CC0. Introduction

CC0.1: Introduction

Pegasus is Turkey's leading low-cost airline. Pegasus entered the aviation sector through charter flights in 1990. Following its acquisition by Esas Holding at the beginning of 2005, Pegasus changed its business model, introducing a low-cost network carrier model and focused on providing affordable and on-time air travel service with a young fleet.

As a result of the successful implementation of this low-cost strategy, Pegasus experienced rapid expansion of its operations both in domestic routes as well as internationally. In comparison to the cumulative annual growth rate of the Turkish market between 2007 and 2015 at 12%, the cumulative annual growth rate of passengers flying with Pegasus reached 31% during the same period. In addition to being the fastest growing airline in Turkey in terms of passenger numbers during this period, Pegasus was the fastest growing airline among the 25 largest European airlines in terms of seat capacity in 2011, 2012 and 2013 according to the Official Airline Guide (OAG).

Pegasus focuses on providing high-frequency services on short- and medium-haul, point-to-point and transit routes on its domestic and international network primarily from its main hub in Istanbul Sabiha Gökçen International Airport. Pegasus also offers scheduled flights from other domestic hubs, primarily in Adana, Ankara, Antalya and İzmir. As of March 31, 2015, Pegasus offered scheduled passenger services on 33 domestic routes in Turkey and 70 international routes to European (including North Cyprus), CIS, Middle Eastern and African destinations, serving a flight network covering 103 destinations in 41 different countries. Pegasus also offers a number of services ancillary to the core air passenger services and generates revenue through the provision of these services, including pre-order and in-flight sales of beverages and food, sales of duty-free items on board international flights, excess baggage, reservation change and cancellation fees, airport check-in and seat selection fees. In the first three months of 2016, the revenue recorded from ancillary services constituted 25% of total revenue for the period, while ancillary revenue increased by 38% year-over-year from the same period in 2015.

In addition to the above, Pegasus derives revenue from other services, primarily consisting of cargo services and a relatively low volume of charter and split charter flights for tour operators, which represented 2% of total revenue in the first three months of 2016.

During recent years, where the Turkish civil aviation sector entered into a serious growth trend, Pegasus has proven to be satisfying a significant demand in the aviation sector with the number of its guests increasing much more than the average growth in the sector.

Introduction

CC0.2: Reporting Year

01/01/2015-31/12/2015

CC0.3: Country list configuration

Turkey

CC0.4: Currency selection

TRY

CC1. Governance

Group and Individual Responsibility

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

Board or individual/sub-set of the Board or other committee appointed by the Board

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

The highest level of direct responsibility for climate change lies with Kemal Mustafa Helvacıoğlu who is the Vice-President, Safety (SMS), Quality and Compliance. Mr. Helvacıoğlu reports directly to Mr. Mehmet Tevfik NANE who is the President and CEO of Pegasus Airlines. Mr. Nane is also a Member of the Board.
In Pegasus Airlines we also have an "Energy and Greenhouse Gas Working Committee" that consists of the following individuals:
1. Deniz Saltık – Agreements Manager – Energy and GHG Working Committee Agreements
2. İkbal Timur – Ground Operations Quality Assurance Manager - Energy and GHG Working Committee Ground Operations Representative
3. İzzet Bağış – Accounting Deputy Manager - Energy and GHG Working Committee Accounting Specialist
4. Ferhat Tatlı – Performance and CIT Deputy Manager - Energy and GHG Working Committee Efficiency Specialist
5. Bora Yılmaz – Facility Management Assistant Specialist - Energy and GHG Working Committee Facility Management Data Representative
6. Tuğba Tuğçe Çetin – Senior Quality & Compliance Specialist and Environmental Representative - Energy and GHG Working Committee Environmental Specialist
7. Kaan Şenli – Senior Technical Quality Assurance Specialist - Energy and GHG Working Committee İzmir and Antalya Representative
8. İbrahim Engin Birol - Senior Technical Quality Assurance Specialist - Energy and GHG Working Committee Quality Representative
9. Mehmet Çiçek – Facility Management Manager - Energy and GHG Working Committee Facility Management Representative
10. Yasin Özkır – Facilities Management Deputy Manager - Energy and GHG Working Committee Facilities Representative

11. Pınar Aslan – Cost Control Senior Specialist - Energy and GHG Working Committee Flight Information Representative
12. Volkan Papila – Power Systems Engineer - Energy and GHG Working Committee Engineering Representative
13. Ece Öztürk – Technical Writer - Energy and GHG Working Committee Documents Representative

The committee meets periodically to assess and review strategic decisions regarding GHG emissions and energy use. This committee also develops and monitors GHG emissions reduction targets.

Individual Performance

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

Yes

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

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Corporate executive team	Monetary reward	Emissions reduction target Energy Reduction Target	Our Flight Operation Vice President and other Managerial Pilots have 2 emissions reductions targets that are integrated in their KPIs. Their first target is to reduce the fuel consumption per hour flown by a certain level (in kilograms). The second target is to realize a certain amount of the fuel reduction measures classified in Flight Operations Handbook under Environment protection measures. The executives that reach their targets receive bonuses. Due to confidentiality,

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
			we cannot communicate the exact value of the targets. However, in order to enhance our performance and to ensure meeting with those targets, we are planning to combine the monetary reward with a penalty system to support our employees improve their performances.
Other, please specify Crew members - Pilots	Monetary reward	Emissions reduction target Energy reduction target	All our pilots have emissions 2 reductions targets that are integrated in their KPIs. Their first target is to reduce the fuel consumption per hour flown by a certain level (in kilograms). The second target is to realize a certain amount of the fuel reduction measures classified in Flight Operations Handbook under Environment protection measures. The pilots that reach their targets receive bonuses. Due to confidentiality, we cannot communicate the exact value of the targets. However, in order to enhance our performance and to ensure meeting with those targets, we are planning to combine the monetary reward with a penalty system to support our employees improve their performances.
All employees	Monetary reward	Efficiency project	We have employee suggestion & recommendation system called "Ucuracak bir fikrim var" (I have an

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
			idea that will make you fly). In this system all employees are encouraged to send their suggestion& recommendation to increase efficiency and reduce the fuel consumption. The continuous improvement team (CIT) reviews the suggested projects, the elected projects are presented to whole Pegasus management and the staff in yearly organized Pegasus Family Meeting and voted. As a result of the voting, the best 3 ideas are given a monetary reward. The best project owner wins 10000 TRY. The second project owner wins 5000 TRY and the third project owner wins 2500 TRY monetary award and all the winning projects are published on our intranet website.

CC2. Strategy

Risk Management Approach

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

Integrated into multi-disciplinary company wide risk management processes

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

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	Our Domestic and International Flight Zones	> 6 years	The risks that are assessed as important are first discussed in under the chairmanship of Mr. Kemal Helvacıoğlu. The assessed risks that are considered to be necessary are reported to Safety Review Board, Chairman of which is our CEO. The most important risks are reported to our Board of Directors when necessary.

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

1. At the company level, the scope of the identified risks and opportunities include, changes in fuel and energy prices, climate change related laws and regulations, global competitiveness, changing our guests' needs.

The climate change related risks and opportunities at the company level are assessed by the Safety Action Group. This group is responsible for identifying the level of each risk, setting targets to reduce these risks and making performance reviews to assess whether the climate change related targets are met. This committee also decides on how and when the identified opportunities can be seized. The committee is led by Mr. Kemal Helvacıoğlu Vice-President, Safety, Quality and Compliance and Environmental Management Representative, who has the utmost responsibility to decide on our strategies on how to manage climate change related risks and opportunities. Mr. Helvacıoğlu reports directly to our CEO.

2. At the asset level, especially for our aircrafts and facilities the scope of the identified risks includes changes in physical climate parameters, fuel consumption amounts and employee related

issues. The Safety Action Group performs the risk analysis for the assets using the methodology and scoring system defined in section CC2.1.c.

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

First, the probability of occurrence of the identified risk is scored as given below:
Frequent-Likely to occur many times-5
Probable-Likely to occur sometimes-4
Rare-Unlikely but possible, may occur once in a few years-3
Extremely Rare- Extremely unlikely but may happen in aviation-2
Extremely Improbable-Nearly Impossible-1
Then, the severity of the identified risk event is determined. The severity of the identified risk is assessed in four categories to determine its implications on people, financial, reputation and environment. Out of four categories, the one with the highest severity contributes to the assessment. In other words, the weakest link philosophy is used:
Catastrophic - A
Major - B
Moderate - C
Minor - D
Negligible - E
To obtain an overall assessment of the risk, probability and severity tables are combined into a risk assessment matrix.
For example, a risk probability has been assessed as medium (4). The risk severity has been assessed as high (B). The composite of probability and severity (4B) is the risk of a harm under consideration. It can be seen that a risk is just a number or alphanumerical combination. The color coding in the matrix reflects the tolerability regions.
Red - High Risk - 5A, 5B, 5C, 4A, 4B, 3A - Not acceptable with current conditions, requires E&GHG-WC approved mitigation in three days to continue operation.
Orange - Medium Risk-5D, 4C, 3B, 2A - Input for the next E&GHG-WC Meeting, acceptable after mitigation. Deadline for mitigation will be decided by E&GHG-WC and it will not exceed 60 days.
Yellow - Low Risk-5E, 4D, 3C, 2B - Input for the next E&GHG-WC Meeting, acceptable after mitigation. Deadline for mitigation will be decided by E&GHG-WC and it will not exceed 90 days.
Green – Negligible Risk - 4E, 3D, 3E, 2C, 2D, 2E, 1 – No action is necessary.
The risks that are assessed as important are first discussed in Safety Action Group Meeting under the chairmanship of Mr. Kemal Helvacıoğlu. The significant risks are reported to Safety Review Board,

Chairman of which is our CEO. The most important risks are reported to our Board of Directors when necessary.

Business Strategy

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

☒Yes

☐No

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

Climate change has influenced our short term business strategy as we have a very high risk to be effected by climate change related regulations and physical climate parameters.

As a first step in our short term strategy we started calculating our GHG emissions in 2011. We take part in the Green Airport Project developed by the Directorate General of Civil Aviation, and we have active GHG management system and we compile our GHG Inventory according to ISO 14064-1 and our GHG Inventory is being verified by Turkish Standards Institute since 2014.

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

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

One of our most important long term strategy that has been influenced by climate change as well as our short term strategy is to reduce the average age of our fleet by replacing them with fuel efficient new airplanes (A320 & A321 NEO) as part of our 'Pegasus Airlines prefers Airbus' project which will realize fuel efficiency exceeding 15%

with respect to the current narrow body aircraft types in the market. All those airplanes are also light weight equipped. By doing this, we can achieve less CO2 emissions per flight hour.

Operating fuel efficient airplanes provide us more cost efficient operation. This gives us opportunity to compete with our rivals with a lower cost basis.

Pegasus Airlines had signed for up to purchase 100 A320 & A321 NEO Family aircraft with Airbus in 2012, 75 of which subjected to a firm order and 25 optional. According to this contract, our fleet will consist over 10% of A320 NEO aircrafts by the second half of 2016 and by 2022 we will have replaced 100 aircraft.

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

Last but not least, we believe education plays a key role in improving our climate change related performance. Therefore, our Energy and GHG Working Committee members have taken an ISO 14064-1 training.

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

Yes
EU-ETS Aviation

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

Due to our inclusion in the EU ETS Aviation Scheme, we consider the price of carbon as approximately 5.7€/t. Since the beginning of the 2012-2015 EU ETS term, our emissions have only exceeded our allowance once, in 2012, during which we made a purchase of nearly 750 tonnes.

Engagement with Policy Makers

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

☒Direct engagement with policy makers

☐Funding research organizations

☐Trade associations

☒Other

☐No

CC2.3a On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Cap and trade	Support with major exceptions	During the inclusion on the aviation sector in EU-ETS, we have submitted our opinions and suggestions to International Civil Aviation Organisation (ICAO) and International Air Transport Association (IATA) via Turkish Civil Aviation General Directorate.	According to the first version of the aviation sectors inclusion to EU-ETS, all the companies who are flying to or from EU were going to be allocated allowances for their flights. The companies would also be requested to reduce their emissions considerably according to a base year determined by the EU. However, because of their objection to the regulation, many countries applied to ICAO and ICAO started the negotiations with EC and until 2016 this regulation was derogated to include only

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
			Intra-EU flights. We have given our opinion to ICAO regarding the inclusion of only intra-EU flights.
Mandatory carbon reporting	Support	Took an active part in roundtable discussions and meetings held by the Directorate General of Civil Aviation with participation from the Foreign Ministry and the Ministry of Environment and Urbanization. Additionally, brainstorming with as well as guiding the participants in the Negotiations held by ICAO with the aim of discussing the Paris Agreement and better positioning and representing the civil aviation sector in it.	Our aim for engaging in both National and International Meetings and negotiations has been to be well prepared for the foreseen results of the new International agreement on Climate Change and establish an appropriate system to gain consistent data from the civil aviation companies in order to comply with the requirements. Moreover, during those engagements we have contributed in the discussions of opportunities for the development of a similar regulation/scheme as the EU-ETS.
Cap and trade	Support	Following COP21, Turkish Civil Aviation General Directorate has started communications regarding post Paris Agreement Action Plan on behalf of ICAO. Most of the meetings regarding this topic has been held in 2016, therefore will be	The Planned Scheme aims to reduce the carbon emissions caused by the Civil Aviation Sector by launching Market-Based Measures (MBMs). We support such a legislative approach as long as it is just.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
		mentioned at our next year response to CDP.	

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

Our Member of the Board Mr.Sertaç Haybat who formerly served as a CEO was the president of TÖSHİD (Turkish Private Sector Aviation Enterprises Association) between 2012 and 2014. TÖSHİD actively follows up regulations regarding the civil aviation industry, and as a part of this task, it was the first association to take action against Turkish civil aviation operators to be included in the EU-ETS when the regulation first came into force in 2008.

CC2.3h What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our Environmental Officer and our CEO are the ones that are responsible for connecting with policy makers and other organizations regarding climate change policy. They are all well aware of our climate change strategy as they are the ones who are making these strategies.

CC2.4 Would your organization's board of directors support an international agreement between governments on climate change, which seeks to limit global temperature rise to under two degree Celsius from pre-industrial levels in line with IPCC scenarios such as RCP2.6?

Yes

CC3. Targets and Initiatives

Targets

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

☐Absolute target

☒Intensity target

☐Absolute and intensity target

☐No

CC3.1b Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric denominator	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
Int 1	Scope 1+2	100	0.5	Metric tonnes of CO2e per passenger	2013	0.068	2016	No, and we do not anticipate setting one in the next 2 years	This intensity reduction target has been set by the Directorate General of Civil Aviation, and as a green airline company, we set the same target and committed to reduce our emissions by 0.5% based on the average of 2013, 2014 and 2015 emissions. As this average value cannot be estimated, we cannot determine the anticipated change before 2016.

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

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Increase	0.8	No Change	0	This intensity reduction target has been set by the Directorate General of Civil Aviation, and as a green airline company, we set the same target and committed to reduce our emissions by 0.5% based on the average of 2013, 2014 and 2015 emissions. We have analyzed the reduction needed to meet with this criteria and have taken the estimated passenger km data into account and determined the approximate anticipated change in our absolute emissions.

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

ID	% complete (time)	% complete (emissions)	Comment
Int1	60	0	As we are one of the fastest growing airlines companies in Europe (Chosen as the "Fastest Growing Airline in Europe" by

			the Official Airline Guide both in 2011, 2012 and 2013, we have not been able to implement extensive reduction measures. We will set more aggressive targets in the following reporting periods.

Emissions Reduction Initiatives

CC3.2 Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

☐Yes

☒No

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

☒Yes

☐No

CC3.3a Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO_2e savings

Stage of development	Number of projects	Total estimated annual CO_2e savings in metric tonnes CO_2e (only for rows marked *)
Under investigation	0	
To be implemented*	0	
Implementation commenced*	0	

Stage of development	Number of projects	Total estimated annual CO_2e savings in metric tonnes CO_2e (only for rows marked *)
Implemented*	26	106862.94
Not to be implemented	0	

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

Activity type	Description of activity	Estimated annual CO_2e savings (metric tonnes CO_2e)	Scope	Voluntary/ Mandotary	Annual monetary savings (unit currency – as specified in CC0.4)	Investment required (unit currency – as specified in CC0.4)	Payback period	Estimated lifetime of the initiative, years	Comment
Transportation: fleet	Aircraft weight reduction	20026.82	Scope 1	Voluntary	-	0		Ongoing	As the monetary information regarding these projects is confidential and communicating them may cause competitive disadvantage, we cannot provide the annual monetary savings and required investment amounts even though they are thoroughly investigated.
Transportation: fleet	Operational optimization	69425.02	Scope 1	Voluntary	-	0			As the monetary information regarding these projects is

Activity type	Description of activity	Estimated annual CO_2e savings (metric tonnes CO_2e)	Scope	Voluntary/ Mandotary	Annual monetary savings (unit currency – as specified in CC0.4)	Investment required (unit currency – as specified in CC0.4)	Payback period	Estimated lifetime of the initiative, years	Comment
									confidential and communicating them may cause competitive disadvantage, we cannot provide the annual monetary savings even though they are thoroughly investigated.
Transportation: fleet	Technical Optimization	17411.10	Scope 1	Voluntary	-	0			As the monetary information regarding these projects is confidential and communicating them may cause competitive disadvantage, we cannot provide the annual monetary savings even though they are thoroughly investigated.

CC3.3c 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 2017 and dedicated a budget for them. However, as this information is confidential, we cannot communicate the exact amount of the budget.

CC4. Communications

CC4.1 Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document
In voluntary communications (complete)	Complete	Page 10	

CC5. Climate Change Risks

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

☒ Risks driven by changes in regulation

☒ Risks driven by changes in physical climate parameters

☒ Risks driven by changes in other climate-related developments

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

	RD-ID: 01	RD-ID: 02	RD-ID: 03
Risk driver	Carbon taxes	Cap and trade schemes	Fuel/energy taxes and regulations
Description	Some of the countries that we provide service to or in Europe have already started implementing carbon taxes for fossil fuels. In the light of the new international agreements this application may be more common than it is today. As one of the main components of our operational costs is Jet fuel consumption related, carbon taxation would increase our operational costs considerably.	Air traffic has been a part of the Emissions Trading Scheme (ETS) since 2012. The European Parliament made a decision on exempting all flights between countries in the European Economic Area (EEA) and third countries from the EU ETS, until 2016. The amended regime will apply to flights in 2013, 2014, 2015 and 2016. Unless another legislative act is adopted in the future, EU ETS will apply again to all flights to/from EEA airports in 2017 and thereafter. Our intra-EU flights have already been included in EU-ETS. In the scope of this inclusion we have started monitoring and reporting our GHG emissions. We also have allowances allocated for our intra-EU flights. This will result in a raise in our operational expenses.This will result in a raise in our operational expenses.	As jet kerosene is our main operational cost item, any taxes on fossil fuels will have a considerable effect on our operational expenses. As climate change is seen to be one of the major problems humanity is facing, fossil fuels will most likely be more and more expensive as they are the main source for human induced climate change. To be able to fund mitigation and adaptation studies governments may incur extra taxes on fossil fuels, which will in turn increase our operational expenses.
Potential impact	Increased operational cost	Increased operational cost	Increased operational cost
Timeframe	Unknown	> 6 years	3 to 6 years
Direct/Indirect	Direct	Direct	Direct
Likelihood	Very likely	Likely	Very likely
Magnitude of	Medium	Medium	Medium

impact			
Estimated financial implications	10% rise in fuel prices will result in 3.4% raise in our operational expenses.	When the civil aviation sector included in EU ETS in 2012 we were given over 300000 tonnes allowance and our emissions in the corresponding year was well above this allowances figure. If the regulation was not derogated, we would have to purchase over 80000 tonnes which would have caused a marginal financial implication for us. As for the fuel aspect, 10% rise in fuel prices will result in 3.4% raise in our operational expenses.	10% rise in fuel prices will result in 3.4% raise in our operational expenses.
Management method	Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects.	Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects and challenge ourselves to reduce our GHG emissions. By doing so, we apply our strategy to minimize the impact ETS has/will have on our operational costs.	Our priority for economically and environmentally sustaining our services is to operate as efficiently as possible. In order to achieve this, we continuously work and invest on fuel efficiency projects and challenge ourselves to reduce our GHG emissions. By doing so, we apply our strategy to minimize the impact ETS has/will have on our operational costs.
Cost of management	We have made a certain amount of investment in our fuel efficiency projects in the reporting period in order to minimize our jet fuel consumption related Scope 1 emissions and realized a 5.72% reduction from business as usual (BAU) levels. Our Board has also approved a	We have made a certain amount of investment in our fuel efficiency projects in the reporting period in order to minimize our jet fuel consumption related Scope 1 emissions and realized a 5.72% reduction from business as usual (BAU) levels. Our Board has also approved a further investment of a certain amount to be used in fuel efficiency projects until 2017. Due to	We have made a certain amount of investment in our fuel efficiency projects in the reporting period in order to minimize our jet fuel consumption related Scope 1 emissions and realized a 5.72% reduction from business as usual (BAU) levels. Our Board has also approved a further

	further investment of a certain amount to be used in fuel efficiency projects until 2017. Due to confidentiality of the monetary data, unfortunately we cannot communicate the exact amount of this investment; however they are determined through detailed evaluations.	confidentiality of the monetary data, unfortunately we cannot communicate the exact amount of this investment; however they are determined through detailed evaluations.	investment of a certain amount to be used in fuel efficiency projects until 2017. Due to confidentiality of the monetary data, unfortunately we cannot communicate the exact amount of this investment; however they are determined through detailed evaluations.

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

	RD-ID: 04	**RD-ID: 05**	**RD-ID: 06**
Risk driver	Tropical cyclones (hurricanes and typhoons)	Snow and ice	Change in temperature extremes
Description	Although we are not located in a zone where there are frequent cyclones, for the first time in 2014, cyclones were observed in Istanbul. This is an effect of climate change. These types of extreme weather events may become more frequent in the not so distant future which will result in disruption of our operations and potentially cause damage on our aircraft fleet and facilities.	One of the effects of climate change is having harsher and longer winters in the areas that we operate. This may result in an increase in our operational costs as we have to de-ice the planes more frequently. Not only these weather events increase our need for de-icing, but also they will cause delays in our operations both of which increases our operational costs.	Temperature extremes cause delay in our operations and negatively affect working conditions of our ground services employees directly reducing working hours therefore increase our operational costs. Additionally, in extremely hot temperatures aircraft engine performances decrease causing longer takeoff runway time. In order to shorten this additional takeoff runway period, the engine power is increased which results in additional

			fuel consumption, therefore increasing our GHG emissions as well.
Potential impact	Reduction/disruption in production capacity	Increased operational cost	Increased operational cost
Timeframe	1 to 3 years	Unknown	3 to 6 years
Direct/Indirect	Direct	Direct	Direct
Likelihood	About as likely as not	Likely	About as likely as not
Magnitude of impact	Low-medium	Low-medium	Low
Estimated financial implications	Considering the fact that an hour of delay in our services causes our operational costs to increase, this risk bares a considerable financial implication that needs to be managed and minimized.	Considering the fact that an hour of delay in our services causes our operational costs to increase, this risk bares a considerable financial implication that needs to be managed and minimized.	Considering the fact that an hour of delay in our services causes our operational costs to increase, this risk bares a considerable financial implication that needs to be managed and minimized.
Management method	In order to be well prepared for such extreme physical conditions, we make sure our (and our suppliers') personnel is provided with sufficient training to better manage and minimize the impact of the identified risk. As we have a fleet with a young average age, and we continue to bring in younger and better designed aircrafts, we minimize the risk of damage will be caused due to extreme weather events.	In order to be well prepared for such extreme physical conditions, we make sure our (and our suppliers') personnel is provided with sufficient training on for example how to use de/anti icing materials and how/when to apply them. We have a very extensive system in place in order to manage the potential risks where we communicate/hold periodic meetings with the Turkish State Meteorological Service representatives, airport authorities, sub-contractors	In order to be well prepared for such extreme physical conditions, we make sure our (and our suppliers') personnel is provided with sufficient training to better manage and minimize the impact of the identified risk. As we have a fleet with a young average age, and we continue to bring in younger and better designed aircrafts, we minimize the risk of damage will be caused due to extreme weather events.

		and suppliers and discuss the seasonal forecast trends and how to coordinate the risk management measures when applicable. We also have a training trail form, in which our staff -the trainee- fills in the trail form in order for us to assess their competencies for the duty.	
Cost of management	Monetary data related to the management of this risk is confidential, therefore cannot be communicated. It includes the budget of trainings we provide and the aircraft purchase rates.	Monetary data related to the management of this risk is confidential, therefore cannot be communicated. It includes the budget of trainings we provide and the aircraft purchase rates.	Monetary data related to the management of this risk is confidential, therefore cannot be communicated. It includes the budget of trainings we provide and the aircraft purchase rates.

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

	RD-ID: 04
Risk driver	Changing consumer behaviour
Description	As climate change impacts are likely to cause an increase in our ticket price which will result in reduced demand for our services. Another reason for the foreseen reduction for our services is the weather extremes. Changing weather patterns and extreme weather events will cause some of the destinations we operate flights not as attractive resulting in less interest in air travel for leisure purposes.
Potential impact	Reduced demand for goods/services
Timeframe	> 6 years
Direct/Indirect	Direct
Likelihood	About as likely as not

Magnitude of impact	Low-medium
Estimated financial implications	A reduction in number of our total guests will result in a decrease of our operational costs while significantly reducing our total revenue; therefore will affect our financial stability.
Management method	By challenging ourselves to minimize our jet fuel consumption continuously we will ensure our service price is affected the least from such drivers.
Cost of management	In order to ensure we consume as little amount of jet fuel as financially possible to reduce, we have made a certain amount of investment in the reporting year. However, due to confidentiality, we cannot communicate the monetary figure of the investment.

CC6. Climate Change Opportunities

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

☒ Opportunities driven by changes in regulation

☒ Opportunities driven by changes in physical climate parameters

☒ Opportunities driven by changes in other climate-related developments

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

	OD-ID: 01
Opportunity driver	Emission reporting obligations
Description	Turkish Ministry of Environment and Urbanization has published a regulation on Monitoring, Reporting and Verification of GHG emissions in the industry. Although this law is only for stationary installations, in the not so distant future we foresee that aviation industry can also be included in this reporting scheme.
Potential impact	Reduced operational cost
Timeframe	3 to 6 years
Direct/Indirect	Direct
Likelihood	Virtually certain
Magnitude of impact	Low
Estimated financial implications	By participating and complying with the Green Airport/Airline scheme, we gain 20% reduction on license and permit renewal fees. As we already report our Scope 1 and 2 emissions according to ISO 14064-1 and get the result verified by Turkish Standards Institute, we will be well ready to comply with this obligation. Therefore, it will not bare an additional cost for us.
Management method	We have been reporting our GHG emissions since 2011 and having our emissions report verified by Turkish Standards Institute since 2014, we already have processes in place to collect activity data and report GHG emissions. This will provide an opportunity for us against our competitors. Moreover, our CIT has been working since 2008 and Energy and Greenhouse Gas Working Committee (E&GHG-WC) has been working since 2013 in order to better our GHG Emissions Management, therefore as the first airlines company to report its GHG emissions to the Turkish Directorate General of Civil Aviation under the Green Airport and Green Airlines projects, we will have a significant advantage if a mandatory GHG emissions reporting will be required in the future.
Cost of management	Due to confidentiality, we cannot communicate the monetary figure regarding the management of this opportunity, however it will be stately to say that they are evaluated and checked regularly.

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

	OD-ID: 02
Opportunity driver	Snow and ice
Description	Our aircraft fleet age average in 2015 was 5.33 years which is younger in comparison with our competitors. Therefore, under these weather conditions, our operations will likely be affected less than other airline companies. This bares a competitive advantage for us.
Potential impact	Increased production capacity
Timeframe	1 to 3 years
Direct/Indirect	Direct
Likelihood	More likely than not
Magnitude of impact	Low
Estimated financial implications	Extreme winter conditions increase our need for de/anti-icing which in return can cause delay in our operations. However, as Pegasus we handle these extreme weather conditions very efficiently and minimize the possible delays and operational defects as much as physically possible. As the optimized operations management is a part of our risk management process, this opportunity results in an enhanced operational conditions for us and provides us an advantage over our competitors.
Management method	With our well trained staff and all necessary equipment, we are well prepared for the extreme winter conditions. Our integrated risk management process foresees the necessary investments to be made in order to cope with/be least affected from environmental risks.
Cost of management	As environmental risk management is integrated in the company's overall risk management and strategy process, it has not resulted in any additional costs. However, in order to maintain this opportunity we make invetments in terms of training our personnel and sufficiently equipping our ground services.

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

	OD-ID: 03
Opportunity driver	Reputation
Description	As an important actor shaping the global GHG emissions, aviation sector has a responsibility to continuously reduce its emissions. Some companies do more in order to achieve this goal and this drives the attention of the costumer. Responsible company is a more attractive choice for the passengers, employees and business partners. Pegasus, being the first airlines company in Turkey to monitor and report its GHG emissions and set targets for reduction will become the choice of environmentally aware guests.
Potential impact	Increased demand for existing goods/services
Timeframe	1 to 3 years
Direct/Indirect	Direct
Likelihood	Likely
Magnitude of impact	Low-medium
Estimated financial implications	An increase in demand will raise our revenue, therefore economic sustainability of our company will benefit from this while working towards environmental sustainability.
Management method	Pegasus is continuously working to better its services to meet the guests' needs to become their first choice. Additionally, raising awareness about climate change in our value chain, especially our guests is one of our goals to enable them to make better choices for air travelling.
Cost of management	Due to confidentiality, we cannot communicate the monetary figure regarding the management of this opportunity, however it will be stately to say that they are evaluated and checked regularly.

CC7. Emissions Methodology

Base year

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

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Tue 01 Jan 2013 - Tue 31 Dec 2013	1337708.71
Scope 2 (location-based)	Tue 01 Jan 2013 - Tue 31 Dec 2013	1430.22
Scope 2 (market-based)	Tue 01 Jan 2013 - Tue 31 Dec 2013	0

Methodology

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

ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

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

Gas	Reference
CO2	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	IPCC Fourth Assessment Report (AR4 - 100 year)

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

Fuel/Material/Energy	Emission Factor	Unit	Reference
Electricity TR	0.476	metric tonnes CO2 per MWh	IAE (2013)
Other, please specify International (400 Hz)	0.533	metric tonnes CO2 per MWh	IEA (2013)
Natural gas	0.203	metric tonnes CO2e per MWh	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)
Motor gasoline	2.302	metric tonnes CO2e per liter	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)
Diesel/Gas oil	2.639	metric tonnes CO2e per liter	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2 Stationary Combustion (Table 2.4)
Diesel/Gas oil	2.669	metric tonnes CO2e per liter	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion, On-road (Table 3.2.1 & 3.2.2)
Diesel/Gas oil	2.930	metric tonnes CO2e per liter	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 3 Mobile Combustion, Off-road (Table 3.3.1)
Jet kerosene	3.086	kg CO2e per kg	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy

CC8. Emissions Data Boundary

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

Operational control

Scope 1 and 2 Emissions Data

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

1865066.75

CC8.3 Does your company have any operations in markets providing product or supplier specific data in the form of contractual instruments?

No

CC8.3a Please provide your gross global Scope 2 emissions figures in metric tonnes CO2

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
1583.84	0	Electricity is provided only from Turkish Grid System. We do not have market-based Scope 2 emissions.

CC8.4 Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

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

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Small Airport Offices in various locations	Emissions are not relevant	Emissions are not relevant	No emissions from this source	A small number of staff operates in airports other than Istanbul Sabiha Gokcen, Izmir Adnan Menderes and Antalya Airports. However, the operation volumes in these offices are relatively low, therefore they are not included in our GHG inventory boundary yet. If the operational volumes increase in the future, we will include them in the boundary.

Data Accuracy

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

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Metering/ Measurement Constraints	Pegasus has only utilized the primary data for the GHG emissions calculations, however due to unforeseen error in measurement or data management together with the chosen emission factors, uncertainties might have been encountered. Uncertainties associated with the data are expected to be low.
Scope 2 (location-based)	More than 5% but less than or equal to 10%	Metering/ Measurement Constraints	Pegasus has only utilized the primary data for the GHG emissions calculations, however due to unforeseen error in measurement or data management together with the chosen emission factors, uncertainties might have been encountered. Uncertainties associated with the data are expected to be low.

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 2 (market-based)	Less than or equal to 2%	No Sources of Uncertainty	Pegasus only has location-based Scope 2 emissions.

External Verification or Assurance

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

Third party verification or assurance process in place

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

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Underway but not complete for reporting year – previous statement of process attached	Reasonable assurance	https://www.cdp.net/sites/2016/18/49618/Climate Change 2016/Shared Documents/Attachments/CC8.6a/Pegasus Airlines 2014 GHG Emissions Verification Report-TSE.pdf	Page 1-2-3	ISO14064-3	100

CC8.7 Please indicate the verification/assurance status that applies to your reported Scope 2 emissions

Third party verification or assurance process in place

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

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Underway but not complete for reporting year – previous statement of process attached	Reasonable assurance	https://www.cdp.net/sites/2016/18/49618/Climate Change 2016/Shared Documents/Attachments/CC8.7a/Pegasus Airlines 2014 GHG Emissions Verification Report-TSE.pdf	Page 1-2-3	ISO14064-3	100

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

No additional data verified

Carbon Dioxide Emissions from Biologically Sequestered Carbon

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

No

CC9. Scope 1 Emissions Breakdown

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

No

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

☐By business division (CC9.2a)

☒By facility (CC9.2b)

☒By GHG type (CC9.2c)

☒By activity (CC9.2d)

☐By legal structure (CC9.2e)

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

Facility	Scope 1 emissions (metric tonnes CO_2e)	Latitude	Longitude
Istanbul Aeropark Company Headquarters (Including aircraft jet fuel consumption)	1864461.13	40°55'46''N	29°18'24''E
Sabiha Gokcen Airport	522.29	40°54'18''N	29°18'54''E
Izmir Adnan Menderes Airport	40.35	38°17'30''N	27°08'58''E
Antalya Airport	42.98	36°53'58''N	30°47'54''E

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

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	1849130.02
CH4	324.87
N2O	15423.29
HFCs	188.56

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

Activity	Scope 1 emissions (metric tonnes CO_2e)
Jet Kerosene Consumption	1863854.72
Natural Gas Consumption	289.00
Diesel Consumption (Generator)	0.69
Gasoline Consumption (Generator)	2.74
Refrigeration Fugitive Emissions	6.30
Fire Extinguisher Gas emissions	182.27
Diesel Consumption (Vehicles)	721.07
Gasoline Consumption (Vehicles)	9.96

CC10. Scope 2 Emissions Breakdown

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

Yes

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

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Turkey	1564.14	0	3822	0
Europe	19.70	0	37	0

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

☐By business division (CC10.2a)

☒By facility (CC10.2b)

☒By activity (CC10.2c)

☐By legal structure (CC10.2d)

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

Facility	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
Istanbul Aeropark Company Headquarters	960.07	0
Sabiha Gokcen Airport	530.46	0
Izmir Adnan Menderes Airport	35.03	0
Antalya Airport	58.29	0

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

Activity	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
Electricity Consumption	1212.67	0
Central Heating	44.49	0
400 Hz Consumption (Domestic)	72.94	0
400 Hz Consumption (International)	19.70	0
Ground Power Unit (GPU) Usage	234.04	0

CC11. Energy

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

More than 35% but less than or equal to 40%

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

Energy type	Energy purchased and consumed (MWh)
Heat	219.72
Steam	0
Cooling	0

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

4738478.00

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

Fuels	MWh
Natural gas	1427.02
Jet kerosene	4734275.99
Diesel/Gas oil	2724.03
Motor gasoline	50.96

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

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Comment
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor		

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

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
2737.94	2737.94	0	0	0	Our electricity consumption includes domestic and international 400 Hz provided to our fleet as well as electricity purchased directly from the Turkish Grid.

CC12. Emissions Performance

Emissions History

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

Increased

CC12.1a Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	5.7	Decrease	Due to the Jet Kerosene consumption reduction measures stated in Section 3.
Divestment	0	Choose an item.	

Reason	Emissions value (percentage)	Direction of change	Comment
Acquisitions	0	Choose an item.	.
Mergers	0	Choose an item.	
Change in output	16.70	Increase	Due to the increased number of passengers carried and flights operated within this reporting period.
Change in methodology	0	Choose an item.	
Change in boundary	0	Choose an item.	
Change in physical operating conditions	0	Choose an item.	
Unidentified	0	Choose an item.	
Other	0	Choose an item.	

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

Location-based

Emissions Intensity

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

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.00054	metric tonnes CO2e	3488000000	Location-based	3.11	Increase	Our revenue has increased by 13.18% from previous year but our GHG emissions have increased by 16.70%. This resulted in a slight increase in our emissions intensity.

CC12.3 Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
375.81	metric tonnes CO2e	full time equivalent (FTE) employee	4967	Location-based	15.23	Decrease	While the number of our FTE increased by over 37%, our gross global emissions have increased by 16.70% which resulted in a decrease of our emissions intensity per FTE.
0.068	metric tonnes CO2e	passenger kilometer	27412000	Location-based	2.00	Increase	The passenger km for 2015 has risen by over 14% however our combined Scope 1 and Scope 2 emissions increased by 16.70, leading to a slight increase in our emissions intensity for passenger km.

CC13. Emissions Trading

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

Yes

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

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO_2e	Details of ownership
European Union ETS	From 01-Jan-15 To 31-Dec-15	1312	0	649	Aircraft Fleet (Intra EU flights)

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

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

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

No

CC14. Scope 3 Emissions

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

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO_2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Capital goods	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO_2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Upstream transportation and distribution	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Waste generated in operations	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Business travel	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO_2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Employee commuting	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Upstream leased assets	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Investments	Not evaluated				

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO_2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Downstream transportation and distribution	Relevant, not yet calculated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Processing of sold products	Not relevant, explanation provided				As we provide a service not a product, this emission source is not relevant for our organisation.
Use of sold products	Not relevant, explanation provided				As we provide a service not a product, there is no use of product related emissions within our services.
End of life treatment of sold products	Not relevant, explanation provided				As we provide a service not a product, there is no end of life treatment related to our services.
Downstream leased assets	Not evaluated				
Franchises	Not relevant, explanation provided				Pegasus does not have any franchises.
Other (upstream)	Not evaluated				As over 99% of our Combined (Scope 1 and

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO_2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.
Other (downstream)	Not evaluated				As over 99% of our Combined (Scope 1 and Scope 2) emissions caused by our jet kerosene fuel consumption, we prioritized our efforts to manage this emission source as it will have the biggest potential to reduce our overall GHG emissions. However, in the future we will include our relevant Scope 3 emission sources in our Inventory.

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

No third party verification or assurance

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

☐Yes, our suppliers

☒Yes, our customers

☒Yes, other partners in the value chain

☐No, we do not engage

If "Yes, our suppliers", "Yes, our customers" or "Yes, other partners in the value chain" is ticked:

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

We communicate our GHG emissions strategy together with our findings and progress with the partners in our value chain such as ICAO, IATA, TÖSHİD, Airport Authorities and last but not least Airport operators. We take active part in Green Airport Project developed by the Directorate General of Civil Aviation where airport operators, airlines operators and subcontractors are encouraged to take part in and share their GHG emissions and conduct projects and management plans to enhance their performances. We therefore, communicate our performance with and encourage our suppliers and subcontractors to do so.

We also communicate our GHG Emissions performance with our Pegasus Family via our intranet web site and also with our guests through our Pegasus Magazines in flight and aim to draw attention on the subject as well as raising awareness and satisfying the inquiries of our environmentally friendly guests.

We believe civil aviation sector like all other sectors, can take part in climate change mitigation. Therefore, it is important for us to share our findings and progress with the elements of our value chain.

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

Sign Off

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

Name	Job title	Corresponding job category
Serhan Ulga	Senior Vice President and Chief Financial Officer	Chief Financial Officer (CFO)