

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Established in 1946, Garanti BBVA is Türkiye’s most valuable and second largest private bank with consolidated assets close to TL 849 billion (USD 64.9 billion) as of December 31, 2021. Garanti BBVA is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, besides international subsidiaries in the Netherlands and Romania. Its custom-tailored solutions and wide product variety play a key role in reaching TL 610 billion performing cash loans and non-cash loans. Implementing an advanced corporate governance model that promotes the Bank’s core values, Garanti has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with a 49.85% share. Its shares are publicly traded in Türkiye, and its depository receipts in the UK and the USA. Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of December 31, 2021. On 15 November 2021, the voluntary tender offer process was launched by BBVA for the entire share capital of Garanti BBVA (“VTO”) and approved by the Capital Markets Board of Turkey in accordance with the Communiqué on Takeover Bids. As a result of the VTO, the total share capital of Garanti BBVA owned by BBVA reached 85.97%. The related statement was announced at Public Disclosure Platform (KAP) in 18 May 2022. Every policy and business process adopted & accepted by BBVA is also considered valid by Garanti BBVA unless otherwise stated.

As of December 31, 2021, Garanti BBVA provides a wide range of financial services to its more than 20 million customers with 18.354 employees through an extensive distribution network of 863 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 1 international representative office. Garanti BBVA offers an omni-channel convenience with a seamless experience across all channels with 5.401 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Moving forward to maintain sustainable growth by creating value for all its stakeholders, Garanti BBVA builds its strategy on the principles of always approaching its customers in a “transparent”, “clear” and “responsible” manner, improving customer experience continuously by offering products and services that are tailored to their needs. Garanti BBVA has been working towards sustainable development focusing on combating climate change and on inclusive growth for 15 years to support sustainability, as is one of its strategic goals. Garanti BBVA has a different strategic priority in the field of sustainability which are

- Positively influence customers, decision-makers, and the sector being the leading bank in sustainability; continue to support raising increased awareness of this matter
- Increase the diversity and use of our sustainable products offered to customers
- Observe climate change-related risks and opportunities; integrate them into the business processes and risk policies
- Focus on community investment programs that deliver impactful outcomes on material topics and observe impact investment principles

In 2022 Garanti BBVA launched a carbon footprint feature within its existing mobile banking application used by its customers that is aimed at increasing awareness of sustainability, provides features such as carbon&water footprint calculation for cards and accounts’ expenses and offers advice on offsetting carbon footprint. Since 2014, the Bank has been qualified for BIST Sustainability Index and BIST Corporate Governance Index and continues to be the only bank from Turkey listed in the Dow Jones Sustainability TM Emerging Markets Index, after being qualified in 2015. The year 2021 marks the seventh consecutive year of index inclusion with valuation on topics such as ethics, governance, financing activities, E&S performance throughout the value chain, risk management, climate change mitigation, transparency, supply chain, and human and employee rights. In 2021, Garanti BBVA Climate Index was created to measure the price and return performance of the portfolio consisting of the shares of companies traded on Borsa Istanbul, which transparently declare their risks and opportunities regarding climate change according to the CDP methodology. In March 2021, Garanti BBVA reaffirmed its commitment against climate change and announced that it will stop financing coal-related activities. In September 2021, the Bank became the first company from Türkiye to make a commitment to the Net Zero Banking Alliance, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement. Garanti BBVA’s commitments include aligning its portfolio with net zero emissions by 2050.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

Reporting year	Start date	End date
	January 1 2021	December 31 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Turkey

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) 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, a Ticker symbol	GARAN

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>As a company operating in the banking sector, fresh water is not an input that will directly affect our operational processes. The primary use of water in direct and indirect operations and its importance for the Bank: Enough good quality fresh water available for use is important for employee consumption, sanitation, and landscaping. While the primary use of fresh water is not counted as direct operational input, access to a good quality freshwater source is critical to water sanitation, hygiene, and employee health. So, importance rating is determined as "important" in terms of direct operations and taking necessary precautions to supply good quality water for its employee. To provide good quality water, a reverse osmosis treatment plant was implemented in the Zincirlikuyu Head Office building. We care about water security management in the companies we finance. Industries where water management is important, such as textiles, mining, agriculture, and energy (especially hydroelectricity), account for approximately 25% of our loan distribution. Good quality freshwater is an important input for companies in our value chain. So, it is considered "important" for Garanti BBVA and attention is paid to areas such as purchasing, lending, and portfolio management.</p> <p>According to the Falkenmark Index and WRI Aqueduct Tool, Turkey is one of the countries experiencing water stress. Marmara region, where Garanti BBVA's Head Office buildings and many other real estates are located, is a region marked as absolute famine/scarcity and a threat to Garanti BBVA's business continuity. In particular, the inability to provide sufficient water to employees will lead to interruptions in the continuity of the business. A resource tracking system was established and implemented to develop the Global Eco Efficiency Plan, which also includes water use targets. We do not expect a significant difference in water use, yet water availability will affect the direct & indirect operations.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	<p>Primary use of recycled/brackish/produced water in direct and indirect operations and its importance for the Bank: As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office and Pendik Technology Campus for landscape irrigation. We do not expect any difference in recycled/brackish/produced water dependency for both direct & indirect operations, yet planned to increase the number of collection systems for facilities. Garanti BBVA is investigating the opportunities of reuse and recycling projects. This is in the feasibility stage with regards to some reuse and recycling projects in its headquarters in the next reporting periods. Since Garanti BBVA operates in the financial sector and recycled, brackish and produced water is not of high importance in its operations, the rank of importance determined as "neutral" for both its direct and indirect operations. As Garanti BBVA's core business activities will remain the same, the future importance of water use has been designated as "neutral" and no major changes are expected.</p>

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Garanti BBVA uses municipal water for the boundaries of the organization. Garanti BBVA monthly collects water data from its buildings and branches. As one of our environmental key performance indicators, we track water withdrawal volume and include in our reports. Water bills are used as a tracking method and the frequency of monitoring is done monthly. 2021 water consumption data is verified by a third party as indicated in the Annual Report. Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization. Garanti BBVA aims to keep daily water consumption under control by lower flow rate faucets. Mains water is treated and used as drinking water at the head office building, which is not a widespread practice in Turkey where most drinking water is purchased. https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/GBFR21-APPENDIX-3.pdf
Water withdrawals – volumes by source	100%	Water withdrawal is not the primary input in our operations, but we regularly track this information from monthly water bills at 100% of our facilities. All facilities use municipal water and the withdrawal is measured and monitored on a monthly basis. In our operations, only the municipal network is used for water withdrawal at all facilities. The source of the water used in the facilities is followed by the state institutions. Throughout Turkey, Water and Sewerage Administration organizations disclose information on water withdrawn from each dam and annually report dam occupancy rates and water quality. This information can be obtained from the relevant reports for all our operating facilities. In our operations located Municipality draws water from the water bodies in Turkey. There are several dams located in each area therefore It is not possible to determine exactly which dam the water used in these facilities comes from.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	In our operations, only the municipal network is used for water withdrawal at all facilities. The municipalities ensure that water sent to the mains complies with these water quality parameters. Before the water is given to the network, it is treated at the municipality’s treatment facilities. Any untreated water is not supplied to the network. It should be noted that there is a certain limitation in the withdrawal of water from the basins and all basins are secured under the Regulation on the Protection of Basins Used for Drinking and Potable Water Purposes. Garanti BBVA implements additional treatment through a reverse osmosis system (ROS) in order to further improve the water quality. In this regard, Garanti BBVA has installed a ROS in Zincirlikuyu HQ building to provide good quality water ready for use by increasing the quality of the water supplied. Maintenance and controls of the ROS are carried out monthly, and analysis reports have been shared with all employees.
Water discharges – total volumes	100%	100% of generated wastewater from Garanti BBVA facilities is discharged directly to the municipal sewage system. It ends up at the municipal treatment plants. 100% of wastewater arising from our locations is discharged to treatment plants. Water bills are used as a tracking method for water discharge. Since the water bills are shared on monthly, the frequency of monitoring is done monthly. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating, monitoring, and maintaining the water supply and treatment facilities. Within our organization, total water consumption is discharged directly to the municipal sewage system and monitored by the monthly water bills.
Water discharges – volumes by destination	100%	Water is discharged directly to the municipal sewage system. The destination of wastewater discharge at the facilities is the relevant sewage line at the site of the facility. The sewage line ends up in the municipal wastewater treatment plants. 100% of total water consumption is discharged to the sewage and monitored monthly from municipality water bills.
Water discharges – volumes by treatment method	100%	Garanti BBVA discharges its wastewater to the sewer line of the relevant municipality and ends at municipal wastewater treatment plants. The configuration of municipal wastewater treatment plants may vary yet, it is known that biological treatment is dominant in municipal wastewater treatment plants in Turkey. According to the Turkish Statistical Institute Database, wastewater treatment systems consist of 56% biological, 18% natural, 21% advanced, and 5.6% physical treatment systems based on the most up-to-date data provided by the Ministry of Environment. In this context, water withdrawal equals water discharge by volume. Since the municipality carries out treatment to fulfill the required wastewater discharge parameters included in the relevant local regulation, it is neither practical nor possible to track the wastewater discharged from our locations and determine at which treatment plant it is treated. https://data.tuik.gov.tr/Kategori/GetKategori?p=cevre-enerji-103&dil=1
Water discharge quality – by standard effluent parameters	100%	Wastewater arising from Garanti BBVA locations is discharged to the sewage and it ends up at the municipal treatment plants. As an organisation in the banking sector, Garanti BBVA's water use is for drinking water, cooking and cleaning purposes. Since there is no production process etc., we can say that the wastewater characterization is domestic. All the generated wastewater is discharged to the municipal sewage system. The municipality monitors all wastewater discharged to the sewage system on a monthly basis depending on where it is located, and the effluent is compared to the discharge requirements to make sure the necessary level of water quality parameters is reached. Since the municipality carries out treatment to fulfill the required wastewater discharge parameters included in the relevant local regulation. For this reason, it is neither practical nor possible to track the wastewater discharged from our locations and determine at which treatment plant it is treated.
Water discharge quality – temperature	100%	The municipality sewage system has been used for wastewater discharge. Since there has been no water usage for industrial purposes, no hot water discharge may cause thermal pollution by the Bank's activities. The municipality monitors all wastewater discharged to the sewage system on a monthly basis depending on where it is located, and the effluent is compared to the discharge requirements to make sure the necessary level of water quality parameters is reached.
Water consumption – total volume	100%	The total water consumption of Garanti BBVA is the sum of consumption from various sources. Water consumption is measured by calculating the total volume withdrawn minus the total volume discharged. Water consumption at Garanti BBVA Facilities consists of the amount of water used for domestic purposes including (drinking, cooking, cleaning, lavatories and HVAC). Since the water bills are shared on a monthly basis, the frequency of monitoring is done monthly at all Garanti BBVA (Zincirlikuyu Head Office, Sivas Call Center, Pendik Technology Campus, Branches and other buildings).
Water recycled/reused	26-50	As a financial institution, recycled, brackish and/or produced water does not have a significant impact on our financial and operational activities. However, as a best practice, Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu HQ and Pendik Technology Campus for landscape irrigation. The amount of recycled water is 2%
The provision of fully-functioning, safely managed WASH services to all workers	100%	Garanti BBVA provides fully functioning WASH services for all employees and a full-time OHS Team and Construction Department to monthly supervise the quality of these services. Garanti BBVA implemented a reverse osmosis treatment plant in the headquarter building in 2014. This treatment plant has provided good quality water used for drinking and cooking purposes since 2014. Maintenance of the reverse osmosis systems and hygiene audits are conducted regularly.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	190.7	Much lower	<p>Compared to the previous year, our water consumption is much lower. Garanti BBVA has published a Global Eco-efficiency plan which aims to reduce the environmental impacts of the facilities and improvements are implemented. The main reason for this decrease is Garanti BBVA adopted the permanent hybrid working system and Learning&Development Centre that is reported in 2020 is closed permanently in 2021. Also, the effect of the covid-19 pandemic is reduced in 2021, so the hygienic concern activities were slowed down. Water withdrawal was decreased by 27.5% compared to the previous year. Garanti BBVA has a threshold value for the comparison. The threshold value is described as,</p> <ul style="list-style-type: none"> - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher - +/- more than 20% change is much lower/higher <p>Water is used for drinking, cooking, and cleaning purposes and is used in lavatories and HVAC systems. The Bank's water management process and water withdrawal values are publicly available and verified by third-party verifiers and shared in Annual Report ("In the Report water withdrawal is referred to as water consumption). Water bills from third-party providers are used as a tracking method for water withdrawal. The frequency of monitoring is done monthly. To closely monitor the consumption in all locations, an online data collection system is used since 2018. A hybrid working system will continue in the future. Plumbing systems are constantly renewed and replaced with water-efficient equipment. In the future, we expect to see a further decrease in our water withdrawals due to the efforts mentioned above. We have already achieved the targets for 2025 that we set in the Global eco-efficiency plan for the reporting year. By acting with a continuous improvement approach, we are updating our current targets. It is expected and targeted that our trend in the coming years will be downwards. All the calculations are done with the "Consumption = Withdrawal – Discharge" equation.</p>
Total discharges	167.64	Much lower	<p>The wastewater characterization generated by Garanti BBVA is considered domestic since the consumption of water is in areas such as lavatories, cooking, cleaning activities and other domestic uses. Therefore, Garanti BBVA discharges all the wastewater it generates to the related municipal sewer systems without any treatment. Water discharge was decreased by 31.8% compared to the previous year. Garanti BBVA has a threshold value for the comparison. The threshold value is described as,</p> <ul style="list-style-type: none"> - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher - +/- more than 20% change is much lower/higher <p>Water discharges are controlled with water bills from third-party providers are used. Since the water bills are shared monthly, the frequency of monitoring is done monthly. In order to closely monitor the discharge in all locations and increase its environmental performance, Garanti BBVA launched an online data collection system and has been actively using the system since 2018. In the finance sector, discharged amounts are almost the same as the withdrawal values. In our bank, water is used only for personal needs. Learning&Development Centre that is reported in 2020 is closed permanently in 2021 so the discharge value is decreased from the previous year. Garanti BBVA adopted the permanent hybrid working system and a great portion of the employees will continue to work with this system in the future. Plumbing systems are constantly renewed and replaced with water-efficient equipment. In the future, we expect to see a further decrease in our water discharges due to the efforts mentioned above. We have achieved the targets we set in 2019 for the reporting year. It is expected and targeted that our trend in the coming years will be downwards. All the calculations are done with the "Consumption = Withdrawal – Discharge" equation.</p>
Total consumption	23.03	Much higher	<p>In 2021, Garanti BBVA's water consumption was calculated as 23.03 megaliters/year. Garanti BBVA has a threshold value for the comparison. The threshold value is described as,</p> <ul style="list-style-type: none"> - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher - +/- more than 20% change is much lower/higher <p>Garanti BBVA estimates the consumption volumes under these assumptions:</p> <ul style="list-style-type: none"> • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/ • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Garanti BBVA's withdrawal source. • The consumption value is calculated with the below formula as, Employee number x water consumption per employee x working days x ratio of an employee who works in office. (since the hybrid working system is adopted, the ratio of people who works in the office is considered.) • In addition to the employees consumption, collected water from rainwater harvesting system is used for garden irrigation. The amount of rainwater which is 4,17 megaliters is also added to the total consumption. <p>The consumption value increased 33.8% from previous year. Since the employee number and office working days are increased based on the previous year, a water consumption increase is expected. All the calculations are done with the "Consumption = Withdrawal – Discharge" equation.</p> <p>The future consumption figures will vary according to the employee number and working days for the hybrid system, yet Garanti BBVA does not expect dramatic increase or decrease for the future.</p>

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueduct	<p>We determine the regions of water stress with the WRI Aqueduct. Our used data set is water stress under PHYSICAL RISKS QUANTITY head. This dataset measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users. The use of the WRI Aqueduct tool is done by marking the regions where our bank has operations on the map or by entering latitude and longitude. For example, our bank's headquarters is located in Zincirlikuyu/Istanbul/Turkey. After the selecting location, the tool says the major basin of this region is the Adriatic Sea - Greece - Black Sea Coast, and the minor basin is the Sea of Marmara Coast and the water stress level of the location is >80%. Similarly, the operation regions or the regions where the financed projects are located are evaluated in terms of water stress in this way.</p>

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	4.17	Much higher	The rainwater collection systems at Zincirlikuyu Office (HQ) and Pendik Technology Campus are used for landscape irrigation purposes. There is a water tank with a volume of 70 m ³ at HQ. In Pendik Technology Campus, there are two tanks with a capacity of 500 m ³ . All of the collected rainwater is used for landscape irrigation without any treatment. During the dry seasons, the landscape irrigation is done by using wastewater supplied from the cooling tower to prevent additional water consumption at HQ. The amount of recycled water is around %1. Garanti BBVA aims to increase the number of branches with a rainwater collection system. Therefore, an increase in this value is expected in the coming years. The rainwater collection systems are improved and the amount of rainwater is much higher when we compare it with the previous year. The threshold value is described as, - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher +/- more than 20% change is much lower/higher
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	There is no use of brackish surface water and sea water at Garanti BBVA facilities. Consumed water is supplied from municipal networks. In the future scenarios and targets, there is no issue such as changing the water withdrawal resources as long as facilities can reach the municipal water networks.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	There is no use of groundwater at Garanti BBVA facilities. Consumed water is supplied from municipal networks. In the future scenarios and targets, there is no issue such as changing the water withdrawal resources as long as facilities can reach the municipal water networks.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	There is no use of groundwater at Garanti BBVA facilities. Consumed water is supplied from municipal networks. In the future scenarios and targets, there is no issue such as changing the water withdrawal resources as long as facilities can reach the municipal water networks.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	There is no extraction, processing, or use of any raw material within the operation of the bank. So there is no produced/entrained water use at Garanti BBVA facilities. Consumed water is supplied from municipal networks. In future scenarios and targets, there is no issue such as changing the water withdrawal resources as long as facilities can reach the municipal water networks.
Third party sources	Relevant	186.5	Much lower	Water consumption is calculated based on the invoices provided by the suppliers and verified by third-party verifiers. Water is used for domestic purposes. The amount of water withdrawal is much lower when we compare it with the previous year. Garanti BBVA adopted the permanent hybrid working system and Learning&Development Centre is reported in 2020 is closed permanently in 2021. Also, the effect of the pandemic is reduced, so the hygienic concern activities were slowed down. Garanti BBVA has a threshold value for the comparison. The threshold value is described as, - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher - +/- more than 20% change is much lower/higher Water bills from third-party providers are used as a tracking method for water withdrawal and the frequency of monitoring is done monthly. To closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA implemented an online data collection system in 2018.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	Any of the Garanti BBVA facilities do not discharge any water to fresh surface water. Garanti BBVA uses water for domestic purposes (drinking, cooking, cleaning, lavatories and HVAC). Wastewater generated as a result of usage and consumed water has a domestic wastewater characterization. Generated wastewater is discharged to the sewerage system of the municipalities where each Garanti BBVA branch is located.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Any of the Garanti BBVA facilities do not discharge any water to brackish surface water. Garanti BBVA uses water for domestic purposes (drinking, cooking, cleaning, lavatories, and HVAC). Wastewater generated as a result of usage and consumed water has a domestic wastewater characterization. Generated wastewater is discharged to the sewerage system of the municipalities where each Garanti BBVA branch is located.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Any of the Garanti BBVA facilities do not discharge any water into groundwater. Garanti BBVA uses water for domestic purposes (drinking, cooking, cleaning, lavatories and HVAC). Wastewater generated as a result of usage and consumed water has a domestic wastewater characterization. Generated wastewater is discharged to the sewerage system of the municipalities where each Garanti BBVA branch is located.
Third-party destinations	Relevant	167.6	Much lower	Water is used for domestic purposes. Generated wastewater has a domestic wastewater characterization. Generated wastewater is discharged to the municipal sewerage system of the municipalities where each Garanti BBVA branch is located. Water discharge was decreased by 31.8% compared to the previous year. Garanti BBVA has a threshold value for the comparison. The threshold value is described as, - +/- 0-10% change is about the same - +/- 10-20% change is lower/higher - +/- more than 20% change is much lower/higher Water discharges are tracked with water bills from third-party providers used. Garanti BBVA adopted the permanent hybrid working system and a great portion of the employees will continue to work with this system in the future. Plumbing systems are constantly renewed and replaced with water-efficient equipment. The collected rainwater was used for irrigation. Collected rainwater (2%) is less than 5%, so collected rainwater is excluded from discharge accounting.

W1.2j

(W1.2) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Therefore, no tertiary treatment applied.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Therefore, no secondary treatment applied.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Therefore, no primary treatment applied.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Therefore, no wastewater originating from Garanti BBVA's operations is discharged into the natural environment without treatment.
Discharge to a third party without treatment	Relevant	167.64	Much lower	100%	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Ministry of Env. and Urbanization set a discharge limit which are mentioned in Turkish Water Pollution Control Regulation, Municipal treatment plants treat domestic wastewater in accordance with the Turkish Water Pollution Control Regulation (Country Level Regulation), which enter in force in 2004.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Generated wastewater from Garanti BBVA has a domestic character. So, water is discharged directly to the municipal sewage system in each facility. Therefore, no primary treatment applied.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	61659777000	190.7	323333911.903513	Water withdrawal efficiency is calculated as revenue per total water withdrawal volume in the reporting period. We expect an increase in this figure in the future. Water consumption will be decreased because of the remote working and awareness of employees. Garanti BBVA attaches utmost importance to awareness and mindfulness activities and organizes training on environmental issues. Also, there is an increase in our annual revenues from year to year.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for this coverage

We believe that the most material risks associated with water along the value chain for the banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti BBVA is also managing its water-related risks in the supply chain by asking almost all of its suppliers to comply with the Code of Conduct for Suppliers (which includes ISO14001) through an additional protocol; and this is how we raise their awareness. Garanti BBVA shares the link of the Code of Conduct for Suppliers with each and every supplier along with the purchasing orders. We have many suppliers of different sizes. It is also noteworthy to mention that the Bank has around 2,500 suppliers in total. It is not realistic to collect information and data on water management from all suppliers. Approximately 35% of the expenditures in the supply chain are software consultancy, software service, insurance service, etc., 10% food service, 7% rental car expenses. The rest are items that are around 1% or less of total spending separately. Not all our suppliers are involved in purchasing products, such as consulting. However, we still make all our suppliers sign a declaration with a purchase volume above 150000 TRY (currency in W0). With this declaration, the supplier declares that it will comply with the "Garanti BBVA Supplier Code of Conduct". You can access the principles from the link below. (Title 4.3., Commitment to Sustainability) <https://assetsgaranti.com/assets/pdf/tr/garanti-bankasi-tedarikci-davranis-ikeleri.pdf>

94% of our suppliers are included in the scope of the declaration. Suppliers respond to our questions during the current account opening and the answers are recorded in our supplier management system. Garanti BBVA is working on new methodologies in order to rank and screen the suppliers based on their sustainability performance especially suppliers that operate in water-intensive sectors.

Impact of the engagement and measures of success

The information requested from the suppliers and the procedures on how to use the information is included in our bank's Water Consumption Information Management System Manual. Within the scope of this procedure, information such as water source, withdrawn water volume, treatment systems, discharge points, effluent quality, the water stress level in the withdrawal area, and product-based water footprint are requested from the companies. These collected data are scored with various weightings. For suppliers, the data is used to evaluate whether the supplier company has a negative water-related situation. Companies that fall outside the standards of our bank regarding water management are warned. If the problem persists, it is removed from the supplier list. A similar assessment is in question for the financed companies or projects. The conformity of the projects in the regions under water stress is checked in international standards and according to the standards of our bank. To monitor suppliers and measure success, the supplier's KPI values over the years and cross-industry performance are compared. For this, metrics such as water consumption per product (m3 per product) and annual water consumption (m3 per year) are used.

Environmental Provisions stated in the Code of Conduct include: -Protection of the environment, sustainability, and the aspiration to "eco-efficiency" are priorities for Garanti BBVA, which has developed an Environment Policy and has subscribed to the principal international commitments on this issue: the UNGC, UNEP-FI and the CDP; -In your professional activities, behave responsibly in regard to the conservation of the environment. In 2019 we released our new Procurement Policy that has even more detailed compliance criteria. Moving forward, to date, over 90% of our suppliers shared the signed version of our Code of Conduct for Suppliers, thus agreeing to align with the Bank's environmental policies and commitments including water-related issues. Garanti BBVA will develop initiatives to further engage with its suppliers to lower their env. Impacts include water. In 2021, Garanti BBVA published its second Impact Report in the Integrated Annual Report within the scope of the Responsible Banking Principles of the United Nations Environment Program Finance Initiative (UNEP FI), of which Garanti BBVA is one of the founding members.

Comment

Our Code of Conduct for Suppliers, requires full compliance with Garanti BBVA's Environmental Policy and EMS. Garanti BBVA shares the link of the Code of Conduct for Suppliers with each and every supplier along with the purchasing order. It is also publicly available in the Bank's sustainability website: https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism
Requirement for water-related targets is included in your supplier selection mechanism
Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for the coverage of your engagement

We request information and data on water management from our suppliers. This information helps us evaluate whether our suppliers are within the framework of compliance with our bank's specifications. As Garanti BBVA, we have social and environmental rules and procedures. We expect our suppliers to adapt to the issues we comply with in order to create integrity. Garanti BBVA released its Code of Conduct for Suppliers, which requires full compliance with Garanti BBVA's Environmental Policy and EMS. It is also publicly available in the Bank's website: https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf.

In 2019 we released our new Procurement Policy that has even more detailed compliance criteria. Moving forward, Garanti BBVA may also consider requesting regular reporting for water-related data from its suppliers.

Impact of the engagement and measures of success

Monitoring of success and the current situation is provided by the KPIs we have determined in our supplier evaluation regulation. The performance of the suppliers in water management is followed from year to year. Thus, we can monitor and manage our indirect impacts. We also encourage them to develop themselves. Thanks to these activities, our suppliers develop themselves and create successful outputs. Garanti BBVA has a Code of Conduct for Suppliers. In order to embed the code of conduct into all the procurement activities. It is also noteworthy to mention that the Bank has around 2,500 suppliers in total.

Comment

Garanti BBVA Code of Conduct for Suppliers, based on its Supply Chain Policy published, is also publicly available here:

<https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/other-esg-policies/garanti-bbva-code-of-conduct-forsuppliers/>

The Bank is also planning to develop a sustainability training program for suppliers in the upcoming years.

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

We believe that most of material risks associated to water along the value chain for banking sector are related to loan portfolio, especially customers and partners are engaged. ESLP was updated in line with the Bank's sector-leading environmental and social risk management approach. This policy define the our methodology and strategy how we engage with value chain. Please see, "ESLP" section: <https://www.garantibbvainvestorrelations.com/en/images/pdf/ESLP-short-version.pdf>

In addition, we calculate the carbon&water footprints of our customers based on their consumption, with the ecological status in our mobile application. We encourage our customers to raise awareness about sustainability and to reduce their consumption.

For details: <https://www.garantibbva.com.tr/en/digital-banking/my-ecological-status>

We communicate with the stakeholders in our value chain, primarily through our integrated report, the policies that we publish in the website and e-mail. We track the engagement success through the survey and KPIs. KPIs and surveys are updated and tracked annually to highlight the measure the success of the engagement. Garanti BBVA undertook double materiality study for Climate Change which has the highest priority both for the Bank's strategy and its stakeholders. As part of this study, the Bank analyzed the impact of climate change and water upon Garanti BBVA (Outside-Inward Perspective) while how these topics impacted the others, in other words, how Garanti BBVA's activities dealing with these topics affected various stakeholders (Inside-Outward Perspective). Thus, the Bank analyzed risks and opportunities for each topic in connection with the aspect they were analyzed. Garanti BBVA regards the double materiality analysis that it has undertaken for the very first time in 2021 as a basic effort showing that the Bank attaches great importance to this new methodology and started working on it and aims to increase the effectiveness of this study in the coming years.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

Turkey	Other, please specify (West Blacksea)
--------	---------------------------------------

Type of impact driver & Primary impact driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
----------------	--

Primary impact

Closure of operations

Description of impact

In the reporting year, a flood disaster occurred in the western Black Sea region of Turkey. In this flood disaster, 8 bank branches in the provinces of Sinop, Kastamonu and Bartın in the Western Black Sea region were flooded. Financial costs were incurred due to the discharge of water and cleaning operations as a result of the flood disaster. However, some of our equipment was damaged. Expenses were made for the purchase of new equipment and cleaning operations. The scale of the negative impact resulting from the flood is not very large compared to the company's expenses. However, disruption of operations or damage to capital goods creates a financial cost.

Primary response

Develop flood emergency plans

Total financial impact

235942

Description of response

Operating Costs were increased for infrastructure development, isolation, and maintenance expenses of damaged bank branches. However, emergency plans have been developed. Employees were informed about the flood disaster and ways of protection. Some goods and resources were moved from areas at risk of flooding. Insurance policies were reviewed.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

International methodologies and standards

Databases

Other

Tools and methods used

WRI Aqueduct

Environmental Impact Assessment

Regional government databases

Internal company methods

Materiality assessment
Nation specific databases, tools, or standards

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level

Comment

In 2020 new sustainability training and a separate ISO 14001 Environmental Management System training were started by Sustainability Team and Efficiency Team and continued in 2021. These trainings aim to increase the knowledge and awareness of employees about environmental and social problems and how Garanti BBVA mitigates them. We manage our direct env. footprint by using our online Env. Management Database. This new online tool enables us to manage our water footprint more systematically at each. Also, we track our water and environment-related data throughout this database.

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases
Other

Tools and methods used

WRI Aqueduct
Environmental Impact Assessment
Regional government databases
Internal company methods
Materiality assessment
Nation specific databases, tools, or standards

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level

Comment

We manage indirect impacts through our world-class E&S risk management system and utilize national and international databases provided by governments and NGOs as well for assessments. Garanti BBVA suppliers make a commitment to comply with the "Code of Conduct for Suppliers" for the procurement.

Value chain stage

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

International methodologies and standards

Databases

Other

Tools and methods used

WRI Aqueduct

Environmental Impact Assessment

Regional government databases

Internal company methods

Materiality assessment

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Investors

Local communities

NGOs

Regulators

Water utilities at a local level

Comment

E&S Impact Assessment Model (ESIAM) which is an internal company method is applied in the value chain. ESIAM is developed to systematically assess the projects in terms of classification and risk according to their nature, scale, sensitivity, location, and environmental and social impacts. ESIAM is applicable for the five main financial transactions,

1. Project Finance
 2. Corporate Loans utilized for a Particular Project or Investment
 3. Bridge Loans
 4. Consultancy Service
 5. Refinancing or acquisition loans used for a specific project or investment
-

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Garanti BBVA carries out water-related risk assessments across the whole of their operations, supply chain or other value chain stage. So, the coverage is chosen as full in column 2. Garanti BBVA uses WRI Aqueduct to detect water-stressed areas and evaluate their operations and integrates them into decision-making processes. This risk assessment provides support for future water planning at the facility level and portfolio management. Internal company methods like env. A management database is used to track the facility's related data.

Since Garanti BBVA has detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices, the selected tools and contextual issues are included in all relevant E&S due diligence processes. Internal tools like ESLP and the ESIAM and National Online Basin Database are used for such assessments. The project location and current stakeholder views are considered for the project. If there is a huge level of stakeholder conflict, the project is whether directly rejected or applicable actions are taken to avoid conflicts. Annually, the ESIAP was updated based on the current regulatory changes including, EIA and other water-related regulations. Ecosystem and habitat characteristics is assessed within the requirements of ESIAP. If there is no necessary study related to the ecosystem and habitats, the client is required to conduct an additional study for the baseline ecosystem/habitat or ESIA including a detailed ecosystem /habitats section. As one of our greatest assets, we continuously invest in our Human Capital. We go to great lengths to provide a safe, healthy and sanitary working environment with high standards that go beyond regulations. Implications of water is assessed as part of integrated water management practices for projects that we finance. So, the implication of water on key commodities/raw materials is relevant and included in E&S due diligence processes.

Garanti BBVA believes that the main water risks related to the Bank lie with the downstream impacts arising from financing activities. One of our strategic priorities is having an effective systematic risk management practice where financial and non-financial issues are assessed in an integrated manner. The basis of identifying and assessing climate-related risks on both transaction and portfolio level is the Materiality Analysis explained on p62 of our 2021 Integrated Annual Report. In the assessment, Garanti BBVA ranked each risks & opportunity according to the magnitude, likelihood and time frame of their impact in terms of; (1)direct financial impact and risk,(2)legal, regulatory and policy drivers,(3)opp. for innovation,(4)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". To better manage these risks we use several tools and mechanisms and continuously update our policies and procedures for stricter criteria. Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. We apply ESIAM and Sector Norms in line with international best practices. The Bank correspondingly updates to tighten its E&S policies, procedures, and standards. Climate and physical risks are assessed and adaptation and action plans are constructed. We also have sector-specific further assessment criteria in our ESIAM.

Customers are important stakeholders for the Bank's direct operations and value chain. Garanti BBVA is implementing an E&S Risk management framework for lending operations. So, customers are valuable stakeholders within the scope of water-related risk assessments. When Garanti BBVA runs a project through its ESIAP, one of the most important stakeholders is always the local community which are consulted as part of the stakeholder engagement processes of environmental and social impact assessment. During our materiality analysis, we engaged with many NGOs to learn their perspective and studies about water risks. Regulators are important stakeholders for direct and indirect operations. Regulators are consulted by the Ministry of Environment and Urbanization during the local EIA processes. Moreover, regulators ask the banks via Turkish Banks Ass. or Turkish Industry and Business Ass., or directly while drafting the regulations, from time to time. The bank is also managing its water-related risks in supply chain by asking its suppliers to comply with its Code of Conduct. Water utilities at a local level is an important stakeholder for the us since the bank supplies its water from them.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Garanti BBVA believes that the main water risks related to the Bank lie with the downstream impacts arising from financing activities, rather than Garanti BBVA's own facilities. However, Garanti BBVA evaluates in its direct operations, the long term availability and quality used in its facilities. One of our strategic priorities is having an effective systematic risk management practice where financial and non-financial issues are assessed in an integrated manner. The basis of identifying and assessing climate-related and water risks on both transaction and portfolio level is the Materiality Analysis explained on p60 of our 2021 Integrated Annual Report. In the assessment of water related risks, Garanti BBVA ranked each risks & opportunities according to the magnitude, likelihood and time frame of their impact in terms of; (i)direct financial impact and risk, (ii)legal, regulatory and policy drivers, (iii)opp. for innovation, (iv)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". We identify and assess our climate-related risks including water in 3 levels: (1)Transaction Level; (2)Sector Level; (3)Portfolio Level. The Sustainability Team monitors current and potential regulatory impacts and plans the necessary actions for compliance. During the assessment several international tools were used to identify water stress and risks. For a deeper understanding, we define (1) the negative impact of water-related risks on the financial or non-financial performance (such as reputation) of the projects which fall under the scope of our E&S risk assessment framework, and (2) loss of revenues due to service interruption originating from a water-related disaster such as flooding regardless of the duration of interruption as substantive changes in our business. We track these risks through metrics such as % of projects prone to water risks in Project Finance portfolio. To better manage these risks we use several tools and mechanisms and continuously update our policies and procedures for stricter criteria. ESLP is applied to all loan portfolio(100%). Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. We apply an E&S Impact Assessment Model (ESIAM) and Sector Norms in line with international best practices. ESIAM, in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc., is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For water-related risks in addition to above-mentioned tools, national and international online databases for water-related issues are also utilized. We published our Climate Change Action Plan (2015) to support Turkey's transition to a low-carbon economy, focusing on 4 issues: (1)prioritizing RE investments and putting a shadow price on carbon, (2)reducing deforestation, (3)water management for climate adaptation, (4)establishing green office standards . Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. The ratio of financing provided to projects prone to water-related risks in 2021 is 100% in our 2021 Project Finance portfolio. ESIAM is applied to these projects in order to manage E&S risks including those that are water-related.

Garanti BBVA has a robust E&S risk assessment framework in place that allows us to minimize the risks associated to water along with other environmental and social risks. We define financial impacts up to TRY 1 million as Low, TRY 5-20 million as Medium, and TRY 50 million and over as High impact.

Additionally, BBVA has created a new sustainable loan that focuses on reducing companies' water footprint, a key priority in many companies' sustainability policies. The 'water footprint' loan is a sub-type of loan that takes into account specific water indicators. CDP Water score of companies is second indicator for assessing besides water consumption. As a group member, Garanti BBVA will implement this loan structure. For details: <https://www.bbva.com/en/sustainability/bbva-creates-the-water-footprint-loan-and-launches-it-worldwide-together-with-iberdrola/>

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	100	<p>Basin information of Turkey can be found in this official link by the related Ministry under Water title: http://veri.tarimorman.gov.tr/ According to taken information about the basins, 4 facilities are exposed to water risk. Additionally, water risks are not only related to the facilities but also related with our loan and investment activities. Garanti BBVA financed 4 projects prone to water-related risk (energy and infrastructure) in 2021. The ratio of financing provided with E&S impact assessment to the total project finance commitment under Garanti BBVA'S project finance definition in 2021 is 100% (excluding NPL and WL projects). In order to manage the potential risks associated to env. including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti BBVA is fully committed to minimize and manage water-related risks in its project finance. Therefore, Garanti BBVA apply to all project finance, irrespective of their cost that meet the definition established in the Asset and Project Finance Admission and Monitoring Procedure. ESLP is applied to all loan portfolio (100%). Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. Garanti BBVA monitors a variety of E&S indicators, benchmarks itself against worldwide best practices, raises employee awareness and collaborates with peers, financial institutions, customers and business associations. We apply an E&S Impact Assessment Model (ESIAM) and Sector Norms in line with international best practices. ESIAM, in line with international best practices (i.e. Equator Principles, IFC Perf. Standards, etc., is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For water-related risks in addition to above mentioned tools, national and international online databases for water-related issues are also utilized. We published our Climate Change Action Plan (2015) to support Turkey's transition to a low-carbon economy, focusing on 4 issues: (1)prioritizing RE investments and putting a shadow price on carbon, (2)reducing deforestation, (3)water management for climate adaptation, (4)establishing green office standards . The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks, and implementing green office standards. Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. We also have sector specific further assessment criteria in our ESIAM. Some examples of water-related criteria are as follows:</p> <ul style="list-style-type: none"> • Proper site selection considering sensitive and protected areas (RAMSAR) •Current characteristics of water • Impact on ground and surface water • Effluent water quality. In addition, due to varying impacts on water sources Garanti developed specific provisions for each sector. Some of these sector principles related to water are stated as below: hydroelectricity power plants •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology •Preventive measures for flow direction & drainage changes, excavation in the water source, dredging •Periodical environmental water release monitoring during operations Thermal PP •Discharge of cooling and process water •Cumulative impact studies for thermal discharge •Alternative water supply methods Geothermal PP •Reinjection is required for groundwater preservation Mining Projects •Water management strategies •Reduction measures, recycling/re-use •Prevention of acid rock drainage •Effluent water discharge management •BAT for treatment facilities •Efficient usage, recycling/re-use

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey	Other, please specify (All Basins)
--------	------------------------------------

Number of facilities exposed to water risk

4

% company-wide facilities this represents

100%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

100%

Comment

Taking place among high-risk regions in terms of water stress, Turkey will experience severe precipitation and floods in addition to increasing droughts and extreme heatwaves. Turkey is among the countries that will be extremely water-stressed by 2040. If projections come true, with the expected population growth to 100 million (from 80 million) people, Turkey will be among the water poor countries by 2030. Since we do not have any production facilities as a bank, the risks of our facilities on a revenue or governance basis are also relevant to the projects we finance. Therefore, ESIAM was applied to all of these projects in order to manage E&S risks including those that are water-related. Garanti BBVA financed 4 projects with a total loan USD 185 Million prone to water-related risk (energy and infrastructure) in 2021. 1 project was rejected within the frame of this model. Through action plans based on these due diligences, E&S impacts were minimized.

"As stated above % of projects prone to water risks in Project Finance portfolio is one of the metrics we use to track and manage the water-related risks in our portfolio. In 2021, Garanti BBVA financed 4 projects prone to water-related risk (energy and infrastructure). The ratio of financing provided with E&S impact assessment to the total project finance commitment under Garanti BBVA's project finance definition in 2021 is 100% (excluding NPL and WL projects). In order to manage the potential risks associated to the environment including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti is fully committed to minimizing and manage water-related risks in its project finance. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures, and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects.

Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Water title: <http://veri.tarimorman.gov.tr/> "

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
--------	--

Type of risk & Primary risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
----------------	--

Primary potential impact

Increased operating costs

Company-specific description

Environmental risks due to climate change continue to dominate the top ten major risks list in both impact and likelihood. While the world struggled with the COVID-19 pandemic on one hand, it also had to deal with never ending extreme weather events on the other. Natural disasters that claimed lives and destroyed property globally dominated the news throughout the year. Many people died in devastating floods, typhoons, heatwaves, wildfires and similar disasters. The number of weather and climate disaster events with losses exceeding USD 1 billion each reached a record level As this transition phase continues, planet earth is screaming "climate emergency" to all the individuals and to all the entities on it. Having 870 branches and 56 buildings across Turkey, Garanti BBVA's service locations are also prone to water-related risks caused by flooding.

Example: In 2021, as a result of floods, floods and landslides that occurred as a result of excessive precipitation in the Western Black Sea region of Turkey's Black Sea Region, a total of 82 people lost their lives and 228 people were injured in floods affecting the provinces of Kastamonu, Sinop and Bartın. A missing person complaint was filed for 16 people. 8 of our branches were damaged in this disaster.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

524971

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

The invoice amount for the damages incurred as a result of the flood disaster in 2021 is 235942 TRY. The calculated financial figure is obtained by multiplying the damage amount in 2021 with the margin factor in case of greater disasters in the following years due to inflation and increasing climate change events.

$$235942 \text{ TRY} \times 1.78 \times 1.25 = 524971$$

flood-related expense in 2021: 235942 TRY
inflation coefficient: 1.78 (Source: The Central Bank of the Republic of Türkiye)
margin of safety: 1.25

Primary response to risk

Amend the Business Continuity Plan

Description of response

Garanti BBVA's Business Continuity Management Plan cover all of the following in case of natural disaster or significant hazard: ensuring continuity in customer service, fulfilling legal obligations, minimizing financial losses, providing employee security and safeguarding of information assets. Timescale of implementation is about 2 months.

Cost of response

28716160

Explanation of cost of response

1- Cost of response: Our primary cost has been training of all employees related to Business Continuity and Disaster Recovery Plan (the cost of all trainings –both in-class and distant learning- per employee in 2021 was TRY 1,408 per annum). As these roles have been built into existing responsibilities, there is no additional cost compared to business as usual.

Training cost per employee: 1,408
Total Employee: 20395
Total cost: Training cost per employee x Total Employee
=1,047 x 20395=28,716,160 TRY

2- Cost of response: Flood emergency plan is developed from our internal persons. There was no additional cost for plan development.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
--------	--

Stage of value chain

Use phase

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

Turkey in general received less rain than expected normals with very few exceptions. According to the data from General Directorate of Meteorology(MGM), Eastern Anatolia, South Eastern Anatolia and Central Anatolia were in in general 'Severely Dry'. Changes in precipitation patterns due to climate change result in reduced electricity production in our hydro power plant portfolio. Functioning hydropower plants are expected to be under this risk of reduced production due drought in terms of operation and financial return. This might affect the borrower's ability to repay the loan. As the end of December 2021, the total hydroelectric power plant exposure (HEPP) exposure in our Project Finance Renewable Energy Portfolio was 41%. In 2021, the drought led to a revenue loss of USD 83mn (TRY 738 mn) in cash flows of our HEPP portfolio. This means 41% of our PF renewable energy portfolio is directly prone to climate-related risks, especially drought-related ones. This is a substantive financial risk for the Bank. In order to better manage this risk, we apply our E&S Impacts Assessment Model in line with the strictest international standards, and for HEPP projects we have a further set of questions and criteria to also analyze the cumulative effects in the basin.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

739822215

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Drought in 2021 led to a revenue loss of about TRY 739 million in cash flows of our HEPP portfolio.

Calculation formula:

Plant - 1 : (Real Production in 2021 (2021 12m/Δ) GWh - Real Production in 2020 (2020 12m/Δ) GWh) x Price (cent/kwh) = Revenue Loss (TL)

Total Potential financial impact figure : Sum of plant – n with above formula

Primary response to risk

Direct operations	Improve alignment of our public policy influencing activity with our water stewardship commitments
-------------------	--

Description of response

The continuity and efficient operation of the projects we finance is important for the regular and complete repayment of the loans. For this reason, projects that carry risks related to water are evaluated under our Environmental and Social Policies. Loans are not preferred for hydroelectric power plants located on lands with low productivity and dryness. In addition, loan rates and payment terms are arranged according to the size of the risk. Timescale of implementation is about 3-4 months.

Cost of response

285421

Explanation of cost of response

Our efforts (Implementation of E&S Impact Assessment Model (ESIAM), site visits, meetings and project management studies) to respond the risk cost TRY 285,421. This cost has been calculated as a result of the sum of the invoice costs of the expenses related to ESIAM. In addition, water stress and water availability analysis are performed. As these are free tools such as WRI tools, there is no additional cost. Garanti BBVA expects from its customers to examine impacts of CC on HEPP projects thoroughly. Water-related criteria in the assessment process includes; selection of project area, current characteristics of water prior to the project, impact on ground&surface water, water quality&quantity after the project, alternative water supply sources. For instance, we helped one of our strategic clients to understand the environmental and social risks in their hydro power project during the planning stage. During our E&S risk assessment, we identified 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin. Finally, we identified that this means nearly 15% decrease in the electricity production, which was a major shift in the initial cash flow calculation of our client. At the end, the client decided to move on with a geothermal investment rather than the hydro project. It is also important to highlight that the Bank favors wind&solar projects since HEPP projects are more vulnerable to such risks and have more negative impact on the environment and also they have higher construction risks compared to wind&solar projects.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

By proactively addressing climate change and other social and environmental concerns, we can exceed stakeholder expectations and enhance our reputation.

Ability to meet these expectations could result in an increased level of collaboration with international financial institutions as well as increased investor support and customer loyalty. This can facilitate to access larger funds. Therefore, this opportunity has been considered strategic as our profitability will also increase. For example, the amount of sustainability related funding taken from global banks increased by %78 in the reporting year compared to the previous year.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17119310000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

In 2021, Garanti BBVA secured funds worth of USD 694 million and EUR 541 million in this scope from banks and international financial institutions. This amount accounts for 100% of the total financing the Bank secured in 2021. The amount of sustainability-related funding taken from global banks and international financial institutions increased by 78% in the reporting year compared to the previous year. Garanti BBVA signed two new loan agreements in May and November 2021. The facility in May, the syndicated loan secured from international markets under its foreign borrowing program had a rollover ratio of 140%. The syndicated loan deal, consists of two tranches of USD 279 million and EUR 294 million with a maturity of 367 days. In this deal, the Bank committed to provide sustainable finance in the amount of TL 1.5 billion in 2021 and to source at least 80% of its electricity consumption from renewable generation, which is actualized as 100%. The syndicated loan secured in November, which consisted of two tranches for USD 365 million and EUR 247 million with a maturity of 367 days. Under these deals, Garanti BBVA took on more challenging targets and committed to augment its sustainable finance volume of TL 1.5 billion from year-end 2021 to TL 2 billion by August 2022 and to obtain I-REC certification by sourcing the entirety of its electricity consumption from renewable generation. The target covers all scope 2 emissions of our direct operations and no location or activity is excluded. Obtaining IREC certification for electricity use, led Garanti BBVA to have 0 market-based scope 2 emissions. The Bank is working to motivate its customers to employ sustainable finance mechanisms in their borrowings and to adopt sustainable business models. Garanti BBVA's track record on the management of environmental and social issues, as well as its capability to tailor existing products according to SDGs play an important role in benefiting from IFI funding.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

In 2021, Garanti BBVA's total water withdrawal was 186.5 megaliters/year. Garanti BBVA's water consumption target for 2021 is arranged around proper hygiene precautions risen due to the pandemic. Since, hand washing was one of the main precaution to avoid of the virus spreading, our ongoing branches during the pandemic still use water compared to higher amounts. In 2020, Garanti BBVA has published an updated Global Eco Efficiency Plan including the water consumption target considering the global trends around the water scarcity. According to the new plan, Garanti BBVA aims to reduce water consumption per square meter. As the reduction in water consumption will also reduce the amount of incoming invoices, a financial profitability is also formed.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

739000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

There is an opportunity to gain monetary savings through efficiency measures.

Unit price: About 10 TRY/m³

The amount of water decreased compared to the previous year : 73900 m³

Total saving: 73900 m³ x 10 TRY/m³ = 739000 TRY

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Zincirlikuyu Head Office

Country/Area & River basin

Turkey	Other, please specify (Marmara Basin)
--------	--

Latitude

41

Longitude

29

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

10.79

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.397

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

10.39

Total water discharges at this facility (megaliters/year)

10.08

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

10.08

Total water consumption at this facility (megaliters/year)

0.71

Comparison of total consumption with previous reporting year

Much higher

Please explain

The threshold value is described as,

- +/- 0-10% change is about the same
- +/- 10-20% change is lower/higher
- +/- more than 20% change is much lower/higher

The 3rd party source is the local mains water system for withdrawals and the 3rd party discharge destination is the municipal sewage system. The withdrawals volumes are sourced from bills and the consumption and discharge volumes are calculated. (C=W-D)

WRI Aqueduct Water Risk tool was used for determining the water stress area. According to WRI Aqueduct Water Risk, Marmara Basin is an extremely high/high water-

stressed area.

The water withdrawal value is decreased by 27.5% compared to the previous year. There are two main reasons for this decrease the first reason is the pandemic and remote working in Facility 1. After the transition to remote working, 91% of workers who worked on the headquarters started to work from their homes. The second one is due to the water efficiency measures taken by the Sustainability Team.

The water consumption value is increased by 40% compared to the previous year. The consumption value is a value calculated over the number of people and the rate of working from the office. The percentage increase was calculated as remote working increased slightly compared to the previous year, but it is a low physical value.

Facility reference number

Facility 2

Facility name (optional)

Sivas Call Center

Country/Area & River basin

Turkey	Other, please specify (Kızılırmak Basin)
--------	--

Latitude

39

Longitude

37

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

4.11

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

4.11

Total water discharges at this facility (megaliters/year)

3.15

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

3.15

Total water consumption at this facility (megaliters/year)

0.95

Comparison of total consumption with previous reporting year

Much lower

Please explain

The threshold value is described as,

- +/- 0-10% change is about the same

- +/- 10-20% change is lower/higher

- +/- more than 20% change is much lower/higher

The 3rd party source is the local mains water system for withdrawals and the 3rd party discharge destination is the sewage system. The withdrawals volumes are sourced from bills and the consumption and discharge volumes are calculated. (C=W-D)

WRI Aqueduct Water Risk tool was used for determining the water stress area. According to WRI Aqueduct Water Risk, Kızılırmak Basin is an extremely high/high water-stressed area.

The water withdrawal value is decreased by 59% compared to the previous year. There are two main reasons for this decrease the first reason is the pandemic and remote working in Facility 3. After the transition to remote working, 24% of workers who worked on the Sivas Call Centre started to work from their homes. The second one is due to the water efficiency measures taken by the Sustainability Team.

The water consumption value is decreased by 21% compared to the previous year. The consumption value is a value calculated over the number of people and the rate of working from the office. The remote working ratio is decreased compared to the previous year.

Facility reference number

Facility 3

Facility name (optional)

Pendik Technology Campus

Country/Area & River basin

Turkey	Other, please specify (Marmara Basin)
--------	--

Latitude

41

Longitude

29

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

43.24

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

3.77

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

39.47

Total water discharges at this facility (megaliters/year)

38.27

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

38.27

Total water consumption at this facility (megaliters/year)

4.97

Comparison of total consumption with previous reporting year

About the same

Please explain

The threshold value is described as,

- +/- 0-10% change is about the same
- +/- 10-20% change is lower/higher
- +/- more than 20% change is much lower/higher

The 3rd party source is the local mains water system for withdrawals and the 3rd party discharge destination is the sewage system. The withdrawals volumes are sourced from bills and the consumption and discharge volumes are calculated. (C=W-D)

WRI Aqueduct Water Risk tool was used for determining the water stress area. According to WRI Aqueduct Water Risk, Marmara Basin is an extremely high/high water-stressed area.

The water withdrawal value decreased by 29% compared to the previous year. There are two main reasons for this decrease the first reason is the pandemic and remote working in Facility 3. After the transition to remote working, 83% of workers who worked at the Pendik Operation Center started to work from their homes. The second one is due to the water efficiency measures taken by the Sustainability Team.

The water consumption value decreased by 296% compared to the previous year. The consumption value is a value calculated over the number of people and the rate of working from the office. Remote working ratio is decreased compared to the previous year. Rainwater in operation center is not included in the previous year's reports. It is included in this year's report, which is one of the reasons why the value has increased to such a high degree.

Facility reference number

Facility 4

Facility name (optional)

Branches and other buildings

Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
--------	--

Latitude

41

Longitude

29

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

132.53

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

132.53

Total water discharges at this facility (megaliters/year)

116.14

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

116.14

Total water consumption at this facility (megaliters/year)

16.39

Comparison of total consumption with previous reporting year

Much higher

Please explain

The threshold value is described as,

- +/- 0-10% change is about the same
- +/- 10-20% change is lower/higher
- +/- more than 20% change is much lower/higher

The 3rd party source is the local mains water system for withdrawals and the 3rd party discharge destination is the sewage system. The withdrawals volumes are sourced from bills and the consumption and discharge volumes are calculated. (C=W-D)

WRI Aqueduct Water Risk tool was used for determining the water stress area. According to WRI Aqueduct Water Risk, almost all branches are in the water-stressed area.

The water withdrawal value decreased by 22% compared to the previous year. There are two main reasons for this decrease the first reason is due to the pandemic and remote working in Facility 4. After the transition to remote working, 37% of workers who worked on the headquarters started to work from their homes. The second one is due to the water efficiency measures taken by the Sustainability Team.

The water consumption value is increased by 39% compared to the previous year. The consumption value is a value calculated over the number of people and the rate of working from the office. Remote working ratio is decreased compared to the previous year.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in 2021 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 206-212

<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf>

Rainwater collected in Zincirlikuyu Head Office and Pendik Technology Campus is not included in the scope of verification. Rainwater corresponds to a ratio of 2% in the water balance.

Please explain

<Not Applicable>

Water withdrawals – volume by source

% verified

76-100

Verification standard used

In 2021, Garanti BBVA continued to maintain roughly 100% coverage for its ISO14001 certified Environmental Management System covering nearly all of its employees.

Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in the 2021 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 206-212

<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf>

Rainwater collected in Zincirlikuyu Head Office and Pendik Technology Campus is not included in the scope of verification. Rainwater corresponds to a ratio of 2% in the water balance.

Please explain

<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified

Not relevant

Verification standard used

<Not Applicable>

Please explain

Currently we do not measure our discharge since we are not subject to local regulations regarding wastewater discharge as a finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities.

Water discharges – total volumes

% verified

Not relevant

Verification standard used

<Not Applicable>

Please explain

Currently we do not measure our discharge since we are not subject to local regulations regarding wastewater discharge as a finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities.

Water discharges – volume by destination

% verified

Not relevant

Verification standard used

<Not Applicable>

Please explain

Currently we do not measure our discharge since we are not subject to local regulations regarding wastewater discharge as a finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities.

Water discharges – volume by final treatment level

% verified

Not relevant

Verification standard used

<Not Applicable>

Please explain

Currently we do not measure our discharge since we are not subject to local regulations regarding wastewater discharge as a finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Majority of the water discharges from Garanti BBVA facilities are sent to municipal treatment plants. Unfortunately some municipalities do not have treatment plants. However, in most of the operational locations the water bills paid by Garanti BBVA includes the water withdrawal quantity and wastewater treatment fee for discharge. In this context water withdrawal equals to water discharge by volume.

Water discharges – quality by standard water quality parameters

% verified

Not relevant

Verification standard used

<Not Applicable>

Please explain

Currently we do not measure our discharge since we are not subject to local regulations regarding wastewater discharge as a finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. The municipality is responsible for the monitoring of the discharge quality of the potable water used. If the discharge quality is not under in the proper range, Garanti BBVA will be subjected to fines.

Water consumption – total volume

% verified

76-100

Verification standard used

Our water consumption is calculated based on the number of employees and remote working rates. These data have been verified by KPMG. Detailed information can be found in our 2021 integrated report. (<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf>)

Please explain

<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>Garanti BBVA's water policy is integrated into its environmental and sustainability policies. The policy is a worldwide public document and communication is made with written and verbal notification of all stakeholders. Implementation of the policy is followed by KPIs and observations. Garanti BBVA has to comply with the policies published by BBVA in addition to the policies it has published. Garanti BBVA considers SDGs in all its activities and policies. With the policies, we aim to clarify our commitment to stakeholders and to give a definition of the Bank's dependency on water and its management. Garanti BBVA supports the steps through policy. In this context, all branches have ISO14001 certification to manage their direct effects. For policy details, visit the link below.</p> <p>Sustainability Policy: https://rb.gy/eqslj Environmental Policy: https://rb.gy/mfhatt</p> <p>While trying to minimize our water consumption through policies and management systems; indirect impacts are managed through E&S Loan Policies, E&S Impact Assessment System (ESIAP), Sector Norms and its Climate Change Action and Global Eco-efficiency Plans. The Bank's business dependency and business impact on water arise from the lending activities. Our goal is to minimize direct & indirect water impact. The Bank undertakes an E&S risk assessment during due diligence of greenfield projects under the scope of frameworks. Garanti BBVA monitors, reports and publicly discloses its performance in various platforms. The Bank's indicators have been verified by an independent third party within the scope of limited assurance. In addition, our E&S Risk Management System including the ESIAP and model aligned with international practices such as the Equator Principles and IFCs' performance standards, is intended to inform corporate and commercial customers on best practices in this area. This system requires to conduct assessments in terms of E&S including water related risks to establish a risk management plan. Additional Due Diligence processes to check whether the loan request or the existing loan is in compliance with its specific policies and/or commitments, i.e. E/S bond issuance guidelines, etc. may be applied if needed. As a member of the BBVA Group, the Bank also adopts the latest Sector Norms including the management of water-related risks released by BBVA. In line with our Human Rights Declaration, the Bank strives to provide a working environment with the best sanitation and hygiene conditions.</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Director on board	<p>Responsible Business and Sustainability Committee is responsible for the management of sustainability related activities of Garanti BBVA. The Chair of RBSC is a Board Member. From water and waste management to KPI tracking, Garanti BBVA's sustainability related activities are managed by the RBSC. The Committee ensures that Responsible Business is integrated into the banking functions and into the strategic priorities of the Bank, and also systematically ensures that Garanti puts stakeholders at the center of the decision-making. Issues such as managing risks & opp. in water-related matters, monitoring the activities to evaluate the risks that may be caused by the indirect effects of the projects financed and other loans, determining and controlling the targets and developing a strategy, reviewing and approving general Community Investment Plan and the RB Communications Plan are among the focal points of the RBSC. The Committee meets 4 times a year under the chairmanship of the CEO.</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	<p>The Responsible Banking and Sustainability Committee (RBSC) meets 4 times a year under the chairmanship of the CEO. The committee reports the summary of the meetings to the Board annually. In the RBSC, sustainability strategy, action plans, priorities, corporate responsibility strategy, risk and opportunity management, policies, sustainability expenditures, targets and other related issues are discussed and decided. The decisions taken are presented to the senior management and approved by the decision of the board of directors. Also, the release of water-related information is approved by the board. Two important decisions are taken as a result of the RBSC committee meeting in 2021.</p> <p>1. Pledge of coal phase-out: Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest. Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision by being the first bank to declare this commitment in Turkey.</p> <p>2. Signature of the Net-zero Banking Alliance (NZBA): Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. PACTA represents an approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society. With the PACTA methodology, the Bank aims to set guiding targets for its customers in their transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. It is among the short-term targets of Garanti BBVA to announce its 2030 interim targets and establish strategies regarding the financing of carbon-intensive industries within the scope of PACTA.</p>

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	<p>A sustainability expert has been appointed to the board of directors of the BBVA group, of which Garanti BBVA is also a part. The total share capital of Garanti BBVA owned by BBVA is 85.97%. The sustainability expert will reinforce the expertise of BBVA's Board of Directors on sustainability, particularly in the fight against climate change and water security. As the main shareholder of Garanti BBVA, the BBVA Group's Board of Directors is the core team on which the whole Group relies to define and oversee the implementation of a clear strategy and a solid corporate culture and set of values that serve as key drivers to deliver on our strategic priorities including fighting against climate change. Also, Garanti BBVA's effective Board of Directors is at the heart of the Bank's well-functioning governance structure and goes beyond fiduciary responsibilities. It acts as the ultimate internal monitor and contributes an outside view to corporate strategy, oversees performance against the strategy set out and helps Garanti BBVA thrive in the long run. To ensure effective risk management, the Board monitors compliance, internal control and risk management policies and systems that are aligned with the Bank's strategy and risk appetite, as well as subsequently performing its oversight function. For the oversight function, there are several committees established within the Bank, and the Board of Directors monitors and audits the entire Bank through these committees.</p> <p>For success in a sustainable future, it is important that the people in the decision-making and supervisory bodies have expertise in relevant fields. Relevant competencies at the board level demonstrate a company's commitment to understanding and responding to risks, opportunities, and impacts. For this reason, Garanti BBVA evaluates senior management and board of directors with its competency matrix. Here, the competence, education, knowledge, skills, attitudes, and behaviours of the people are taken into consideration.</p>	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other, please specify (Responsible Business and Sustainability Committee)

Responsibility

Assessing future trends in water demand
 Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The responsible Business and Sustainability Committee follows a holistic approach for sustainability and the committee is responsible for the overall water management at Garanti BBVA. Both the direct and indirect impacts that are rising from operations and activities. Sustainability strategy, action plans, priorities, corporate responsibility strategy, risk and opportunity management, policies, sustainability expenditures, targets and other related issues are considered as Responsible Business and Sustainability Committees' responsibility.
 Issues related to the meeting agenda are discussed and reported regularly. Reports are submitted to the management.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Board chair Chief Executive Officer (CEO)	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Increased access to workplace WASH	The variable remuneration of BBVA and Garanti BBVA's CEO and BBVA's Executive Chairman is linked to a sustainability indicator: Mobilization of sustainable financing. In 2021, sustainable mobilization KPI is integrated to all employees including the Board and the Senior Management. This mobilization aims to reduce env. impact of the bank from direct & indirect operations and increasing lending water efficiency activities. Especially the sectors that are water intensive, Garanti BBVA is leading an advisory role in order to cope with water scarcity. Please see the "BBVA's Sustainability approach: building a greener and more inclusive future" document pages 14 &22(https://rb.gy/b8gwof) for details that are also applicable for all Garanti BBVA employees. This KPI is directly linked to the activity carried out by the Group to comply with the commitments made to the market regarding water security, to reinforce the commitment, to enable BBVA to achieve its sustainable development targets in line with the Bank's strategic priority of supporting customers in the transition to a sustainable future. The KPI is incorporated into the executive directors' variable remuneration scheme and has a certain weight in the variable remuneration. Sustainability mobilization covers activities related to sustainability, especially sustainable finance products, wastewater treatment, water and sewage investments, sustainable agriculture loans.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	There is only monetary reward incentive.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

To ensure compliance and consistency with its water commitments, Garanti BBVA performs limited assurance of water consumption data annually in accordance with ISAE 3000 (Revised). Relevant data and verification reports are shared in the integrated report. Moreover, "Water Consumption Information Management System Handbook" has been published to calculate and report water consumption at the organization level. Controls are conducted to ensure the accuracy of water consumption data, to identify errors and omissions and to correct them, to document them. Garanti BBVA assigns relevant personnel for each parameter it monitors, and these parameters are recorded as part of the personnel's performance evaluation. In case of inconsistency, the relevant department tries to improve the result and align it with the commitment. Here, deficiencies and sanctions are discussed in RBSC, and the improvement process is initiated and followed up. For more details and flowchart is given in ESIAP. Projects that comply with the principles of ESLP are first evaluated for their compliance with "Sectoral Principles" which are individually defined for each sector. Projects with a total investment value of US\$10 million or more, which comply with ESLP and Sector Principles are first categorized (A, B or C) based on the extent of their environmental impact. These projects are then rated under the ESIAM and project risk rating (R1, R2, R3 or R4) is determined.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)
 garanti-bbva-integrated-annual-report-2021.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	We integrate its water-related physical&transitional risks into its portfolio management and supply chain activities. The physical climate risk assessment is reported in Physical Climate Risk Assessment Report (PCRAR). Based on the outputs, PCRAR is published and adaptations&actions are integrated into banks' business strategies. Our long-term objectives on water-related issues are reflected in our strategic pillars on three main pillars: A- 1. Positively influence stakeholders by being the leading bank in sustainability; continue to make effective use of our social role to raise increased awareness of this matter 2. Observe climate related risks&opp.; integrate them into our business processes. 3. Increase our sustainable product diversity, which is inspired by 'UN SDGs'. B- 4. Constantly improve our operations, model &processes with operational and env. efficiency point of view while pursuing cost and revenue synergies 5. Ensure effective risk management through world-class integrated management of financial and non-financial risks. C- 6. Aligned with our values, form teams. We supported our client with 60M TRY to contribute to sustainable finance including water-related best practices. We also embed water-related questions in our KYC processes and incentivize our clients to act more responsibly. For instance, we provide sustainability-linked and green loans to our clients, through which we link environmental and social KPIs (incl. water issues) to the margin of the loans.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	In order to realize our long term objectives: (1) We manage water risks in loan portfolio through ESIAP & Sector Norms & KYC processes (incl. water-related issues) and env. provisions in our loan/service agreements. (2) Moreover, Garanti BBVA has 50 sustainable products and credit lines, including loans for efficient irrigation systems and green/sustainability-linked (incl. water criteria) loans. (3) In line with the BBVA Group, Garanti BBVA has Sustainable Finance Standards that explain which products and solutions are considered to be sustainable. This will play a key role in achieving our long term objective of financing SDGs and supporting our clients in improving their sustainability performance. (4) The Bank constantly invests in HR to increase its capacity of managing sustainability-related risks/opp. For instance, Our Sustainability Team has 9 people incl. 5 env. eng. experienced in E&S risks/opp. incl. water. Almost 1,000 Sust.Representatives are responsible for supporting these teams in achieving env.-related goals and are incentivized through monetary and recognition mechanisms. (5) Awareness-raising activities and support mechanisms are one of the indispensable factors to achieve the goals. In this context, as a bank, we organize trainings such as Sustainability at Garanti BBVA, Sustainability Retail, E&S Credit Policies, etc. Also, Garanti BBVA is supporter of the TCFD Recommendations and was part of the core team of the UN Principles.
Financial planning	Yes, water-related issues are integrated	11-15	Financial planning of water related issues will be made more effectively with the risk assessment. Garanti BBVA believes that the main water risks related to the Bank lie with the downstream impacts arising from financing activities, rather than Garanti BBVA's own facilities. So, Garanti BBVA integrate its water related physical and transitional risks and stress testing into its credit risk modelling. To improve its management strategy, Garanti BBVA adopts recommendation of TCFD. In addition, Garanti BBVA allocates a certain budget for the margin decrease offered through Sustainability-linked and Green loans in which the margin is linked to the env. performance of the borrower. All these activities are budgeted as part of annual planning. As of March 31, 2021, BBVA originated a total of €59 billion in financing for sustainable projects. BBVA is to channel €200 billion in sustainable funding through 2025, doubling the initial €100-billion target announced in February 2018. Garanti BBVA aims to provide €10 billion of support to the group target until 2025 as a part of BBVA Group. The volume of financing channelled by BBVA in sustainable transactions grew at a rate that was 44 percent higher than expected. In addition, the financial plan of our bank branches located in flood risk zones is updated on the risk scale. The Bank also allocated a certain budget to support water-related organizations (such as WWF and CDP Turkey) or events held by sustainability business platforms.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

-5.37

Anticipated forward trend for OPEX (+/- % change)

-5

Please explain

When we compare the 2020 and 2021 values, the CAPEX remained the same. Garanti BBVA renovated the plumbing system tab, pipeline, etc. in 2019. Therefore, there was no renewal in 2021. Garanti BBVA attaches utmost importance to awareness and mindfulness activities. It regularly organizes training on issues such as the environment, sustainability, water and savings. A list of employees participating in the training is kept, and the participation of all employees in the organization in the relevant trainings is monitored. As a result of the trainings, improvements were observed in areas such as waste generation, water consumption and energy saving. Our water consumption generally tends to decrease. Therefore, OPEX is expected to show a downward trend.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	To highlighting central elements of a possible future and drawing attention to key factors or critical elements, Garanti BBVA uses WRI Aqueduct and conduct Physical and Climate Risk Assessment based on RCP2.6 and RCP8.5 scenarios which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. Garanti BBVA uses these tools for the decision-making processes of direct and indirect operations.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	The assessment of climate change related physical risks for Garanti-BBVA's portfolio has the following characteristics. Analyses were completed with three different future time horizons and two different main sectors under two global climate scenarios. The climate change impacts were examined for the scenarios RCP2.6 and RCP8.5, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. RCP2.6 represents a scenario that is likely below 2°C above pre-industrial temperatures and is thereby in line with the goals of the Paris Agreement. RCP8.5 is a high emissions scenario and refers to the "without climate policy" scenario. As analytical choice, MPI-ESM (Max Planck Institute-Earth System Model) global climate model was used with two spatial resolutions (coarse and high) and short-term (2023-2042), medium-term (2043-2062) and long-term (2081-2100) time horizons. The physical climate risk assessment was conducted for the renewable energy sector sub-sectors Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WPP) and Solar Energy Power Plants (SEPP) and Garanti BBVA's own operations. The physical climate risk scores were calculated by aggregating the hazard, exposure, and vulnerability components. The results of the risk assessment are shown in the physical climate risk assessment report. WRI Aqueduct is used to assess future risk of water stress in terms of quantity only.	The physical climate risk assessment and WRI Aqueduct for Garanti BBVA shows clear and important results. For Garanti BBVA's own operational assets some regions have very low to medium risk scores; however, some regions, like Akdeniz, Güneydoğu Anadolu and Karadeniz regions, have high to very high risks for different hazards for both spatial resolutions. Drought and heatwave risks are higher in the Mediterranean and South-eastern Anatolia Regions, while heavy precipitation risks are more likely in the Black Sea region. The differences between the RCP2.6 and RCP8.5 climate scenarios are very small. Both scenarios show similar patterns for Garanti BBVA's own operational assets. Drought risk is the emerging risk with high priority, followed by the heatwave risk. The renewable energy assets of Garanti BBVA risk assessment for the short-term time horizon shows more than 70% of the WEPPs and 84% of SEPPs have either a low or very low risk score. Due to the sensitivity of HEPPs to heavy precipitation, this number is 50% for the HEPPs. Also, projects with higher credit values are mostly in the very low or low risk score. Medium and long-term results are like the short-term results.	Based on the physical climate risk assessment and WRI aqueduct, Garanti BBVA set up a plan to adapt to the identified physical climate risks in existing and new operations. For the existing operations, which fall under the high to very high-risk range, implementation of adaptation plans is a high priority. So, Physical Climate Risk Adaptation and Action Report is published. Report includes risks and adaptation plan for the Garanti BBVA's own operation and renewable energy assets. The scope of the risk assessment and plan includes adaptation of physical climate risks is 100% share of the Banks's existing operations and renewable energy assets. In the meantime, for the new and upcoming operations, having a risk assessment before starting the operations and having adaptation plans are highly beneficial for Garanti BBVA. Our operational /strategic response is giving more priority to the risk assessment right after the physical climate risk assessment report and implement the outcomes of the report to its business strategy. The anticipated timescale of our response is about 5-10 years.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Garanti BBVA is aware of water scarcity and exploring ways to better reflect all climate-related impacts including water risks in its business decisions. For nearly a decade, Garanti BBVA has been applying a shadow price on carbon. A similar mechanism could be developed for projects and assets prone to water risks as well. As Blue Economy concept and supporting financial mechanisms such as blue bonds, the Bank explores water valuation practices to contribute the efforts in this area.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	Garanti BBVA intends to make its know-how concerning sustainable finance available to all customer segments and sustain its support to Turkey's green transformation with loan structures that address sustainability in all aspects. Garanti BBVA does not have direct products. However, while approving the projects that we include in our portfolio and finance, we pay attention to the water impact. We put water consumption reduction as KPI in SLL (Sustainable linked loan) transactions. The bank shows its customers ecological footprints as a result of their activities. On the Ecological section under the "My Status" menu on Garanti BBVA Mobile shows customers' carbon footprint calculated based on their bills and gas expenses and expressed as CO2, water, and tree equivalent. Sustainable finance products include wastewater treatment, irrigation loans within the scope of sustainable agriculture loans, and water and sewerage investments within the scope of social investments.	<Not Applicable>	Additionally, BBVA has created a new sustainable loan that focuses on reducing companies' water footprint, a key priority in many companies' sustainability policies. The 'water footprint' loan is a sub-type of loan that considers specific water indicators and CDP Water score. As a group member, Garanti BBVA will implement this loan structure. For details: https://bbva.info/3OgvDBH

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Within the scope of its performance evaluation for its direct impact Garanti BBVA has targets related to water within the framework of non-financial targets since 2015 with our Climate Change Action Plan Statement. Garanti BBVA focuses its activities on combating climate change and water security on four main areas: 1-prioritization of renewable energy investments, 2-reducing deforestation, 3-management of water risks related to climate change 4-establishing green office standards. Our water related targets are published in Garanti BBVA Eco Efficiency Plan (https://bit.ly/3RRN4vm) According to this plan, we calculate our water consumption per m2 area and per employee. Then we set targets for the following years. Our motivation in setting these targets is to monitor and manage our environmental impacts and to observe our progress towards becoming a bank that respects its environment. Apart from our direct water impact, as an organization active in the banking sector, financing of sustainable projects including water efficiency is our primary motive Garanti BBVA's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. Sustainable mobilization KPI, which is directly water related is integrated to all employees including the Board level. Garanti BBVA developed E&S Loan Policies (ESLP) to minimize the indirect impact of the Bank's lending activities. First enforced in 2011, ESLP content was updated in 2016 with respect to projects subject to environmental and social impact assessment. For effective integration within the Bank and for promoting the implementation of ESLP, Garanti BBVA provides information with the training video posted on its education platform, Campus Garanti BBVA. For its targets and goals regarding its indirect impacts, the Bank has in-house experts that conduct periodic site visits in line with its ESIAP. We introduced the Blue Breath Project in cooperation with the Turkish Marine Environment Protection Association/ TURMEPA to undertake waste surface cleaning in the Sea of Marmara and carry out awareness training on sea cleanliness in provinces in the region to prevent sea pollution. With this project, we aim to reduce water pollution in the Marmara basin, and we follow our targets with the amount of cleared area. Our goal is to ensure that more of its mass is cleaned. To manage and monitor its direct impacts, Garanti BBVA has an extensive ISO14001 for almost 100% of its facilities in Turkey. The Bank closely monitors its environmental performance, targets and goals in each branch and building through a dedicated team and receives annual independent audit for its ISO14001 certification. Garanti BBVA publicly discloses its water. To better manage its, Garanti BBVA established an online data collection system. Sustainability Representatives at each service location uses the platform to enter all relevant data, targets regarding these consumption figures and other environmental concerns.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Even though water consumption is not a material issue for Garanti BBVA and its operations, Garanti BBVA closely monitors and publicly shares its resource efficiency including water-related impacts. Garanti BBVA has released an updated Global Eco-Efficiency Plan, including water withdrawal reduction targets for 2021-2025, publicly. The Bank sets reduction targets (%) for the withdrawal value compared to the previous year and monitors the achievements. The measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches.

For more information please see the Garanti BBVA's Global Eco-Efficiency Plan (2021-25) https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website_07092021.pdf

Quantitative metric

Other, please specify ((% reduction in total water withdrawal per employee)

Baseline year

2019

Start year

2021

Target year

2025

% of target achieved

100

Please explain

According to our Garanti BBVA's Global Eco-Efficiency Plan (2021-2025), we set a target with water consumption per employee metric. Our baseline is 2019 and we planned to reduce our water consumption per employee by %12 in 2021 compared to the base year. According to Garanti BBVA's global eco-efficiency plan, the target for 2025 has been determined as 11.51 m3 per employee. Withdrawals for 2021 were realized as 9.14 m3/FTE. We have already achieved our 2025 target in 2021. Therefore, target updating is also planned. Targets will be reviewed in the future.

Target reference number

Target 2

Category of target

Other, please specify (Managing indirect water-related risks)

Level

Business activity

Primary motivation

Risk mitigation

Description of target

We believe that the most of material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed E&S risk assessment framework since 2012. In line with global trends and best practices, our 2025 goal is to apply our expanded risk assessment system for project finance loans. We have reached the stated target for our current projects and we aim to maintain and develop this until 2025. This target also contributes to the expansion of green financing we receive from global banks.

Quantitative metric

Other, please specify (100% coverage for E&S criteria in Project Finance)

Baseline year

2017

Start year

2020

Target year

2025

% of target achieved

100

Please explain

This target was achieved last year and was extended in the reporting year. Garanti implemented its own E&S Impact Assessment Process in line with international standards such as Equator Principles, IFC Performance Standards, etc. Within the scope of its ESIAP, our E&S Loan Policies are applied all loan portfolio (100%), E&S Impact Assessment Model (ESIAM) is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For better ESG management, the Bank regularly updates its policies and procedures to expand the scope and/or tighten the restrictions. Since the beginning of 2019, Garanti BBVA updated the scope of application on E&S procedures and removed the investment amount restriction for project finance. Therefore, the coverage for E&S criteria applied in Project Finance increased to 100%.

Target reference number

Target 3

Category of target

Water withdrawals

Level

Site/facility

Primary motivation

Recommended sector best practice

Description of target

As the banking sector, we are not among the sectors where water consumption is intense, but we still develop new projects and set goals for ourselves as we attach importance to the protection of the planet. That's why we support good practices about water protection. For example, two of our facilities have a rainwater recovery system.

In the reporting year, we recovered approximately 4.12 Mega liters of rainwater thanks to these systems. Our goal is to increase this amount and reduce our water withdrawal amount. We recovered 2.6 mega liters of water last year and we aim to double this value by 2025.

Quantitative metric

% increase in rainwater harvesting

Baseline year

2020

Start year

2020

Target year

2025

% of target achieved

58

Please explain

The base year for this target is 2020. In 2025, it is aimed to increase the amount of water obtained by rainwater harvesting by 100% compared to the base year. In the reporting year, there was an increase of 58% compared to the base year. For this reason, an important part of our target has been achieved in the first year.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engaging with customers to help them minimize product impacts

Level

Business activity

Motivation

Reduced environmental impact

Description of goal

Our understanding of sustainability is not just about managing the environmental impacts that occur in our facilities. For this reason, it is very important for us to engage with customers we financed their project to minimize the impacts of their products. According to our Pledge 2025 for climate change and sustainable development BBVA will mobilize EUR 200 billion by 2025 to fight climate change and drive sustainable development and Garanti BBVA will be one of the contributions as all other geographies where BBVA Group operates. We plan to raise EUR 10 Billion worth of funds until 2025 (for sustainable finance), in line with the BBVA Group's sustainable finance targets. this value corresponds to approximately 175 Billion TL. This loan fund is given to companies with low environmental impacts, processes or production with low water consumption, with the advantage of low interest rates.

Additionally, BBVA has created a new sustainable loan that focuses on reducing companies' water footprint, a key priority in many companies' sustainability policies. The 'water footprint' loan is a sub-type of loan that considers specific water indicators and CDP Water score. As a group member, Garanti BBVA will implement this loan structure. For details: <https://bbva.info/3OgvDBH>

Priority in the implementation of this target belongs to sectors such as mining, meat industry, textile and hydroelectric power plant. Levels are ordered by funding size.

Baseline year

2018

Start year

2018

End year

2025

Progress

Garanti BBVA's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. According to this pledge BBVA will mobilize EUR 200 billion by 2025 to fight climate change and drive sustainable development and Garanti BBVA will be one of the contributions as all other geographies where BBVA Group operates. For sustainable financing commitment, monthly data follow-up is carried out and the data is shared with senior management and BBVA. The amount of sustainable finance realized in 2021 is 9 billion TL. Indicators and their evidence documents used for assessing the goals are water consumption per product, water footprint per product or company level, water scarcity per product. Success thresholds are determined by the sector and the company. A target is determined to the extent that the financial fund provided to companies within the scope of combating climate change will contribute. Targets are followed periodically. If there is a negative situation in the progress, the customer is given feedback.

Goal

Engagement with public policy makers to advance sustainable water management and policies

Level

Country level

Motivation

Water stewardship

Description of goal

As a pioneer in sustainable finance, Garanti BBVA aims to mainstream its good practices and high standards in private sector. We care about being among the policy makers on climate-related issues. That's why we support the policies to be prepared for the regions in which we operate, together with our sustainability team. To achieve this goal Garanti BBVA has several memberships in local and international platforms. Garanti BBVA is the Chair of BCSD Turkey, the Board Member of UNGC Network Turkey, the Vice Chair of Turkish Industry and Business Association (TUSIAD) Climate and Environment Working Group, etc. Garanti BBVA is the main sponsor of CDP Turkey and launched CDP Water Program in Turkey in 2015 to raise awareness among private sector and motivate them to take action. Our level of engagement is determined by the opinions of the sustainability team and the decision of our board. We strive to drive positive change through 48 engagement platforms and 29 memberships. Our engagement activities led to 15 policies/position papers that are issued to contribute SDGs including SDG-6-12-13-17. Additionally, we introduced the Blue Breath Project in cooperation with the TURMEPA (local association) to undertake waste surface cleaning in the Sea of Marmara and carry out awareness trainings on sea cleanliness in provinces in the region in an effort to prevent sea pollution. For detail : <https://bbva.info/3v30Np9>

Baseline year

2015

Start year

2015

End year

2025

Progress

Garanti BBVA also led the efforts for the development of Sustainable Finance Declaration as the Chair of Sustainable Finance Working Group of UNGC Network Turkey. The Declaration aims at integrating the environmental and social risks, including the compliance with RAMSAR (Wetlands) Convention, in lending activities. In fact, this goal always valid, but the target year has been determined as 2025 in terms of traceability. It will be extended again in 2025 according to progress. Progress for this goal is assessed by the program we are engaged in and the number of policies/regulations we contribute from year to year. Also, participation in sustainability related initiatives and memberships, number of engagement platforms, number of sustainability indices in which Garanti BBVA is included, number of policies/position papers Garanti BBVA contributed, environmental and social workshops and conferences are counted as KPI. Our threshold for success is the achievement of the KPI targets we set.

Also, we invite our customers to respond to CDP Programs and organize workshops in collaboration with CDP Turkey. In 2015 only 15 companies in Turkey responded to CDP Water Program, in 2021 this number increased to 44.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	"Total water consumption by volume" and "Total water consumption by source"	ISAE 3000	Includes total water consumption mainly coming from municipality by Garanti BBVA's operations Turkey. Here the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources. Reported following the guidance in GRI G4-EN8 Total water withdrawal by source in the Appendix A.3: Environmental Performance Data of 2021 Integrated Annual Report Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2021 Integrated Annual Report under assurance standard ISAE 3000 in pages 206-212 https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf
W3 Procedures	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2021; -Number of rejected projects in 2021; -Risk rating of the assessed projects in 2021; -Number of project site visits conducted during 2021. These KPIs and E&S Governance are reported in the 2021 Integrated Annual Report, Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2021 Integrated Annual Report under assurance standard ISAE 3000 in pages 206-212 https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf
W4 Risks and opportunities	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2021; -Number of rejected projects in 2021; -Risk rating of the assessed projects in 2021; -Number of project site visits conducted during 2021. These KPIs and E&S Governance are reported in the 2021 Integrated Annual Report, Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2021 Integrated Annual Report under assurance standard ISAE 3000 in pages 206-212 https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf
W6 Governance	Sustainability Governance	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2021; -Number of rejected projects in 2021; -Risk rating of the assessed projects in 2021; -Number of project site visits conducted during 2021. These KPIs and E&S Governance are reported in the 2021 Integrated Annual Report, Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2021 Integrated Annual Report under assurance standard ISAE 3000 in pages 206-212 https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf
W8 Targets	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2021; -Number of rejected projects in 2021; -Risk rating of the assessed projects in 2021; -Number of project site visits conducted during 2021. These KPIs and E&S Governance are reported in the 2021 Integrated Annual Report, Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2021 Integrated Annual Report under assurance standard ISAE 3000 in pages 206-212 https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf

W10. Sign off

W-FI

(W-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.

For all pioneering achievements and innovative solutions offered to accelerate the transition to a low-carbon economy and sustainable development as well as the latest developments in ESG management please visit the Garanti BBVA Sustainability website:

<https://surdurulebilirlik.garantibbva.com.tr/en>

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

[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