turkish conglomerate.

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 – all meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets Monitoring progress towards corporate targets Overseeing and guiding public policy engagement Overseeing value chain engagement Reviewing and guiding the risk management process	<Not Applicable>	All our ESG efforts are carried out based on the Pegasus Airlines Corporate Sustainability Policy adopted by the Board of Directors in 2020. Our Corporate Sustainability Policy, opportunities and risk framework, strategic targets, key performance indicators and reporting structure are determined by the CEO, the Corporate Governance Committee, or the Board of Directors according to the governance matrix set out in our corporate procedures. In 2022, the Board of Directors reviewed and approved proposed integration of sustainability (ESG) targets and initiatives into the Corporate Strategy. In 2022, sustainability (ESG) actions have been reported to the Board of Directors on a quarterly basis and were comprehensively reviewed at one Board Meeting. The Board of Directors further contributes to sustainability (ESG) oversight and guidance through the work in its various committees. Corporate Governance Committee is tasked with the quarterly oversight of the Company's sustainability (ESG) actions. Risk Committee on the other hand has identified ESG-related risks and determined the appropriate risk indicators, thresholds and risk appetite for the evaluation of these risk items. Board functions are supported by work on the executive management level, through the responsibility of the CEO, Chief Sustainability Officer as the head of the Sustainability Office and coordinator of the efforts of both the ESG Steering Committee (bringing senior management representatives to evaluate our long-term targets and to plan and monitor progress of work on sustainability and ESG) and the ESG Working Group (facilitating communication among relevant business units and the ESG Focus Groups). ESG Steering Committe reviews and guides strategy, risk management process and annual budgets and oversees the setting of corporate targets in scope of sustainability and climate related issues. Within the scope of the ESG Working Group, all detailed studies and sustainability perspectives, from suppliers to published policies, are examined and monitored. All factors that need to be processed in sub-categories in the assessment of climate-related risks and that will form the main structure are evaluated through working/focus groups and presented to senior management. CEO briefs the Board on climate related issues. Especially risks and opportunities related to upcoming regulations are discussed in the Board.

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	Yes	A new independent Board member was appointed on September 16, 2022. She has been serving as Co-Chair for Sustainability Committee at another publicly traded Turkish conglomerate. As of March 30, 2023, our experienced member was appointed as the Chairperson of our Corporate Governance Committee, which is the main Board Committee exercising oversight of sustainability (ESG) strategy.	<Not Applicable>	<Not Applicable>

C1.2

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

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
CEO is responsible for the management of all sustainability efforts. CEO performs this duty mainly supported by the Chief Sustainability Officer directly reporting to the CEO, and the ESG Steering Committee and ESG Working Group/Focus Groups operating under the coordination of the Chief Sustainability Officer. Chief Sustainability Officer reports the activities under the ESG Steering Committee and ESG Working Group/Focus Groups to the CEO on a weekly basis.

Position or committee
Chief Sustainability Officer (CSO)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities
Other, please specify ((Coordinating efforts among ESG Steering Committee and ESG Working Group & Focus Groups))

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
Our dedicated Sustainability Office is responsible for implementing our sustainability policy and our strategic sustainability targets. Chief Sustainability Officer heads our Sustainability Office, responsible for coordinating and reporting on company-wide sustainability and ESG efforts. Our Chief Sustainability Officer (who also undertakes the role of Company General Counsel) is also a member of the Executive Committee, Risk Review Board, ESG Steerco and reports directly to our CEO.
The Chief Sustainability Officer is responsible for facilitating communication between the ESG Steering Committee and the ESG Working/Focus Groups and reporting their work directly to the CEO. The work carried out by these functions is then passed to the Corporate Governance Committee every quarter and reported to the Board of Directors on a regular basis.

Position or committee
Other C-Suite Officer, please specify (Chief Human Resources Officer (CHRO))

Climate-related responsibilities of this position
Providing climate-related employee incentives
Conducting climate-related scenario analysis
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Quarterly

Please explain
CHRO is a member of the Executive Committee, Risk Review Board and ESG Steerco 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 and opportunities.
- Assessment of resource requirements and periodic reviews together with the CEO.
- Providing employee incentives
- Monitoring the progress against our targets.

Position or committee
Other, please specify (Risk Review Board)

Climate-related responsibilities of this position
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The Chairperson of the Risk Review Board (RRB) is our CEO. RRB is composed of high-level executives such as CFO, CCO, COO, CIO, CHRO and General Counsel & Chief Sustainability Officer.
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.

Position or committee
Other, please specify (ESG Steerco)

Climate-related responsibilities of this position
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Quarterly

Please explain
Sustainability (ESG) Steering Committee is formed to bring together senior management representatives (CEO, CFO, CCO, COO, CFOO, CITO, CHRO, Marketing Director) and the Chief Sustainability Officer to evaluate our long-term targets and to plan and monitor the progress of work on sustainability and ESG.

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 KPIs of our employees. Several employees in various seniority, including the Chief Sustainability Officer directly reporting to the CEO, have adopted direct incentive targets on climate-related issues.

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
Chief Sustainability Officer (CSO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Board approval of climate transition plan
Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target
Implementation of an emissions reduction initiative
Reduction in emissions intensity
Energy efficiency improvement
Increased share of renewable energy in total energy consumption
Reduction in total energy consumption
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Implementation of employee awareness campaign or training program on climate-related issues

Incentive plan(s) this incentive is linked to
Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)
Incentives are an important part of the Company Compensation Management Policy. It is also regarded as an important tool for employee engagement on sustainability (ESG) issues. KPIs can vary significantly to the extent it has direct contribution to the Corporate Sustainability Strategy and Targets while it also supports the core work of the relevant employee. The time period can be specified as short or long according to the objectives set. The efficiency and target achievement steps given in the climate-related roadmap generally cover both time periods. Each year, both departmental and individual climate targets are selected by specific departments and added to the main target scope. The success percentage of personal targets affects the bonus received. The relationship between the climate-related company targets and the targets set as a department is monitored for a long time and is included in the scope of the long-term target with the step of efficiency and target tracking. The climate targets can be considered regional and inter-regional in scope. Emission efficiency is relevant to our activities in each region, while energy efficiency is added to the targets in our headquarters region.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
The incentives contribute to the implementation of our climate commitments and our transition plan in two ways: First, the achievement directly serves a climate-related target achievement. Second, the incentive – voluntary in nature – better engages volunteering employees to own and lead sustainability initiatives in their work and in their own department.

Entitled to incentive
Chief Financial Officer (CFO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Energy efficiency improvement

Incentive plan(s) this incentive is linked to
Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)
Regarding our fleet renewal program we expect our suppliers to meet specified energy efficiency targets and these targets in turn directly contribute to our key company KPIs. These key KPIs form part of senior management's short and long term incentive plans.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Energy efficiency and fleet transformation are important areas that directly affect our climate efforts. In this context, the communication we establish with our suppliers supports our sustainability and emission reduction targets.

Entitled to incentive
All employees

Type of incentive
Monetary reward

Incentive(s)
Other, please specify (Gift Cards)

Performance indicator(s)
Reduction in emissions intensity
Energy efficiency improvement
Reduction in total energy consumption
Implementation of employee awareness campaign or training program on climate-related issues

Incentive plan(s) this incentive is linked to
Not part of an existing incentive plan

Further details of incentive(s)
Employees are encouraged for undertaking climate-related incentive targets relating to their line of work. Employees are also encouraged to submit innovative ideas which may be eligible in their contribution to sustainability as part of the Corporate Innovation Idea Scheme Flydea.
In 2022, we launched a brand-new employee recommendation system "FLYDEA", whereby employees are encouraged to submit innovative ideas on improving our business. Ideas are welcomed in eight categories, one of them being Sustainability, Environment & OHS. Ideas are evaluated by a tiered review system, voted by employees and selected ideas are scheduled for implementation while those submitting the ideas are rewarded.
In the Flydea system, there is a rewarding program (gift card) that can be spent in certain areas on behalf of the winner. This system, which is defined and presented on behalf of the person, is equivalent to the monetary award given to the person.
Certain categories are defined in the Flydea system. Suggestions submitted to the system are evaluated within the scope of technical and expertise fields by passing through certain stages. Suggestions that are determined to be successfully transferred are finalized with rewarding.
For a suggestion to be evaluated as successful in Sustainability, Environment & OHS Category with respect to our climate-related strategies, it has to be evaluated to result in one or more of the following:
- Reductions in emission intensity
- Improvement in energy efficiency
- Reduction in total energy consumption
- Increase in employee awareness in climate-related issues
The employees are also rewarded via internal company recognition through Sustainability/ESG Events and Publications

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
The incentives contribute to the implementation of our climate commitments and our transition plan in two ways: First, the achievement directly serves a climate-related target achievement. Second, the incentive – voluntary in nature – better engages volunteering employees to own and lead sustainability initiatives in their work and in their own department.

Entitled to incentive

Other, please specify (Sustainability Working Group/Focus Groups)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target
Reduction in emissions intensity
Energy efficiency improvement
Reduction in total energy consumption
Increased investment in low-carbon R&D
Increased engagement with suppliers on climate-related issues
Increased value chain visibility (traceability, mapping, transparency)
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)
Implementation of employee awareness campaign or training program on climate-related issues

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
We formed a Sustainability Working Group to facilitate communication among relevant business units. Our team members are interested in sustainability, and they voluntarily support our sustainability efforts. The Sustainability Working Group works alongside several Focus Groups that each carry out specific projects within their areas of expertise. Pegasus Sustainability Working Group and the respective Focus Groups cover more than 70 Company employees from a wide range of different business units.
Our Sustainability Working Group/Focus Groups are responsible for monitoring GHG emission reductions, and in case they want to, 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 Sustainability Working Group/Focus Groups are also assessed according to their achievement status of these targets, and they are awarded accordingly when they add it to their targets as a KPI. The executives that reach their targets receive bonuses. Due to confidentiality, we cannot disclose the exact value of the targets or the rewards.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
As this incentive is directly related to our climate-related targets it contributes to the implementation of our climate-commitments.

Entitled to incentive
Chief Operating Officer (COO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Achievement of a climate-related target
Reduction in absolute emissions

Incentive plan(s) this incentive is linked to
Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)
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.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
As this incentive is directly related to reduction of fuel consumption, it contributes to the attainment of our emission reduction targets.

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	Long term extends beyond 7 years and covers an extended time period during which we expect new technological advances to become available and the 2050 Net Zero pathway will roll-out.

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 34.78 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:
- Almost Certain - 5
- Probable - 4
- Rare- 3
- Extremely Improbable - 2
- 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:
- Critical - A
- Serious- B
- Moderate - C
- Minor - D
- 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.
- Red – 4A, 5A, 5B - Not Acceptable with current conditions, requires immediate action (Opportunity: Immediate action to seize the opportunity).
- Orange – 3A, 4B, 5C - High Risk: Mitigation measures shall be applied very quickly (Opportunity: Action to be planned and realized in 1 year).
- Yellow – 2A, 2B, 3B, 3C, 4C, 4D, 5D – Critical Risk: The risk level shall be reduced. Mitigation measures shall be applied mid-term. (Opportunity: Realization of the opportunity planned mid-term)
- Green – All the rest – Acceptable risk shall be controlled regularly (Opportunity: No action-except monitoring)

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 into our 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.

Identification of risks:
Both at the company and asset level climate-change related risks and opportunities are first identified, depending on the subject matter, by the Environment, Health and Safety (EHS) Department and the Sustainability Office.

Assessment of identified risks:
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 impact on the Company by the EHS Department Manager or Chief Sustainability Officer are reported to the Corporate Risk & Insurance Leader 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, that brings together the Company’s senior executive management team.

The risks on our corporate risk ledger where reporting thresholds are breached in the reporting period or where management assesses an increase in the risk trend, 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 Company’s sustainability risk & opportunity framework, covering environment and climate change related aspects is also evaluated on an annual basis at the RRB and the RC.
Risk response:
EHS Department is responsible for application of the management plan for environmental risks, 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.

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 (34.78 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. All assessed and identified risks are reported to the RC.

Application of the process to a transition risk:
Emerging ETS regulations like CORSIA & Turkish ETS and Sustainable Aviation Fuel use mandates pose a risk of increase in our indirect & direct operational expenses. These were 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 between approximately 1,405 and 1,564 million TL, which is way above our substantive impact threshold of 34.78 million TL (2 million Euros), hence there was no need of scoring the risk any further.

These risks were reported to the CEO and RRB and are addressed in our corporate risk ledger, subject to reporting to the RC. 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 and Risk 2 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 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. Safety aspects of this matter are also under review by the Safety Department and the Safety Review Board processes conducted as part of our corporate safety strategy.

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, UK and Swiss ETS aviation regulation. These regulations cover less than 1% of our flights and we currently have excess allowances. CORSIA started in 2020. Following several changes, as per the decision of ICAO in 2022, 85% of emissions from 2019 is identified as the baseline, and emissions will be limited to this baseline. According to CORSIA, GHG emissions that exceed baseline 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 Türkiye, 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. According to the latest statement issued by the European Union, all aircraft taking off from the EEA area are required to purchase and use between 2% and 6% SAF fuel between 2025 and 2030. Details of how this risks are managed can be seen in the risk table under question C2.3a (Risk1 and Risk 2).
Technology	Relevant, always 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: Technology related risks also have the capacity to be the input for great opportunities. Our most important and ongoing work on technological opportunities is our fleet transformation. We are increasing our fuel efficiency by 15-20% with the new generation Airbus Neo aircraft joining our fleet. Thus, we reduce our emission intensity by lowering our flight-induced emission rate.We closely follow emerging and newly launched technologies. One of the most important parameters of the present and future in terms of emission reduction is the use of Sustainable Aviation Fuels (SAF). Since 2019, we have been using SAF in certain possible tonnages. In 2022, this expanded to the voluntary offtake of SAF. With the increased production of SAF, we aim to increase the use of SAF both in line with our 2050 target and in line with a sustainable future. We evaluate the integration of technologies such as the use of battery powered GPUs and electric-powered ground handling service systems and hydrogen powered e-fuel cell vehicles.
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. We are legally responsible for the Guidelines for Advertisements Containing Environmental Declarations issued by the Ministry of Trade. They state that we are obliged to provide accurate and reliable information that does not mislead the consumer about our environmental impact in every field and activity we declare within this guideline. We are also legally obliged to meet certain standards and disclose accurate information within the scope of consumer rights and environmental disclosures. That is why we adopt an open interaction within the scope of our environmental impact by accurately and descriptively disclosing the impacts of each of our activities. Although our business is carbon-intensive, we are always working to reduce its climate-related impacts by reducing our fuel consumption. EXAMPLE: When using the “environmentally friendly” or “greenest” definitions for advertising or information purposes, scientific bases should be established. For this reason, we pay attention to every statement we use, including our newly established Sustainability website (Sustainability Hub), in terms of environmental aspect and sense of responsibility. We strive to convey the results in the most transparent way. Climate related emerging and current regulation like CORSIA and Turkish ETS are also 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 Türkiye 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 tend 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 2022 the impact of this risk was not assessed to be substantive, so it is 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.

	Relevance & inclusion	Please explain
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 2022 the impact of these two risks were not assessed to be substantive, so the risks were 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 indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Within the scope of EU ETS, we are responsible for all of our intra EU flights (intra EEA flights) and we calculate and report our greenhouse gas emissions from these flights every year.
It was announced that until the beginning of 2027, EU carbon pricing will apply to flights within the EU/EEA and flights to Switzerland and the UK, while the existing 'stop the clock' mechanism for the international application of the rules will be maintained. In 2026, current practices will be assessed to determine the next steps.
If the scope of 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 a CORSIA baseline, it was announced that airline operators will be held responsible for the area above 85% of the 2019 data. For the first step of the calculation with sectoral and individual distinction, it was announced that only the sectoral growth factor will be used until 2030 as a pilot phase. Pegasus's revenue from international flights constitutes 60.6% of our scheduled flight and service revenue. Our international flights also account for approximately 60% of our flights by number and around 60% of our emissions which are included in the scope of CORSIA. Our flights covered by the EU ETS currently account for less than 1% of our flights, but with the introduction of the draft ETS (A scenario where EU ETS coverage applies to all flights taking off in the EEA), there is a risk that it will have an impact close to CORSIA.
Although these regulations are in effect, their impacts are expected to increase in the medium-term, therefore the time-horizon is selected as medium-term and the risk type is selected as emerging regulation.
CORSIA and EU ETS are two different reporting schemes, however with the last revised EU ETS directive, there will be a chance to deduct CORSIA offsetting fees from the EU ETS if there is a double counting.

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)

1405657817.37

Potential financial impact figure – maximum (currency)

1564416864.92

Explanation of financial impact figure

Approach used to calculate the figure:
The figure is calculated for the year 2027 where EU-ETS extended scope is expected to be effective. The calculated figures represent annual risks for Pegasus Airlines international flights from 2027 onwards.
The EU-ETS carbon prices used for the calculations of the financial impact of this risk are determined prospectively within the scope of NGFS scenarios recommended by TCFD. Details about the determination of the carbon price can be found under section C11.3a of this report.
CORSIA carbon prices are taken from CORSIA Periodic Review document (CAEP/12 Scenario-based price of CORSIA eligible emission units, 2021-2026).

Figures used in calculation:
GHG emissions that fall under the scope of EU-ETS
GHG emissions that fall under the scope of CORSIA
Unit price for EU-ETS extended scope: 138.27 USD/tCO2
Unit price for CORSIA low scenario: 2.04 USD/tCO2
Unit price for CORSIA high scenario: 34.2 USD/tCO2
USD/TL Rate for 2022: 16.5704.

Assumptions the figures are dependent upon:
As part of the 'Fit for 55' package, the Commission has proposed an overhaul of the EU's emissions trading system (ETS). According to the latest document, "Revision of EU ETS as regards aviation", the EU ETS would include flights departing from the EEA and deduct the share of flights covered by CORSIA. According to the dossier published by the Parliament, a risk calculation and prospective assessment has been carried out.
Almost all of our international flights are included in CORSIA, based on 85% of 2019 levels, taking into account the growth forecast table shared by IATA, we will need to purchase 211.211 tons of CO2 per year starting from 2024 (the value given is an estimate of the average annual amount of emissions to be offset at the end of CORSIA phase 1 2024-2026).

Results:
CORSIA Min: 2.04 USD/tCO2 x 444,657 tCO2 x 16.5704 = 15,030,651.64
CORSIA Max: 34.20 USD/tCO2 x 444,657 tCO2 x 16.5704 = 251,984,453.96
EU-ETS only: 609,110 t CO2 x 138.27 x 16.5704 = 1,395,587,280.77
With deduction of CORSIA overlapping flights from EU coverage;
Min Impact figure: 1,405,657,817.37
Max. Impact figure: 1,564,416,864.92
The financial figures presented here are illustrative and should not be taken as accurate projections of future financial exposure. The values have been calculated to explain the cost range based on the described, non-adopted approach.

Cost of response to risk

17766440564

Description of response and explanation of cost calculation

SITUATION:
Although we started receiving NEO's in 2016, we started to see the impact of NEO's on our efficiency starting from 2017 when we started retiring less efficient aircraft. By the end of 2016 our fleet consisted of a total of 82 aircraft. Our main climate-related performance indicator CO2 emissions per revenue passenger km was 88.61 gCO2/rpk.
TASK:
Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. By implementing a fleet renewal plan, we are able to manage our exposure to this risk while increasing our efficiency.

ACTION:
In 2012 we placed the single largest-ever aircraft order in Turkish Civil Aviation history at the time for 100 new Airbus A320neo family aircraft. In 2021 and 2022 we have placed an additional order of 14 Airbus A321neo aircraft which has 53 additional seats in our configuration, providing us with the opportunity to further decrease our cost base and to enter into the slot restricted markets. As a result of these additional orders, the total order increased from 100 to 114 aircraft.
These new aircraft reduces fuel per seat mile costs on average by circa 15% compared to the previous generation counterparts, while emitting less CO2.

TIMELINE:
- 2016: 9 A320neo + 3 Boeing 737-800 & 8 A320ceo
- 2017: 6 A320neo joined our fleet, 12 B737-800 retired from the fleet
- 2018: 7 A320neo joined our fleet, 1 B737-800 retired
- 2019: 5 A320neo & 2 A321neo joined our fleet (additionally 4 A320neo's leased out of Airbus order scope), while retiring 1 B737-400 and 6 B737-800
- 2020: 9 A320neo & 5 A321neo, while retiring 5 B737-800
- 2021: 6 A320neo & 1 A321neo, while retiring 9 B737-800 and 1 A320ceo
- 2022: 17 A321neo (10 new Airbus A321neo aircraft were acquired with our first sustainability-linked financing) while retiring 7 B737-800 & 4 A320ceo
- 2023: 15 A321neo (planned)
- 2024: 22 A321neo (planned)

RESULTS:
By the end of 2022, our fleet consists of 18 Boeing 737-800, 7 Airbus 320ceo, 46 Airbus 320neo and 25 Airbus 321neo aircraft. Although our seat capacity has increased approximately by 25%, our gCO2/rpk has decreased by an impressive 30.14% [between 2016 and 2022], thanks to this fleet renewal plan, which enables us to reduce our exposure to risks related to emission trading schemes along with some other risks, while reducing our environmental impact via increasing our efficiency.

Comment

The financial figures/cost ranges presented here are for illustrative purposes only and should not be taken as accurate projections of future financial exposure. The values have been calculated to explain the cost range based on the described, non-adopted approach.

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
There are certain regulations and roadmaps that have been drafted to encourage and increase the use of Sustainable Aviation Fuels (SAF) nationally and internationally.

Within the scope of these regulations and roadmaps, which have not yet come into force, it is expected that a certain percentage of SAF usage will be covered by aircraft operators each year. SAF is one of the newest alternative technologies to jet fuel in the context of emission reduction and a sustainable future. The most effective and primary purpose of using SAF is to reduce GHG emissions compared to jet fuel. However, SAF fuel, which achieves this reduction, can be produced with a few specific raw materials and is available in different reduction ranges.

Nationally, the Draft Sustainable Aviation Fuel Directive (SHT-SAF) has been prepared, submitted for consultation and is expected to be published. Under this draft, aircraft operators are expected to use SAF on all international flights departing from Türkiye, starting from 1% in 2025 and reaching up to 5% in 2030.

Internationally, as part of the EU Green Deal, all flights departing from the EEA from 2025 to 2030 are expected to use SAF fuel, starting from 2% in 2025 & reaching up to 6% in 2030. Pegasus's revenue from international flights constitutes 60.6% of our Scheduled flight and service revenue. Our international flights account for approximately 60% of our flights and around 60% of our emissions which are included in the scope of CORSIA. In case the SAF regulations come into force, SAF will be used in the specified percentages on our international departing and landing flights. If SAF regulations are put in place, there is a risk of increase on our direct costs as there is not yet an efficient balance in the production and supply of SAF.

It is planned to use alternative fuels for transportation types within the scope of EU Green Deal and Fit For 55 as a means to reduce GHG emissions.

Also, it is planned to encourage the use of biofuels, the use of SAF 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 Türkiye and 2% 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 Türkiye. 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)
403679104

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

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

Explanation of financial impact figure
Approach used to calculate the figure:
The calculation is made for the year 2025.
In case of SAF obligation, it will be possible to supply SAF from both Europe and Türkiye. However, when a 1% and 2% loading value is calculated for all flights departing from Türkiye to international airports and Europe to Türkiye, separate pricing options for Europe and Türkiye emerge. In addition, the use of SAF has a higher cost than our current aviation fuels.
SAF distribution currently has a limited capacity in Türkiye. For this reason, we have used the average purchasing prices from EU to calculate the impact of this risk on our operations.
While calculating we deducted the unit price of Jet A1 fuel price from the estimated cost of SAF price in order to find the amount of risk we are exposed to, as the Jet A1 cost is included in our business as usual costs.

Figures used in calculation:
Blend rate for international flights departing from Türkiye: 1%
Blend rate for flights departing from EEU: 2%
Average fuel price for SAF: 4,000 USD/ton
Average fuel price for Jet A1: 1,062 USD/ton
USD/TL Rate for 2022: 16.5704

Assumptions used in calculation:
JET A1 and SAF fuel prices are assumed to be the same as the reporting year.
Fuel prices were calculated based on the average values of total purchases and were evaluated according to % utilization data without regional discrimination. The overall average values for both calculations were used in the risk calculation. Fuel uplift data is estimated based on current data and is subject to change according to change in operating volumes.

Results:
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 TR) x 1% blend rate x ($/ton) average fuel price for SAF – ($/ton) JetA1 = Additional fuel cost
Fuel uplift (from all airports in EU) x 2% blend rate x ($/ton) average fuel price for SAF – ($/ton) 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 for 2025 is 403 Million TL.

Cost of response to risk
5136824

Description of response and explanation of cost calculation

SITUATION:
In Türkiye, Sustainable Aviation fuels are not readily available. Even though we want to use more SAFs in our operations, it is much more expensive. With the emerging regulations making the use of SAFs mandatory, we may face a substantive financial impact as explained above.

TASK:
This risk is managed in two ways:
1- Working with the fuel suppliers to build the expertise and infrastructure to produce adequate amounts and good quality of SAF at affordable prices.
2- Working to reduce our fuel consumption. By reducing the amount of fuel we use, we create the opportunity to prevent additional charges due to both SAF and Jet fuel usage.

ACTION:
1- An MoU was reached for the supply of Sustainable Aviation Fuel ("SAF") by Petrol Ofisi A.Ş. to Pegasus Airlines. The collaboration constitutes our first ever SAF use on domestic flights and the first use of SAF at certain domestic airports in Türkiye. With this agreement, we have implemented a project that will contribute to the fight against climate change by reducing emission intensity with the use of SAF fuel. At the same time, we have supported the domestic procurement/production of SAF by encouraging its use.
2- To reduce our fuel consumption we invest on new and efficient aircraft. In 2022 we have included 17 A321neo Aircraft in our fleet, while retiring 7 Boeing 737-800 and 4 A320ceo aircraft. Details of this investment is given under “Description of response and explanation of cost calculation” column in Risk 1.

TIMELINE:
1- Securing SAF supply:
a. In 2022, we signed an MoU with our main fuel supplier in Türkiye, Petrol Ofisi (PO)
b. In 2023, target is to increase the offtake volume of Sustainable Aviation Fuel (SAF), regularly continue SAF-utilized domestic flights and expand its supply geographically in Türkiye
c. In 2024, target is to increase the offtake volume of SAF, and regularly continue SAF-utilized domestic flights
2- Reducing fuel consumption by fleet renewal
a. Since 2016 we have been working on reducing our fuel consumption. Between 2016 and 2022 71 Airbus NEO aircraft joined the fleet.

RESULTS:
1- As a result of our collaboration with PO, we were able to secure a minimal amount of SAF purchase in Istanbul Sabiha Gökçen Airport. Cost of our SAF purchase from PO was 5,136,824 TL in 2022 which is also taken as a cost of response.
2- The cost of fleet renewal is not included in cost of response calculations because it is a secondary measure for reducing the impact of this risk.

Comment

The financial figures/cost ranges presented here are for illustrative purposes only and should not be taken as accurate projections of future financial exposure. The values have been calculated to explain the cost range based on the described, non-adopted approach.

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

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient modes of transport

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 in order to increase our efficiency. We are currently focusing on expanding our fleet specifically with new generation and fuel efficient Airbus 321neo aircraft, with approximately 53 additional seats in our configuration compared to other aircraft (186 seats on A320neo aircraft, 189 seats on B737-800, 180-186 seats on our A320ceo vs. 239 seats on A321neo aircraft). Airbus 321neo thus has provided the opportunity to further increase our production capacity, while reducing our emissions intensity. Accordingly, compared to the original order which was placed back in 2012. In October 2021 and June 2022, an additional order of 14 Airbus A321neo aircraft was placed, which are expected to be delivered in 2024 and 2025. As a result of these additional orders, the total order increased from 100 to 114 aircraft (now consisting of 42 Airbus 320neo aircraft and 72 Airbus 321neo aircraft).

Our fleet transformation with younger and more eco-friendly aircraft type is an integral part of our sustainability strategy.

The engine found in the A320neo & A321neo 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 30% higher passenger capacity.

Realizing this opportunity will increase our revenues due to the increase in our seat capacity, as new and more efficient aircraft also have the capacity to carry more

passengers than the older versions without the need for additional fuel. Airbus A321neo and even A320neo carries more passengers with less fuel consumption compared to especially older AirbusCEO.
Therefore, this investment also has an additional benefit of reducing our fuel related operational expenses, which is one of our major expense terms.

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)
219321403

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 earned extra 219,321,403 TL revenue with our high seat capacity Airbus A321neo aircraft without any additional fuel consumption.
Approach used to calculate the impact figure:
We compared 17 new A321neo aircraft with our older aircraft in terms of the number of flights and the total revenue passenger.
Approximately 1% of our all passengers have been carried with the extra capacity of A321neo aircraft, and 6% more passengers have been carried compared to our old aircraft.
To calculate revenue effect of extra capacity, revenue (TL/passenger) have been used for calculating the earned total revenue by multiplying with total extra passenger with respect to older aircraft.

Figures used in calculation:
The following formula is used to calculate the impact:
((Total number of revenue passenger of new A321neo)-(Number of A321neo flights*seat capacity of older aircraft)) * (Unit Revenue)
Unit Revenue (TL/passenger) have been calculated based on the average yield on the routes and weighted average according to the number of flights of the new A321 aircraft on the same routes respectively in 2022 fiscal year.
Total number of revenue passenger of A321neo:
Unit Revenue (for A321neo aircraft): 1,331.31 TL
Total number of passenger: 26.9 min
TL/Euro rate for 2022: 17.38
A321neo aircraft are also fuel efficient when compared to older aircraft, however, this fuel efficiency was not included in the financial impact in terms of revenue for the calculation method for this example. It is only related to earning with higher capacity.
In the future this financial impact will also be higher with the inclusion of new Airbus A321neo aircraft in our fleet. The seat capacity and thus the number of passenger carried will increase gradually regardless of the increase in the number of aircraft or flight.

Cost to realize opportunity
17766440564

Strategy to realize opportunity and explanation of cost calculation
SITUATION:
Pegasus Airlines is strategically focusing on expanding its fleet with A321neo aircraft, which is more fuel efficient and has a higher seat capacity.In 2022, 17 A321neo aircraft were joined our fleet&37 additional A321neo aircraft will be joined in our fleet (planned) until the end of 2024.

TASK:
By implementing a fleet renewal plan especially focusing on A321neo aircraft which have higher seat capacity, we will be able to increase our revenues while also reducing our GHG emission intensity.
ACTION:
In line with the Pegasus Airlines' strategy, in 2022, 17 new additional A321neo aircraft was joined our fleet and the share of A321neo aircraft in our fleet is reached from 9% to 26% according to the previous year.These new aircraft reduces fuel per seat mile costs on average by circa 15% compared to the previous generation counterparts, while emitting less CO2 as a result of its 53 additioal seat configuration.
TIMELINE:
- 2016: 9 A320neo + 3 Boeing 737-800 & 8 A320ceo
- 2017: 6 A320neo joined our fleet, 12 B737-800 retired from the fleet
- 2018: 7 A320neo joined our fleet, 1 B737-800 retired
- 2019: 5 A320neo&2 A321neo joined our fleet (additionally 4 A320neo's leased out of Airbus order scope), while retiring 1 B737-400 & 6 B737-800
- 2020: 9 A320neo&5 A321neo, while retiring 5 B737-800
- 2021: 6 A320neo&1 A321neo, while retiring 9 B737-800 and 1 A320ceo
- 2022: 17 A321neo (10 new Airbus A321neo aircraft were acquired with our first sustainability-linked financing) while retiring 7 B737-800 & 4 A320ceo
- 2023: 15 A321neo will be joined our fleet (planned)
- 2024: 22 A321neo will be joined our fleet (planned)

RESULTS:
By the end of 2022, our fleet consists of 18 Boeing 737-800, 7 Airbus 320ceo, 46 Airbus 320neo and 25 Airbus 321neo aircraft.As a result of joining A321neo aircraft in out fleet, our seat capacity has increased approximately by 25%, our gCO2/ASK has decreased by 13.5%.In 2022, our "Scheduled flight and service revenue" increased by approximately 300%.Inclusion of 17 A321neo aircraft in our fleet has also contributed significantly to this increase.When we consider the same number of flights, much more number of passengers have been carried by our new Airbus A321neo aircraft without any additional fuel cost.
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.

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 Türkiye” , 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. Also, According to McKinsey's survey data released on July 21 and article published on 2022, almost 40 percent of travelers worldwide are now willing to pay at least two percent more for carbon-neutral tickets.
In the article published by HSBC in the field of "Sustainable Supply Chain, Transition to Net Zero" in 2023; drivers and passengers increasingly want less polluting vehicles, while individuals prefer more sustainable products and delivery methods. These shifts in consumer preferences have a direct impact on transportation and logistics businesses, from how people choose to travel. Indirectly, they motivate them to switch to lower-carbon transportation providers to reduce emissions in their supply chains. As the studies have shown, awareness on climate change is rapidly increasing in Türkiye.

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 Türkiye 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)
42732213.97

Potential financial impact figure – maximum (currency)
427322139.66

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 2022 (42.73 Billion TL) and the max. financial impact represents 1% of revenue for 2022.

Cost to realize opportunity
6120533.8

Strategy to realize opportunity and explanation of cost calculation
SITUATION:
Having the youngest and most efficient fleet among Turkish aviation companies, we are presented with an opportunity to become the choice of customers with a conscious inclination towards sustainable choices which have less impact on climate change.

TASK:
To promote our sustainability-related efforts to reduce our impacts.

ACTIONS:
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 sustainability website (Sustainability Hub) and other channels.
Our sustainability hub, where all our work and collaborations on sustainability are explained in detail, started to be created in 2022. Within the website, our sustainability efforts, goals, future plans and sustainability topics in aviation are shared. Launched in 2023, The website continues to be improved and updated:https://www.flypgs.com/en/sustainability
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.This cost is a reflection of the cost of consultancy services, as well as the cost of climate-related work that supports sustainability in the specified area.

Comment

C3. Business Strategy

C3.1

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

Row 1

Climate transition plan

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

Publicly available climate transition plan

<Not Applicable>

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

<Not Applicable>

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

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

<Not Applicable>

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

Airlines face a carbon footprint significantly impacted by the use of jet fuel. Considering even the newest aircraft technology of the day for consumer jets, decarbonization until 2050 is heavily reliant on the use of Sustainable Aviation Fuels (65% of net zero actions are expected from SAF according to IATA). SAF production is very limited to meet the growing demand and the SAF available is prone to supply difficulties and significant cost disadvantage compared to jet fuel (between x3 - x10 per ton). In these circumstances, what is environmentally sustainable, is economically unsustainable. Elaboration of a roadmap will either have to be based on major assumptions that ample SAF supply at affordable cost will be timely available and this is beyond the sole control of airlines. An alternative solution would be interim solutions adressing supply and pricing. Currently, we are working on our 2050 net zero target through other means (fleet transformation, fuel optimization and other efficiency measures) while striving to force a solution towards the use of SAF and longer term alternative fuels such as Hydrogen. We disclose our targets, plans and actions on our Sustainability Hub - "Our 2050 Net Zero Carbon Emissions Journey":
https://www.flypgs.com/en/our-2050-net-zero-carbon-emissions-journey?v=234a

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 and quantitative	<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. This is a qualitative scenario and 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. 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, two 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 very pessimistic quantitative scenario that contains factors like high population and high economic growth. 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 suspended. 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 decisions&actions that were triggered by the results of this scenario analysis are listed below:
a."2050 Net Zero Carbon Emissions" target (IATA)
b.Interim carbon emissions target for 2030.Reducing flight related carbon emissions per unit passenger kilometer (RPK) by 20% by 2030,compared to 2019.
c.Until alternative energy sources become technologically available,decarbonization will be achieved through the use of Sustainable Aviation Fuels (SAF).Since production is limited,we purchase SAF as much as can be procured.
d.New-generation aircraft project;which is planned for the period of 2016-2025,we use less fuel and accordingly emit less emissions with new fleet.
e.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 differs as heavy precipitation events like hail&snow,increasing severity&frequency of storms,heat waves may impact our operations in several different ways.
3. Multiple flight planning and route planning can be provided based on the weather information received for each flight with OCC Department.According to many criteria (weather conditions, route length etc.) 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&energy.
4. Our purpose in chosing the NZE 2050 Scenario is to evaluate the long-term transitional impacts of climate change on our business.In order to achieve net zero goal, we need to decide what factors we need to take into account and 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.
One major action that was triggered by the results of our-climate-related scenario analysis in 2022 was the launch of our new "Sustainability Hub" web page (including our 2050 Net Zero target).The Sustainability Hub is designed to provide regular reports, key reference documents&ESG factors that affect sustainable business development.At Pegasus, our sustainability ventures, whether related to climate action, gender balance, or transparency, only truly make sense if they form part of a larger, global effort.We aim to share easy-to-access information on the sustainability of our business that our passengers, investors, employees, and stakeholders may find interesting.With Hub, we can transparently communicate the work we are involved in, the areas we are responsible for to the relevant people, the steps we have taken towards Net Zero.

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	Yes	Our products and services are impacted by climate related changes, regulations, financing environment, passenger, employee and community demand. As of 2022, under the guidance of our Board of Directors we included sustainability (ESG) as one of the main goals in our strategy. We have developed a robust action plan broken down into specific actions to address environmental targets relating to our products and services. These actions also consolidate our existing strategic actions on products and services affected by climate risks and opportunities. Examples include fleet transformation, transition to electric vehicles in airport operations, operational efficiency and digitalization efforts, occupation of energy efficient buildings and waste reduction initiatives.
Supply chain and/or value chain	Yes	Our value chain is exposed to climate related changes, regulations, financing environment, passenger, employee and community demand. As of 2022, under the guidance of our Board of Directors we included sustainability (ESG) as one of the main goals in our strategy. We have developed a robust action plan broken down into specific actions to address value chain management. These actions also consolidate our existing strategic actions on value chain actions affected by climate risks and opportunities. Examples include partnerships for climate action, procurement of sustainable aviation fuels, efficiency and waste reduction collaborations with stakeholders.
Investment in R&D	Yes	Our R&D investment focus is exposed to climate related changes, regulations, financing environment, passenger, employee and community demand. As of 2022, under the guidance of our Board of Directors we included sustainability (ESG) as one of the main goals in our strategy. We have developed a robust action plan broken down into specific actions to address R&D activities. These actions also consolidate our existing strategic actions R&D such as development of electronic flight deck solutions to achieve paperless cockpit and aircraft weight reduction. Examples include partnerships for exploring the use of sustainable aviation fuels and hydrogen in airline and airport operations.
Operations	Yes	As of today, we are experiencing the adverse effects of climate change in our flight operations, especially in the form of change in wind patterns, variation in the severity and intensity of storms and other weather phenomena and temperature extremities. These may result in damage to aircraft and operational disruptions. Based on current trends, we are monitoring these risks closely but we have not reported these risks under section 2.3a because they are assessed to be below our substantive impact threshold. An example for a strategic decision made in this area is our decision to invest on our own de-icing equipment to reduce delays at our home base in Istanbul Sabiha Gökçen Airport.

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	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	REVENUE: Consumer sensitivity to lower carbon footprint is starting to affect consumer demand. This leads us to incorporate new components in our product & service offer, carry-out demand projects and incorporate these actions in revenue planning. 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. Sustainable aviation fuel and offsetting costs will be net additional direct cost burdens on airlines. For 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 17 Airbus A321-Neo Aircraft in our fleet in 2022. CAPITAL ALLOCATION: As stated above, we are facing challenges especially on climate-related regulations (Risk 1 and Risk 2 under section 2.3a of this report). These climate -related risks have influenced our financial planning especially for capital allocation. During budgeting and during long-term fleet planning, capital allocation to emissions-efficient assets, emissions reducing technology and products are identified and are addressed. ACQUISITIONS & DIVESTMENTS: We are evaluating investment opportunities for biofuel and alternative energy development for our operations. ACCESS TO CAPITAL: As a publicly traded company, we are facing increased demands from the investor community to address certain ESG-related expectation for investment eligibility. ASSETS: Our main assets are our aircraft, 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 impacs of climate-related risks on our assets have influenced our financial planning especially in the long-term time horizon. LIABILITIES: In 2022, we used our first ever sustainability linked financing for 10 new Airbus A321-Neo Aircraft joining our fleet. This represented 59% of our aircraft deliveries in 2022. Cost of financing is directly linked to our performance on the incorporated environmental and social targets. Likewise direct expenses are impacted by climate-related risks in terms of cost increase or new cost items.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, but we plan to in the next two years	<Not Applicable>

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

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

Target ambition
<Not Applicable>

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, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

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

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

Intensity figure in base year for total 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, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure
<Not Applicable>

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

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

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total 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)
62.81

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
0.15

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

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

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

Intensity figure in reporting year for total 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)
62.96

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

168.289400775746

Target status in reporting year
Achieved

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%. This year we have over-achieved this target reaching a 25.24% reduction.

Plan for achieving target, and progress made to the end of the reporting year
<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target
This target is achieved 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, 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 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. 17 A321neo aircraft joined Pegasus fleet in 2022.

Target reference number
Int 2

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

Target ambition
<Not Applicable>

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)
65.92

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
0.11

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

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

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

Intensity figure in base year for total 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)
66.03

% 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, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure
<Not Applicable>

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

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

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total 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]
52.824

% 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)
62.81

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
0.15

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

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

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

Intensity figure in reporting year for total 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)
62.96

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

23.2470089353324

Target status in reporting year
Underway

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, 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 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. Seventeen A321neo aircraft joined Pegasus fleet in 2022.

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?
Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2022

Target coverage
Business division

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Base year
2021

Consumption or production of selected energy carrier in base year (MWh)
0

% share of low-carbon or renewable energy in base year
0

Target year
2030

% share of low-carbon or renewable energy in target year
100

% share of low-carbon or renewable energy in reporting year
49.5

% of target achieved relative to base year [auto-calculated]
49.5

Target status in reporting year
New

Is this target part of an emissions target?
Our target is location-based therefore this target is not part of an emissions target.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions
This target covers the electricity consumption in our offices. We have started purchasing energy attribute certificates for our electricity use in 2022, and we plan to purchase 100% of our electricity consumption in offices from renewable sources, until 2030. In the reporting year 74% of the electricity we consume was in our offices.

Plan for achieving target, and progress made to the end of the reporting year
We plan to achieve this target by purchasing unbundled energy attribute certificates every year. We do not have the option to purchase bundled energy certificates because majority of our electricity supplies come from 3rd parties, we do not purchase directly from the supplier company. In 2022 49.5% of our electricity consumption in offices were from renewable sources.

List the actions which contributed most to achieving this target
<Not Applicable>

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
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 two years

Please explain target coverage and identify any exclusions
The target covers all of our GHG emissions from our flights company wide. There are no exclusions.

As Pegasus Airlines, minimizing 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 utilizing 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*	7	46750.36
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)
41768.38

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

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

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
191289948

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

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
In 2022 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 34,624.21 tons of Scope 1 GHG emissions and 7,144.17 tons of Scope 3 Category 3 GHG 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 average 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 efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
3234.28

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
14780225

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

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
In 2022 we have reduced our GHG emissions through 4 optimization projects that reduce the fuel consumption of our aircraft. These projects include taxi fuel optimization, extra fuel planning, alternate aerodrome planning and APU fuel optimization.

Through these 4 separate initiatives we were able to reduce our fuel consumption. During the reporting year we have reduced 2,681.08 tons of Scope 1 GHG emissions and 553.20 tons of Scope 3 Category 3 GHG 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

Low-carbon energy consumption	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
1747.7

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
33936

Payback period
No payback

Estimated lifetime of the initiative
<1 year

Comment
We have purchased 4,242 MWh of i-Rec's from 3 different solar power projects in Türkiye.
This is a part of our goal on increasing our renewable energy consumption.
Payback period is selected as no-payback as this investment does not cause any monetary savings.

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 2022, 74% 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) 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", and provide less fuel consumption with lower emissions.
A321 NEO Aircraft has also an additional benefit of about 25% higher passenger capacity.

In 2022, 17 additional Airbus A321-NEO aircraft joined our fleet.

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
0.00001777

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 grCO2 per revenue passanger kilometer (rpk) for our A321NEO and A320 NEO aircraft and other aircraft.

For A321neo and A320neo aircraft average g CO2 emissions per rpk equals to 59.93 gCO2/rpk

For our other aircraft with non high bypass ratio engines average g CO2 emissions per rpk equals to 77.70 gCO2/rpk.

The avoided emissions are calculated as= 77.70-59.93 = 17.77 gCO2/rpk = 0.00001777 tCO2/rpk

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
76

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	Yes, a change in methodology	In 2022 we have started using market based instruments. Therefore we are now reporting Scope 2 Market-Based GHG emissions as well as location-based emissions.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 2, market-based	If there is a change in methodology/boundary that has an impact over 5% in the related scope, base year emissions are recalculated. Any type of acquisition or divestment also triggers a base-year recalculation.	Yes

C5.2

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

Scope 1

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
2517944.38

Comment
In order to be in line with the base-year of our targets the base-year is revised as 2019.

Scope 2 (location-based)

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
4024.68

Comment
In 2022 we have started using market-based instruments. Therefore we are now reporting both location and market-based Scope 2 GHG emissions.
Also in order to be in line with the base-year of our targets the base-year is revised as 2019.

Scope 2 (market-based)

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
4024.68

Comment
In 2022 we have started using market-based instruments. Therefore we are now reporting both location and market-based Scope 2 GHG emissions. As there are no residual EF's available in the markets that we operate in, the market-based scope 2 emissions are calculated using location-based emission factors as a proxy. Also in order to be in line with the base-year of our targets the base-year is revised as 2019.

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
The GHG emissions from our JV's are assessed to be around 1 % of our total Scope 3 GHG emissions which is below our relevance threshold, therefore it is excluded from our calculations. We do not have any other type of investment that should be reported 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)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

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)
2507472.39

Start date
January 1 2022

End date
December 31 2022

Comment
In the reporting year we have purchased 3,795 tons of offsets from a wind power plant in Türkiye. However the given Scope 1 figure does not include the impact of the offsets and it is a gross value.

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 are reporting a Scope 2, market-based figure

Comment
In the reporting year we have started purchasing renewable energy attribute certificates. Therefore we have also started reporting a market-based Scope 2 figure.
As we were not able to reach the residual emission factors in the markets that we operate in, we used the location-based emission factor as a proxy 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
6042.47

Scope 2, market-based (if applicable)
4294.77

Start date
January 1 2022

End date
December 31 2022

Comment
In 2022 we have started purchasing renewable energy attribute certificates. Therefore we have also started reporting a market-based Scope 2 figure.
As we were not able to reach the residual emission factors in the markets that we operate in, we used the location-based emission factor as a proxy to calculate market-based Scope2 emissions.

Past year 1

Scope 2, location-based
4559.14

Scope 2, market-based (if applicable)
4559.14

Start date
January 1 2021

End date
December 31 2021

Comment
In 2022 we have started purchasing renewable energy attribute certificates. Therefore we have also started reporting a market-based Scope 2 figure.
As we were not able to reach the residual emission factors in the markets that we operate in, we used the location-based emission factor as a proxy to calculate market-based Scope2 emissions.

Past year 2

Scope 2, location-based
3463.37

Scope 2, market-based (if applicable)
3463.37

Start date
January 1 2020

End date
December 31 2020

Comment
In 2022 we have started purchasing renewable energy attribute certificates. Therefore we have also started reporting a market-based Scope 2 figure.
As we were not able to reach the residual emission factors in the markets that we operate in, we used the location-based emission factor as a proxy to calculate market-based Scope2 emissions.

Past year 3

Scope 2, location-based
4024.68

Scope 2, market-based (if applicable)
4024.68

Start date
January 1 2019

End date
December 31 2019

Comment
In 2022 we have started purchasing renewable energy attribute certificates. Therefore we have also started reporting a market-based Scope 2 figure.
As we were not able to reach the residual emission factors in the markets that we operate in, we used the location-based emission factor as a proxy to calculate market-based Scope2 emissions.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions
Transportation of purchased raw materials. (Scope 3 Category 4)
Our share of Scope 1 and Scope 2 GHG emissions of JV companies is excluded from Scope 3 Category 15 emissions.

Scope(s) or Scope 3 category(ies)
Scope 3: Upstream transportation and distribution
Scope 3: Investments

Relevance of Scope 1 emissions from this source
<Not Applicable>

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
Emissions are not relevant

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents
<Not Applicable>

Estimated percentage of total Scope 3 emissions this excluded source represents

Explain why this source is excluded
We don't purchase any raw materials, transportation of which would have a significant impact on our Scope 3 GHG emissions.

Our only raw material that is relevant is jet kerosene and other fuels, and its transportation related impacts are reviewed under Category 3. The GHG emissions from the transportation of the capital goods (airbus aircraft) purchased are included in our Scope 1 GHG emissions.

We also don't produce any products that needs transportation and distribution. The only transportation service we purchase is courier services between our offices and transportation of spare parts that are used for maintenance activities.

According to the analysis made with the Scope 3 evaluator tool of GHG Protocol, this Scope 3 category is not relevant to our operations as its weight is 0.001% in all of our operations.

We were not able to reach the emissions data for our JV's. We have made an assessment using Quantis Scope 3 evaluator according to the results the emissions from our JV's make up 0.90% of our total Scope 3 GHG emissions. Therefore the emissions are excluded.
We do not have any other type of investment that should be reported under this category.

Explain how you estimated the percentage of emissions this excluded source represents
We used the Quantis Scope 3 evaluator tool to estimate the GHG emissions from the courier services we have purchased.

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)
90807.16

Emissions calculation methodology
Spend-based method

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

Please explain
This category includes the the following:
- Handling services
- Maintenance services
- Catering

The emissions are 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 2022 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.

Capital goods

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
29700.6

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 2022 we have included 17 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 CDP report, and used supplier data to estimate the GHG emissions. The GHG emissions from the transportation of these new aircraft are included in our Scope 1 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)
519471.35

Emissions calculation methodology
Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
99.59

Please explain
99.59% of the GHG emissions come from fuels used in our operation, 99.43 % being the Well-to Tank GHG emissions from Jet A1 fuel used in our aircraft.The activity data for fuels was already collected from our fuel suppliers.This calculation also includes the WTT emissions of SAF use.

Remaining 0.41% comes from WTT emissions for fuels used in the production of heating and electricity we consume and transmission and distribution losses of the purchased electricity.
To calculate this figure, we have used the well to tank emission factors published by DEFRA (Conversion Factors 2022 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 Türkiye 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 on our Scope 3 GHG emissions.

Our only raw material that is relevant is jet kerosene, and its transportation related impacts are included under Category 3. The GHG emissions from the transportation of the capital goods (airbus aircraft) purchased are included in our Scope 1 GHG emissions.

We also don't produce any products that needs transportation and distribution. The only transportation service we purchase is courier services between our offices and transportation of spare parts that are used for maintenance activities.

According to the analysis made with the Scope 3 evaluator tool of GHG Protocol, this Scope 3 category is not relevant to our operations as its weight is 0.001% in all our operations. This is reported as an exclusion under C6.4a of this report.

Waste generated in operations

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
67.47

Emissions calculation methodology
Waste-type-specific method

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

Please explain
In 2022 we collected 100% the waste data from our official waste declarations and waste disposal partners.
We used EPA emission factors for different waste types and disposal methods to calculate our GHG emissions.

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)
7443.75

Emissions calculation methodology
Fuel-based method

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

Please explain
This category includes transportation of our employees using shuttle services and transportation of the flight crew to and from the aircraft.

We have collected 100% of the fuel use data from our transportationservice providers.

We have used DEFRA Conversion Factors 2022 -Fuels tab emission factors to calculate the GHG emissions.

The calculation also includes WTT emissions of the fuels used for employee commuting activities.

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 and we don't produce any goods, therefore this category is not relevant for our operations. Transportation services we purchase are evaluated under Scope 3 Category 4 and are also assessed to be not relevant.

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. The GHG emissions from the services we provide (emissions from the use of our Aircraft) are included in our Scope 1 and Scope 3 Category 3 GHG emissions.

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. There is no end-of-life treatment for the services provided. End-of-life treatment of the waste generated while performing our services is included in Scope 3-Category 5.

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 2022. 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 does not have any franchises , therefore this category is not relevant.

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
We were not able to reach the emissions data for our JV's. We have made an assessment using Quantis Scope 3 evaluator, according to the results the emissions from our JV's make up 0.90% of our total Scope 3 GHG emissions. Therefore the emissions are assessed to be not relevant and excluded. Exclusion is reported under section C6.4a of this report.

We also do not have any other type of investment that should be reported under this category. Therefore this Scope 3 category is assessed to be not relevant for Pegasus.

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?
Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	222.4	We use Sustainable Aviation Fuel (SAF) in some of our flights. The CO2 emissions from the combustion of sustainable aviation fuels are calculated using DEFRA out of scopes bioenergy emission factors. The CH4 and N2O emissions from the use of SAF are included in our Scope 1 inventory calculations. WTT emissions of SAF is included in our Scope 3 Category 3 inventory calculations.

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
0.000588

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
2511767.16

Metric denominator
unit total revenue

Metric denominator: Unit total
42732213696

Scope 2 figure used
Market-based

% change from previous year
65.1

Direction of change
Decreased

Reason(s) for change
Change in renewable energy consumption
Other emissions reduction activities
Change in revenue

Please explain
There are several reasons for this decrease:

1. The inclusion of 17 Airbus A321neo aircraft in our fleet. As these aircraft are more efficient, they have a higher passenger capacity, their fuel consumption is lower, therefore it helps us decrease our emission intensities while increasing our revenues.

2. Due to economic conditions in Türkiye our revenue has increased considerably.

3. We have started using renewable energy attribute certificates for our Scope 2 GHG emissions.

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
0.0000628

Metric numerator: emissions in metric tons CO2e
2506541.43

Metric denominator: unit
p.km

Metric denominator: unit total
39923269072.03

% change from previous year
-12.61

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
99.9% of this intensity figure comes from our Aviation -related Scope 1 GHG emissions.

The passenger km for 2022 has increased by 60.28% with respect to 2021, our GHG emissions resulting from our flights have also increased by 40.07% . As a result our emissions intensity per passenger-km for aviation activities has decreased by 12.61% with respect to the previous reporting period.

The major reason for this decrease is the inclusion of 17 new Airbus A321neo engine aircraft in our fleet.

While calculating GHG emissions resulting from our aviation activities, jet kerosene consumption, fugitive emissions from the on-board fire extinguishers and diesel oil consumption in our own GPU, ACU and ASU 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
0.0000628

Metric numerator: emissions in metric tons CO2e
2506541.43

Metric denominator: unit
p.km

Metric denominator: unit total
39923269072.03

% change from previous year
-12.61

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
99.9% of this intensity figure comes from our Aviation -related Scope 1 GHG emissions.

The passenger km for 2022 has increased by 60.28% with respect to 2021, our GHG emissions resulting from our flights have also increased by 40.07% . As a result our emissions intensity per passenger-km for aviation activities has decreased by 12.61% with respect to the previous reporting period.

The major reason for this decrease is the inclusion of 17 new Airbus A321neo engine aircraft in our fleet.

While calculating GHG emissions resulting from our aviation activities, jet kerosene consumption, fugitive emissions from the on-board fire extinguishers and diesel oil consumption in our own GPU, ACU and ASU 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.

As we are only reporting transport activities related to aviation, the figures given in ALL and Aviation activity tabs are the same.

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	2481646.75	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1538.91	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	23419.09	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	867.65	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
Turkey	2507472.39

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	2503623.89
Ground Operations	3704.92
Offices	49.04
Headquarters	94.55

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)	2504581.65	40.929857	29.306877
Sabiha Gokcen Airport	2843.09	40.906473	29.315316
Izmir Adnan Menderes Airport	18.57	38.293822	27.151943
Antalya Airport	7.6	36.904361	30.801871
Ankara Airport	5.63	40.116115	32.99301
Trabzon Airport	1.2	40.994339	39.782373
Kayseri Airport	3.42	38.765464	35.482104
Adana Airport	1.05	36.98548	35.297284
Bodrum Airport	6.87	37.244456	27.673032
Dalaman Airport	2.07	36.717369	28.786883
Other Locations Coordinates given belong to one of the airports where we receive ground operations services	1.24	36.941996	37.473998

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	2502758.6
Diesel oil consumption (GPU, APU, ASU, ACU and generators)	863.97
Gasoline consumption (generators)	2.29
Fugitive emissions from refrigerators and air conditioners	3.67
Fugitive emissions from fire extinguishers	863.97
Diesel oil consumption (mobile sources)	2887.75
Gasoline consumption (mobile sources)	90.77
SAF Consumption (N2O and CH4 emissions)	1.36

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	2504487.1	<Not Applicable>	99.88 % 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/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Turkey *Starting from 2022 we have started using renewable energy attribute certificates in our Turkish operations, therefore we started reporting a market-based figure as well. However as we are not able to reach residual emission factors, the market based emissions are calculated using location based emission factors as a proxy.*	5270.81	3523.1
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, we calculate the Scope 2 emissions in each country with the related emission factors for that country, however it would be very difficult to report each country separately. That is why all Scope 2 emissions caused by the 400 Hz Electricity or GPU consumption of our aircraft are reported under this region. The market-based emissions are calculated using location based emission factors as a proxy as we were not able to reach residual emission factors.*	771.67	771.67

C7.6

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

By business division
By facility
By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Flights	0	0
Ground Operations	2054.33	2054.33
Offices	3197.86	1450.15
Headquarters	790.29	790.29

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)	2844.61	2844.61
Sabiha Gokcen Airport	2388.42	640.72
Izmir Adnan Menderes Airport	249.6	249.6
Antalya Airport	166.34	166.34
Ankara Airport	229.08	229.08
Trabzon Airport	11.82	11.82
Kayseri Airport	11.19	11.19
Adana Airport	17.36	17.36
Bodrum Airport	35.65	35.65
Dalaman Airport	16.64	16.64
Other offices	71.77	71.77

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	3530.66	1782.96
Central heating with natural gas	457.48	457.48
400 Hz Consumption (Domestic)	1127.42	1127.42
400 Hz Consumption (International)	113.22	113.22
Ground Power Unit (GPU) Usage (Domestic)	155.24	155.24
Ground Power Unit (GPU) Usage (International)	658.44	658.44

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

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	2054.33	2054.33	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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1747.7	Decreased	0.1	In 2022 we have started purchasing renewable energy attribute certificates. In 2021 our renewable energy consumption was 0 MWh. In 2022 our renewable energy consumption was 4,242 MWh which equals to an emission reduction of 1,747.70 tons from our Scope 2 Market based GHG emissions. Emissions value % is calculated as follows: 2021 total Scope 1+Scope 2 Market based GHG emissions: 1,795,917 tCO2e 1,747.70/1,795,917 * 100 = 0,10%
Other emissions reduction activities	37305.29	Decreased	2.08	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= 37,305.29 tCO2e 2021 Total Emissions: 1,795,917 tCO2e Emission value % is calculated as follows: 37,305.29 / 1,795,917*100 = 2.08%
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	754902.96	Increased	42.03	2021 was a year that we were still under the impacts of Covid-19 crisis. In 2022 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 total absolute Scope 1 and Scope 2 emissions have increased The total change in GHG emissions from 2021 (1,795,917.19) to 2022 (2,511,767.16) is equal to an increase of 715,849.97 tCO2e. If we didn't use renewable electricity in 2022, reducing 1,747.70 tCO2e and implement efficiency measures reducing 37,305.29 tCO2e, this increase would be higher. Therefore the total increase in emissions in the absence of efficiency measures and renewable energy purchases would be: 1,747.70+37,305.29+715,849.97 = 754,902.96 tCO2e 2021 Total Emissions: 1,795,917.19 tCO2e Emission value % is calculated as follows: 754,902.96 / 1,795,917 tCO2e*100 = 42.03%
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?

Market-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)	1613.28	9580566.41	9582179.69
Consumption of purchased or acquired electricity	<Not Applicable>	4242	7377.82	11619.82
Consumption of purchased or acquired heat	<Not Applicable>	0	2236.26	2236.26
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>	5855.28	9590180.48	9596035.76

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
LHV

Total fuel MWh consumed by the organization
1613.28

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
1613.28

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
Sustainable aviation fuel that is used in our Aircraft in 2022. As it is used for transportation activities it is reported under fuel consumed for heat.

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 do not use any other 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
9580566.41

MWh fuel consumed for self-generation of electricity
6232.63

MWh fuel consumed for self-generation of heat
9574333.78

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 using 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
9582179.69

MWh fuel consumed for self-generation of electricity
6232.63

MWh fuel consumed for self-generation of heat
9575947.06

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, SAF, Diesel oil and gasoline in its operations.

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	6232.63	6232.63	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

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

Country/area of low-carbon energy consumption
Turkey

Sourcing method
Unbundled procurement of energy attribute certificates (EACs)

Energy carrier
Electricity

Low-carbon technology type
Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)
2316

Tracking instrument used
I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute
Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2016

Comment
We have purchased a total of 2,316 MWh of renewable energy attribute certificates from Solarpark GES 2 and Solarpark GES-5 solar PV plants. The commissioning dates of both plants are in 2016. i-Rec certificates are attached to section C-FI of this report.

Country/area of low-carbon energy consumption
Turkey

Sourcing method
Unbundled procurement of energy attribute certificates (EACs)

Energy carrier
Electricity

Low-carbon technology type
Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)
1926

Tracking instrument used
I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute
Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2017

Comment
We have purchased 1,926 MWh of renewable energy attribute certificates from Halkacı GES Saha 4 aSolar PV plant. Although this purchase is made at the same time with our other ires purchase, the commissioning date of this plant is 2017, therefore it is reported separately. i-Rec certificates are attached to section C-FI of this report.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Turkey

Consumption of purchased electricity (MWh)
7639.92

Consumption of self-generated electricity (MWh)
6232.63

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

Consumption of purchased heat, steam, and cooling (MWh)
2236.26

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
16108.81

Country/area
Other, 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 purchased electricity (MWh)
2756.42

Consumption of self-generated electricity (MWh)
0

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

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

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
2756.42

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
0.0002008

Metric numerator
MWh

Metric denominator
Available seat.km

Metric numerator: Unit total
9564877.3952

Metric denominator: Unit total
47642754186

% change from last year
2.83

Please explain
This figure is only for jet fuel and SAF consumed in our aircraft.

MWh / ASK value in 2021 was 0.0002066, this value decreased by 2.81 reaching 0.0002008 in 2022.

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
74

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 2022 we have included 17 A321neo Aircraft in our fleet. By the end of 2022, 74% of our fleet consists of A320neo & A321neo 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
ISO 14064-2018 Assessment Report_EN Pegasus.pdf
CDP-Verification-Letter-Pegasus.pdf
Verification Statement- 14064_2018.pdf

Page/ section reference
Assessment Report:
Page 2: Level of Assurance
Page 3: Verification Standard
Page 8: Category 1 (Scope 1) GHG emissions
CDP Verification Letter:
Page 4

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
ISO 14064-2018 Assessment Report_EN Pegasus.pdf
CDP-Verification-Letter-Pegasus.pdf
Verification Statement- 14064_2018.pdf

Page/ section reference
Assessment Report:
Page 2: Level of Assurance
Page 3: Verification Standard
Page 8: Category 2 (Scope 2) GHG emissions
CDP Verification Letter:
Page 4

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
ISO 14064-2018 Assessment Report_EN Pegasus.pdf
CDP-Verification-Letter-Pegasus.pdf

Page/section reference
Assessment Report:
Page 2: Level of Assurance
Page 3: Verification Standard
Page 8: Category 3-4 (Scope 3) GHG emissions
CDP Verification Letter:
Page 4
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 4. CDP-Verification-Letter-Pegasus.pdf
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 4. CDP-Verification-Letter-Pegasus.pdf
C8. Energy	Renewable energy products	ISO 14064-3	As a part of the verification activities, our iRec purchases were also verified. Please see page 8 of the assessment report. And page 4 of the CDP verification letter. ISO 14064-2018 Assessment Report_EN Pegasus.pdf CDP-Verification-Letter-Pegasus.pdf
C7. Emissions breakdown	Other, please specify (Location-based breakdown of scope 1 and scope 2 GHG emissions)	ISO 14064-3	As a part of the verification activities, location-based breakdown of scope 1 and scope 2 GHG emissions were verified. Please see page 9 of the assessment report. ISO 14064-2018 Assessment Report_EN 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

0.02

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1 2022

Period end date

December 31 2022

Allowances allocated

6415

Allowances purchased

0

Verified Scope 1 emissions in metric tons CO2e

402

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 0.016%, as CDP's online response system only allows 2 decimal digits this value is rounded up to 0.02%.
In 2022 we have surrendered 402 tons of our allocated GHG emissions, 6 ton of which are surrendered under Switzerland ETS, but due to its low volume was verified and retired under EU-ETs.

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 2022

Period end date

December 31 2022

Allowances allocated

57

Allowances purchased

0

Verified Scope 1 emissions in metric tons CO2e

21

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 %0.0008 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. Our flights in CH (Swiss) ETS area are monitored and reported in the same way as EU and UK ETS. As a result of the agreements between EU and CH ETS authorities, CH ETS is reported under EU ETS and separated by the external authority to which we are affiliated. Since we are considered as a small emitter under EU, UK and CH ETS, our reporting to the international authority is considered valid for reporting and verification steps.

All flights operated under Pegasus Airlines are stored in the system. All EU scheduled 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 aircraft in Pegasus Airlines fleet. Inconsistencies in the data are tracked down with the help of performance controls.

In addition, we closely follow the developments related to systems that we must comply with. We measure and assess the impacts of the system amendments before entering into force and take the necessary steps strategically.

In 2022, we reported EU ETS report as 402 tCO2, and our allocation amount was 6415 tons of CO2.

In UK-ETS our allocation amount was 57 tons of CO2 and we reported our emissions as 21 tCO2e.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?
Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type
Wind

Type of mitigation activity
Emissions reduction

Project description
Urla Wind Power Plant is located in Urla, Ovacık village of İzmir province in Türkiye and developed by Hassas Teknik Enerji Elektrik Üretim Sanayive Ticaret Anonim Şirketi. The project has 6 wind turbines with a unit capacity of 3 MW each. With a total installed capacity of 18 MW, the project is estimated to supply grid as 62,000 MWh per annum. An expected annual emission reduction of the project is approximately 34,298 tCO 2 eq/year and a t otal reduction of 342,979 tCO 2 eq over the 10 year crediting period.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
3795

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2016

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Investment analysis

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Not assessed

Provide details of other issues the selected program requires projects to address
Environmental and Social impacts of the project are also assessed under VCS.

Comment
VCS Carbon Offset certificate is uploaded under section C-FI of this report.

Project type
Wind

Type of mitigation activity
Emissions reduction

Project description
Urla Wind Power Plant is located in Urla, Ovacık village of İzmir province in Türkiye and developed by Hassas Teknik Enerji Elektrik Üretim Sanayive Ticaret Anonim Şirketi. The project has 6 wind turbines with a unit capacity of 3 MW each. With a total installed capacity of 18 MW, the project is estimated to supply grid as 62,000 MWh per annum. An expected annual emission reduction of the project is approximately 34,298 tCO 2 eq/year and a t otal reduction of 342,979 tCO 2 eq over the 10 year crediting period.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
4065

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2017

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project
Investment analysis

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Not assessed

Provide details of other issues the selected program requires projects to address
Environmental and Social impacts of the project are also assessed under VCS.

Comment
VCS Carbon Offset certificate is uploaded under section C-FI of this report.

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.

Type of internal carbon price
Shadow price

How the price is determined
Alignment with the price of allowances under an Emissions Trading Scheme
Price/cost of voluntary carbon offset credits
Cost of required measures to achieve emissions reduction targets
Price with material impact on business decisions

Objective(s) for implementing this internal carbon price
Change internal behavior
Drive low-carbon investment
Navigate GHG regulations
Set a carbon offset budget

Scope(s) covered
Scope 1

Pricing approach used – spatial variance
Differentiated

Pricing approach used – temporal variance
Evolutionary

Indicate how you expect the price to change over time
We examined the change in carbon prices prospectively under the NGFS scenarios(EU regionally differentiated by three main design options: long-term, short-term policy and technology availability) proposed by TCFD. They combine macro-economic, agricultural and land-use, energy, water and climate systems into a common numerical framework. We assessed how carbon pricing in the European area is likely to evolve(which range it should be expected). According to the scenario we examined (REMIND-MAgPIE 3.0-4.4-2050 net zero), the average carbon value for 2025-2030 is expected to change to USD 122-162.67, respectively. According to the data announced by ICAO(CORSIA), 2021-2026, it is expected to change between 21-32 USD (worst scenario) and between 3.10-4.90 USD (normal scenario).Due to our inclusion in the EU ETS, we consider the price of carbon to navigate the GHG regulations. Internal carbon price also helps us calculate our risks arising from new regulations (CORSIA,Turkish MRV etc.).

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)
2291.18

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)
5846.98

Business decision-making processes this internal carbon price is applied to
Capital expenditure
Operations
Risk management
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes
No

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan
We use min. shadow price of 2.04 USD and max. shadow price of 34.2 USD in order to calculate the financial impacts of emerging regulations, CORSIA and Turkish ETS. We also use a different price for the EU region in order to assess our risks related to the expansion of EU-ETS.

The use of these internal carbon prices, helps us to assess our climate-related transitional risks and opportunities and aids us in the decision-making process on our capital investments although the enforcement is not mandatory.

By using these prices internally we are able to assign a financial impact figure to climate related transitional risks and these figures assisted us on our fleet renewal plans with more efficient aircraft which contributes to the implementation of our climate commitment of reducing our GHG emissions / RPK by 20% until 2030.

C12. Engagement

C12.1

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

C12.1a

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

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number
0.05

% total procurement spend (direct and indirect)
13.7

% of supplier-related Scope 3 emissions as reported in C6.5
79.75

Rationale for the coverage of your engagement
79.75% of our Scope 3 GHG emissions come from the WTT emissions related to our Jet A1 fuel consumption. Accordingly 99.81% of our Scope 1 emissions also come from our Jet A1 fuel consumption.

Therefore our primary fuel supplier Petrol Ofisi (PO) was an obvious choice for this engagement activity. 38.61% of our operational expenses also come from fuel purchases from Petrol Ofisi.

Petrol Ofisi (PO) is an important fuel supplier for us as they supply our fuel at our main hub Istanbul Sabiha Gökçen Airport. Petrol Ofisi A.Ş. (POAŞ) and Pegasus Airlines concluded an MoU for the supply of Sustainable Aviation Fuel ("SAF"). With the new agreement, Pegasus Airlines aims to introduce the use of SAF in domestic flights and increase both the volume and the geographic supply locations of SAF in Türkiye, which will be supplied by Petrol Ofisi, and regularly continue to operate domestic flights using SAF blends. One of the outputs of this agreement for us is, implementing a project that will contribute to the fight against climate change by reducing emission intensity with the use of SAF fuel. At the same time, we have supported the procurement/ production of SAF by encouraging its use and generating demand for a sustainable resource.

Impact of engagement, including measures of success
As an internal target, our measure of success was to use at least 150 tons of SAF fuel in 2022. We successfully achieved this target with 160 tons of SAF fuel used in 2022 through the support of SAF collaboration with POAŞ.

Also, the success criterion is defined as ensuring uninterrupted use of SAF to a certain extent through 2022 under the agreement. In 2022, the use of SAF fuel was ensured for our flights throughout the year.

This initiative, which supports the promotion of the use and production of SAF, constitutes an example of a project that will offer an option to every participant who wants to play a role in combatting climate change.

It is an important engagement activity with one of our major suppliers, which traditionally offers a product that has lifecycle GHG emissions that are on average 80% more than the lifecycle emissions of SAF.

Comment

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 prefer to engage with all of our customer through our online channels in order to raise awareness about climate change and educate them about our climate change performance and strategies.

The reason for selecting all of our current and potential customers for engagement activities is because our customers include anyone who travels, this creates a perfect opportunity for us to raise awareness because we believe change begins with one person.

On 5 June 2022, World Environment Day, we calculated our flight-related carbon emission values by including all flights we operated for the day. We ensured that our flight activities for June 5 were carbon neutral by offsetting our emissions with the support we provided to the wind power plant.

As an ongoing engagement, have been publishing our CDP report on our website for many years in order to reach both our investors and our customers.

As our customers are not limited to any group of people, it is not possible to estimate % of customers by number. But considering the social media interactions and press coverages, we would assume that we have reached all of our current and potential customers.

Impact of engagement, including measures of success

Our World Environment Day Carbon Neutrality project's information campaign attracted great interest, as did our previous social media awareness campaigns. With this project, we achieved the most positive results in terms of clicks and influence among the communications carried out in 2021-2022.

Or main measure of success for this engagement activity was the number of impressions and shares on the platforms shared.

"Gelecek Kanatlarımızın Altında: Karbon Nötrleme" project had a total of 66 million impressions, 165 thousand clicks, and 31.6 million shares (within the scope of specific social media platforms) through the platforms we shared. It also received 520 thousand listens on online radios. With this project, we received 50 press coverage and 1,341,534,000 reach. We signed this project to create environmental awareness, neutralize our GHG emissions and raise awareness among our guests.

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 changes in our emission intensity values. Related website address: https://www.pegasusinvestorrelations.com/en/operational-information/traffic-data

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 these customer engagement activities and the engagement activities are assessed to be successful.

C12.1d

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

We engage with Turkish Directorate General of Civil Aviation directly on inclusion of the aviation sector in Turkish MRV system. We 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.

Within the scope of supporting sustainable aviation fuel and promoting its local production, we contacted many private and university-affiliated projects and provided feedback on expectations and potential. We assessed product quality, expected aviation yields and operational plans to support progress in this area. A project that we closely follow and participate in workshops on SAF is the Integrated Biorefinery Concept for Bioeconomy Driven Development (INDEPENDENT) project, supported by the Ministry of Science, Industry and Technology and the EU, and spearheaded by Boğaziçi University. Within the scope of the project, it is aimed to obtain products and technologies based on a bioeconomy-oriented growth model from algae-based natural resources without depending on fossil resources through an integrated production model. We are working on areas where we can contribute by participating in the workshops organized.

Another project we supported in 2022 is the Northern Marmara Hydrogen Valley (HyH2VADiK) project. The project aims to increase awareness of hydrogen technologies and to produce green hydrogen in the region, potentially a candidate for EU Horizon Funding.

In 2022, we hosted the third edition of IATA Wings of Change Europe (WoCE), organised by the International Air Transport Association (IATA). The program covered key topics such as post-pandemic recovery, environmental and financial sustainability, accessibility, inclusion, diversity, tourism and digitalization. Discussion topics included the current state of the industry and insights into what's next for the air transportation industry as well as the tourism industry ecosystem.

In 2022, we were among the first companies to be included in the "CoP-Early Adopters" reporting program established by the UNGC. In this context, we became one of the first supporters of the CoP by openly declaring our ESG and climate-related data and actions in the relevant report unit.

We launched third term of “Flying into the Future”, the social responsibility project to support ideas around youth empowerment. Within the scope of the project, which will be co-organised by the Support Foundation for Civil Society (STDV) between February 2022 and March 2023, we will offer support to three non-governmental organisations (NGOs) for their online or in-person projects directly aimed at young people between the ages of 18 and 29. As part of the “Flying into the Future” project, the projects that aim to empower young people come under three different themes: "Protecting the environment and combating against climate change", "the well-being of young people" and "digital literacy and digital security".

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
100

% suppliers by procurement spend in compliance with this climate-related requirement
100

Mechanisms for monitoring compliance with this climate-related requirement
Supplier self-assessment

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

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
Yes, we engage directly with policy makers
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

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" | Press Releases Details | P.pdf
Our 2050 Net Zero Carbon Emissions Journey | Pegasus Airlines.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan
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?

Specify the policy, law, or regulation on which your organization is engaging with policy makers
We engage with Turkish Directorate General of Civil Aviation (DGCA) directly on inclusion of the aviation sector in Turkish MRV system. We interact with the Directorate General of Civil Aviation on Sustainable Aviation Fuels and Aviation Data Management System (DMS), the CORSIA Monitoring, Reporting and Verification 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.

We contributed to the improvement efforts with the DGCA units with which we are in contact for the use and feedbacks of the Aviation DMS system. We participated in the workshop on the Sustainable Aviation Fuel Directive (SHT-SAF) published as a draft by DGCA. By sharing our feedback on the compliance and functionality of the draft regulation published in the national context, we contributed to the progress and effectiveness of SAF supply and the future regulation in a feasible manner.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Climate-related reporting
Climate-related targets
Climate transition plans
Emissions – CO2
Verification and audits

Policy, law, or regulation geographic coverage
National

Country/area/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 Türkiye. We took part in data sharing and demo studies of the created software. We have given our feedback about the system.
We contributed to the improvement efforts with the DGCA units with which we are in contact for the use and feedbacks of the Aviation DMS system. When the Aviation DMS system was implemented, we supported the solution of systemic problems by sharing our experiences and aspects that could be improved. We completed our first reporting and reported it through the system.

We participated in the workshop on the Sustainable Aviation Fuel Directive (SHT-SAF) published as a draft by DGCA. By sharing our feedback on the compliance and functionality of the draft regulation published in the national context, we contributed to the progress and effectiveness of SAF supply and the future regulation in a feasible manner.

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 on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association
International Air Transport Association

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
The mission of the International Air Transport Association (IATA) is to represent, lead and serve the airline industry. One of its main objectives is to promote a better understanding of the air transport sector among decision-makers and to raise awareness of the benefits of aviation to national and global economies. It evaluates the requirements set out by rule-makers and regulators from the perspective of the airline industry and makes reasoned decisions. One of its objectives is to help airlines operate safely, securely, efficiently and economically within clearly defined rules.

In this context, as a company within the aviation industry, we share the same values with IATA to protect rights and to be treated on an understandable and equal footing. Every month, IATA conveys global developments within the scope of climate to its member airlines and supports raising awareness. In areas where it thinks that the sectoral requirements related to climate are not supported, it works to take action in the right sense by taking the opinions of airline companies. In 2022, it provided information flow to its member airlines in this context with the "Environmental Policy Update" conferences organized every month.

As Pegasus Airlines, we have announced that we commit the "Net Zero Carbon Emissions by 2050" resolution approved at IATA's 77th Annual General Meeting. Thus, we have stated that we are in parallel with IATA in terms of combating and taking action against climate change.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
1256087.07

Describe the aim of your organization's funding
As an IATA member airline, we are part of the association, contributing to the number and scope of airlines represented by IATA. At the same time, we have the opportunity to benefit from the services offered by IATA and evaluate them globally. The given figure is the membership fees paid in 2022.

Have you evaluated whether your organization's engagement with this trade association 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 2022-annual-activity-report.pdf

Page/Section reference
Page 22 & 26

Content elements
Governance
Strategy
Emission targets
Other metrics

Comment

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	UN Global Compact Other, please specify ((Net Zero Carbon Emissions by 2050 (IATA)))	Pegasus Airlines has been an active United Nations Global Compact (UNGC) participant since 2019 and has become the first airline in Türkiye to join the United Nations (UN) Global Compact. Pegasus also was the first participant in the UNGC "Communication on Progress: 2022 Early Adopter Program". The UN Global Compact has launched an enhanced Communication on Progress Reporting (CoP) platform to add value and streamline sustainability reporting for all its members. The CoP provides opportunities such as increasing the reputation and brand value of the organization, measuring progress, and sector benchmarking by transparently sharing the work towards the SDG Ten Principles. In this annual reporting system, a report is prepared by answering sector-specific and general questions under ESG headings. Pegasus Airlines joined the early adopters program and became one of the first companies to report. Pegasus joined the world's leading airlines in the resolution to achieve "Net Zero Carbon Emissions by 2050" approved at The International Air Transport Association's (IATA) 77th Annual General Meeting. With "Net Zero Carbon Emissions by 2050" commitment, which aligns with the target of the Paris Agreement for global warming not to exceed 1.5°C, the aim is to achieve net zero carbon emissions by 2050 and to make flying sustainable. Pegasus supports and commits to the target of achieving net zero carbon emissions by 2050 by utilising the opportunities provided to aviation sector through technological advances, with the support from the energy sector and in coordination with stakeholders. IATA's 2050 Net zero strategy calls for reducing carbon emissions as much as possible through in-sector solutions such as the use of sustainable aviation fuels, new aircraft technologies, more efficient operations and infrastructure, and the development of new zero-emission energy sources such as electricity and hydrogen power. Emissions that cannot be eliminated at source will be eliminated through out-of-sector options such as carbon capture and storage and reliable offset schemes.

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 impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Direct operations
Upstream

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
Biodiversity indicators for site-based impacts

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
In 2021, Pegasus Airlines adopted Pegasus Wildlife Hazard Management Plan to reduce bird strikes with support from independent advisors. Joint action by airport authorities and other airlines is important for the effectiveness of measures in this area. Therefore, we advocated wildlife management actions before different stakeholders including the Istanbul Sabiha Gökçen (our main base) Airport Authority HEAŞ, Turkish Civil Aviation Authority and Turkish State Airports Authority and facilitated the commencement of coordinated efforts in this area.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
No and we don't plan to within the next two years

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
Yes

C15.4a

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

Classification of biodiversity -sensitive area
Other biodiversity sensitive area, please specify (Our main hub of operations Sabiha Gokcen Airport is located on a bird migration route)

Country/area
Turkey

Name of the biodiversity-sensitive area
Sabiha Gokcen Airport

Proximity
Overlap

Briefly describe your organization's activities in the reporting year located in or near to the selected area
Sabiha Gokcen Airport is our main hub of operations. In 2022, flights departing from Sabiha Gökçen Airport accounted for approximately 37% of our overall flight operations.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity
Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area
Operational controls
Abatement controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented
Türkiye and Istanbul – home to our main operations base – is an important living and transitory areas for various bird species. The impact of this phenomenon on our operations is important due to safety threats in connection with bird strikes and the counter impact of flight operations on these species. In 2021, Pegasus Airlines adopted Pegasus Wildlife Hazard Management Plan to reduce bird strikes with support from independent advisors. In 2021, the working group established to coordinate efforts at Istanbul Sabiha Gökçen Airport commenced work on the adoption of a Wildlife Hazard Management Plan for the airport, supported – at the recommendation of Pegasus Airlines – by an independent expert. In 2021, 18 action items were identified for implementation going forward. Pegasus Airlines is providing analysis, research & development, and project support to these efforts.

C15.5

(C15.5) 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>

C15.6

(C15.6) 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, we do not use indicators, but plan to within the next two years	Please select

C15.7

(C15.7) 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
In voluntary sustainability report or other voluntary communications	Details on biodiversity indicators Biodiversity strategy	Please see page 4 of the attached document titled "Additional Perfromance Indicators". Additional Perf. Indicators.pdf

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.

Carbon offset certificates and I-REC Certificate are attached.
Carbon Offset Certificate_English_165466.pdf
Carbon Offset Certificate_English_165467.pdf
IREC_Pegasus_4242_2303.pdf

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	This CDP climate change response has been signed off by our 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