

W0. Introduction

W0.1

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

Established in 1946, Garanti Bank is Turkey’s second largest private bank with consolidated assets of USD 84,3 BN (TL 384,9 BN) as of June 30, 2018. Garanti operates in every segment of the banking sector including corporate, commercial, SME, retail, private and investment banking as an integrated financial services group together with its 8 financial subsidiaries providing services in pension and life insurance, leasing, factoring, securities, mortgage and asset management as well as international subsidiaries in the Netherlands and Romania. As of June 30, 2018, Garanti provides a wide range of financial services to its more than 15.8 million customers with more than 18 thousand employees through an extensive distribution network of 922 domestic branches, 7 foreign branches in Cyprus and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai; 5,055 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 to all its stakeholders, Garanti builds its strategy on the principles of always approaching its customers in a “transparent”, “clear” and “responsible” manner and advises its customers to grow their businesses in a “sustainable” manner, improving customer experience continuously by offering products and services that are tailored to their needs. Its competent and dynamic human resources, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector. Following the best practices in corporate governance, Garanti’s majority shareholder is Banco Bilbao Vizcaya Argentaria S.A. (BBVA) with 49.85% share. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.06% in Borsa Istanbul as of June 30, 2018. With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its custom-tailored solutions and wide product variety play a key role in reaching TL 319.2 bn (USD 70.0 bn) cash and non-cash loans. The high asset quality attained through advanced risk management systems and established risk culture place Garanti apart in the sector. Building on the Bank’s core values, Garanti defines “Sustainability” as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social (E&S) impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in. Garanti further strengthens its sustainable banking approach through community investment programs in a variety of topics ranging from sports to education, arts to nature and informing the business world. Since 2014, Garanti 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™ Emerging Markets Index, after being qualified in 2015. 2017 marked the third 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, human and employee rights. In addition to being a constituent of FTSE4Good and Bloomberg Gender Equality Index, Garanti became the only financial institution worldwide to qualify for the 2017 CDP Water A List. Garanti participates in local and international organizations that allows widespread, high-leverage engagement of the business community with numerous national and international organizations, including governments and policymaking bodies. In addition to its long-lasting active participation in several platforms, Garanti become a member of the Core Group to define UNEP FI Banking Principles. Garanti also became the Chair of the Turkish Business Council for Sustainable Development (BCSD Turkey), and joined the Steering Committee of Carbon Pricing Leadership Coalition (CPLC). By focusing on the responsible and sustainable development, Garanti is actively contributing to 14 of 17 Sustainable Development Goals. Garanti maintains its 100% coverage for ISO14001 certification at all service points in Turkey, following the audits conducted by an independent consultant. Being the first Bank with such a comprehensive EMS in Turkey, Garanti has reached a certain level of maturity about its knowledge and capabilities on GHG monitoring and data management. This was verified through a limited assurance from a third party that Garanti has received in 2017.

W0.2

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

	Start date	End date
Reporting year	January 1 2017	December 31 2017

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

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

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	Sufficient amounts of good quality freshwater available for use is important for employee health. In order to provide good quality drinking water Garanti implemented a reverse osmosis treatment plant in its Zincirlikuyu Head Office building. Additionally, each department has its own ozone based mini water-treatment system in their kitchens
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	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 collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. But the amount of recycled water is not monitored.

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	76-99	Garanti Bank collects water data from all of its buildings and branches in Turkey (subsidiaries are excluded). And 2017 water consumption data was verified by a third party company. 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 (surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting year. Garanti aims to keep daily water consumption under control through the use of new faucets with a lower flow rate. The Bank also collects the rainwater from the roof of the head office building, using it in landscape irrigation. 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. This initiative at its head office building eliminates use of plastic bottles and the greenhouse gas emission caused by their delivery.
Water withdrawals – volumes from water stressed areas	Not monitored	Only municipal supply is used for all facilities. Facilities disclosed in W5 are all in Istanbul except for Sivas Call Center. Istanbul Metropolitan Municipality withdraws water from Ömerli, Pabuçdere, Sazlıdere, B. Çekmece, Alibey, Terkos, Kazandere, Elmalı, Darlık and Istrancalar Dams. All of them are in Marmara Basin. However it is not practical nor feasible to determine exactly which dam the supply for Garanti facilities comes from. The rest of the facilities (937 branches) are from all over Turkey and it is impractical to identify the volume of water withdrawals from water stressed areas. The water demand of City of Sivas is being supplied from water wells located near Tavra Creek and treated water fed from “4 Eylül Dam”
Water withdrawals – volumes by source	76-99	Only municipal supply is used for all facilities. Facilities disclosed in W5 are all in Istanbul except for Sivas Call Center. Istanbul Metropolitan Municipality withdraws water from Ömerli, Pabuçdere, Sazlıdere, B. Çekmece, Alibey, Terkos, Kazandere, Elmalı, Darlık and Istrancalar Dams. All of them are in Marmara Basin. However it is not practical nor feasible to determine exactly which dam the supply for Garanti facilities comes from. The rest of the facilities (937 branches) are from all over Turkey and it is impractical to share source information. The water demand of City of Sivas is being supplied from water wells located near Tavra Creek and treated water fed from “4 Eylül Dam”
Produced water associated with your metals & mining sector activities - total volumes	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	We do not have the information on the water withdrawal quality
Water discharges – total volumes	76-99	Water is discharged directly to the municipal sewage system. There are 13 waste water treatment facilities under Istanbul Metropolitan Municipality. However it is not practical nor feasible to determine which treatment plant the discharged water from Garanti facilities is being sent to and where it is discharged afterwards. The rest of the facilities (937 branches) are from all over Turkey and it is impractical to share discharge information. The city of Sivas The water demand of City of Sivas discharges its water to Kızılırmak River (Red River).
Water discharges – volumes by destination	76-99	Water is discharged directly to the municipal sewage system. There are 13 waste water treatment facilities under Istanbul Metropolitan Municipality. However it is not practical nor feasible to determine which treatment plant the discharged water from Garanti facilities is being sent to and where it is discharged afterwards. The rest of the facilities (937 branches) are from all over Turkey and it is impractical to share discharge information. The city of Sivas The water demand of City of Sivas discharges its water to Kızılırmak River (Red River).
Water discharges – volumes by treatment method	76-99	Majority of the water discharges from Garanti facilities are sent to municipal treatment plants. Unfortunately some municipalities do not have treatment plants. However it is impractical to determine for every single one of 937 branches.
Water discharge quality – by standard effluent parameters	Not relevant	We do not have the information on the discharge quality data since the wastewater is treated at the municipal treatment plants.
Water discharge quality – temperature	Not relevant	We do not have the information on the discharge quality data since the wastewater is treated at the municipal treatment plants.
Water consumption – total volume	76-99	Water consumption at Garanti Facilities consists of drinking, cooking, cleaning purposes, lavatories, and HVAC systems.
Water recycled/reused	Not monitored	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 collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. But the amount of recycled water is not monitored.

	% of sites/facilities/operations	Please explain
The provision of fully-functioning, safely managed WASH services to all workers	76-99	Garanti Bank provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and it is used for drinking and cooking purposes.

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	287	Higher	In 2017, Garanti Bank's total water withdrawal was 287,00 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti Bank's water management process and water withdrawal values are publicly available in its 2017 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). Despite all the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal increased 9% compared to the previous year. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti Bank will implement a new online data collection system system.
Total discharges	251.65	Higher	Garanti Bank estimates the discharge and the consumption volumes under these assumptions: • 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 Bank's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • $7.5 \text{ L/FTE/day} \times 18,851 \text{ FTE} \times 250 \text{ days/year} = 35,345,625 \text{ L/year} = 35.35 \text{ megaliters/year}$ • Water discharge is $287.00 \text{ megaliters/year} - 35.35 \text{ megaliters/year} = 251.65 \text{ megaliters/year}$
Total consumption	35.35	Higher	Garanti Bank estimates the discharge and the consumption volumes under these assumptions: • 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 Bank's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • $7.5 \text{ L/FTE/day} \times 18,851 \text{ FTE} \times 250 \text{ days/year} = 35,345,625 \text{ L/year} = 35.35 \text{ megaliters/year}$.

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 but volume unknown	<Not Applicable>	<Not Applicable>	The rainwater collection system at HQ is used for landscape irrigation and car wash. There is a 70 m3 tank. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. Therefore in the summer time when the precipitation is low, the landscape irrigation is done by the waste water (approx. 20 m3) from the cooling tower.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No brackish surface water/seawater withdrawal
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater – renewable withdrawal
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater – non-renewable withdrawal
Produced water	Not relevant	<Not Applicable>	<Not Applicable>	No produced water withdrawal
Third party sources	Relevant	287	Higher	The water consumed by Garanti is provided by municipalities, which in Turkey source their water mainly from open river and reservoirs. Garanti sets targets to lower its water use. Despite all the efficiency efforts, Garanti Bank has slightly increased its water withdrawal for the facilities within the boundaries compared to the previous year. In 2016, Garanti's total water withdrawal was 264.48 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti Bank's water management process and water withdrawal* values are publicly available in its 2017 Integrated Annual Report (*In the Integrated Annual Report water withdrawal is referred to as water consumption) and verified by an independent third party.

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>	No fresh surface water discharge
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No brackish surface water/sea water discharge
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater discharge
Third-party destinations	Relevant	251.65	Higher	Water is discharged directly to the municipal sewage system. There are 13 waste water treatment facilities under Istanbul Metropolitan Municipality. However it is not practical nor feasible to determine which treatment plant the discharged water from Garanti facilities is being sent to and where it is discharged afterwards. The rest of the facilities (937 branches) are from all over Turkey and it is impractical to share discharge information. The City of Sivas discharges its water to Kızılırmak River (Red River). Garanti Bank estimates the discharge and the consumption volumes under these assumptions: • 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. • 7.5 L/FTE/day x 18,851 FTE x 250 days/year = 35,345,625 L/year = 35.35 megaliters/year • Water discharge is 287 megaliters/year – 35.35 megaliters/year = 251.65 megaliters/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

76-100%

% of total procurement spend

Unknown

Rationale for this coverage

We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti is also managing its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified Environmental Management System. In the upcoming years, Garanti's major supplier contracts is targeted to include specific provisions regarding compliance with Garanti Bank's EMS. Once this target is realized and a certain level of awareness among the entire supply chain is achieved, Garanti will consider requesting regular reporting for water-related data from its suppliers.

Impact of the engagement and measures of success

The Bank published Conduct of Conduct for Suppliers in February, 2018. In order to embed the code of conduct into all the procurement activities, the Bank is working on a new Procurement Policy which will be issued by the end of 2018. In light of this policy Garanti will be able to engage with its suppliers more actively; for example by asking its catering company to replace the appliances in the cafeteria of its HQ with more efficient ones. (e.g. water effieicnt industrial dish washers). Garanti Bank will continue to undertake numerous efforts aimed at reducing water use at new and existing facilities. In new facilities, Garanti Bank intends to build to industry leading standards for energy and water efficiency. For example, Garanti's new Pendik Technology Campus is being built to meet LEED certification.

Comment

In early 2018, Garanti shared its Code of Conduct for Suppliers, which requires full compliance with Garanti's Environmental Policy and EMS. It is also publicly available:

[https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20\(2\).pdf](https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20(2).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 to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

76-100

% of total procurement spend

Unknown

Rationale for the coverage of your engagement

In early 2018, Garanti shared its Code of Conduct for Suppliers, which requires full compliance with Garanti's Environmental Policy and EMS. It is also publicly available:

[https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20\(2\).pdf](https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20(2).pdf). The Code includes the following environmental expectations. Environmental Provisions stated in the Code of Conduct include: -Protection of the environment, sustainability and the aspiration to "eco-efficiency" are priorities for Garanti, 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.

Impact of the engagement and measures of success

The Bank published Code of Conduct for Suppliers in February, 2018. In order to embedded the code of conduct into all the procurement activities, the Bank is working on a new Procurement Policy which will be released by the end of 2018

Comment

Garanti shared its Code of Conduct for Suppliers Supply Chain Policy published in 2018, which requires full compliance with Garanti's Environmental Policy and EMS.

[https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20\(2\).pdf](https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20(2).pdf)

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 the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti is also managing its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified Environmental Management System. In the upcoming years, Garanti's major supplier contracts is targeted to include specific provisions regarding compliance with Garanti Bank's EMS. Once this target is realized and a certain level of awareness among the entire supply chain is achieved, Garanti will consider requesting regular reporting for water-related data from its suppliers. Moreover, the companies in our supply chain (cargo, accommodation, transportation, etc..) are not in water intense sectors. In early 2018, Garanti shared its Code of Conduct for Suppliers, which requires full compliance with Garanti's Environmental Policy and EMS. It is also publicly available:

[https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20\(2\).pdf](https://assetsgaranti.com/assets/pdf/en/other/Garanti_Bank_Code_of_Conduct_for_Suppliers%20(2).pdf). Garanti's Code of Conduct of Suppliers includes the protection of environment, sustainability and the drive towards "eco-efficiency".

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 total financial impact.

Country/Region

Turkey

River basin

Other, please specify (Çoruh Basin, Kizilirmak Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Çoruh and Kizilirmak Basin was realized 11% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

11000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Firat-Dicle Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Firat-Dicle Basin was realized 31% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

38000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz, Aras, Yesilirmak)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of the hydropower plants in Dogu Akdeniz Basin, Aras Basin, and Yesilirmak Basin were realized 32% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

18000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Dogu Karadeniz Basin was realized 25% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

16000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Buyuk Menderes)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Buyuk Menderes Basin was realized 26% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

4000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Kizilirmak Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Kizilirmak Basin was realized 52% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

10000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Dogu Karadeniz Basin was realized 29% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

5000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Aras)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Aras Basin was realized 21% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

3000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Dogu Karadeniz Basin was realized 31% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

4000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Dogu Karadeniz Basin was realized 28% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

3000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Dogu Karadeniz)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Dogu Karadeniz Basin was realized 29% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

2000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with

an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Çoruh Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Çoruh Basin was realized 37% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

20000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

Country/Region

Turkey

River basin

Other, please specify (Çoruh Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to extreme drought in certain areas of Turkey, hydropower plants' generation capacities were significantly affected in 2017. 10-month electricity generation of an hydropower plant in Çoruh Basin was realized 20% lower compared to 2016.

Primary response

Greater due diligence

Total financial impact

3000000

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E/S risks. In addition to reducing the minimum investment amount threshold, Garanti also expanded the scope of its ESIAM in line with international standards in 2017.

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.

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

2 to 5 years

Type of tools and methods used

Enterprise Risk Management

Other

Tools and methods used

Internal company methods

External consultants

National-specific tools or standards

Other, please specify (ISO 14001 EMS)

Comment

Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Garanti takes every chance to build capacity on water risks among its employees. Internal memos and informative emails are shared periodically with the entire staff to draw attention to not only water but environmental issues and the Bank's efforts for minimizing its impacts on the environment. Garanti Bank also provides in-class and distance learning training programs.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

Enterprise Risk Management

Other

Tools and methods used

Internal company methods

External consultants

National-specific tools or standards

Other, please specify (ISO 14001 EMS)

Comment

In 2017 Garanti updated its EMS by ISO14001:2015 which requires company-wide env. risk assessment. In early 2018, Garanti shared its Code of Conduct for Suppliers, which requires full compliance with Garanti's Environmental Policy and EMS. In light of this policy Garanti will be able to engage with its suppliers more actively; for example by asking its catering company to replace the appliances in the cafeteria of its HQ with more efficient ones. (e.g. water efficient industrial dish washes)

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

2 to 5 years

Type of tools and methods used

International methodologies

Databases

Other

Tools and methods used

Environmental Impact Assessment

Regional government databases

Internal company methods

External consultants

National-specific tools or standards

Comment

We believe our main water risks lie with the downstream impacts arising from financing activities, rather than supply chain or the Bank's own facilities. Therefore we have a detailed, robust and sophisticated E/S risk mgmt system (ESIAP) which complies with international standards and best practices. For details of ESIAP: <https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/material-issues/responsible-and-impact-oriented-finance/environmental-and-social-risk-management/>

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The parameters below are assessed under ESIAP: • Proper site selection considering sensitive areas (For instance, projects located in RAMSAR areas are not financed by Garanti Bank) • Current characteristics of water • Effluent water quality • Impact on ground and surface water quality and quantity For example, during one of motorway projects we financed, the route was deviated due to a drinking water resource on the route at Asian side of Istanbul, as a result of ESIA studies.
Water quality at a basin/catchment level	Relevant, always included	Current characteristics of water, effluent water quality and impact on ground and surface water quality are factored into our organization's water risk assessments. For example, during one of motorway projects we financed, the route was deviated due to a drinking water resource on the route at Asian side of Istanbul, as a result of ESIA studies.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	During ESIAP, the project location and current stakeholder views are taken into account and public reactions and their reasons etc. are investigated prior to 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. For example, detailed stakeholder engagement plans including public participation meetings, disclosure project reports and complaint mechanisms were requested from the Borrowers and were later put into action. These requirements are added to the loan agreement, as part of the environmental and social action plan or as a separate document/covenant. Therefore, currently, there is no stakeholder conflict concerning water resources at a local level.
Implications of water on your key commodities/raw materials	Relevant, always included	Being one of the major material issues for the Bank, current implications of water is assessed for projects that we finance. Currently the water quantity and quality for the projects that we finance are sufficient and satisfactory according to the Bank's ESIAP. For each project, the impact on water sources and other water-related risks are assessed in detail. Additional measures may be required from the clients if necessary.
Water-related regulatory frameworks	Relevant, always included	Changes in the regulatory framework related to environment are closely monitored and ESIAP is updated accordingly where necessary. During 2015, the ESIAP was updated based on the current regulatory changes including EIA regulation and water related legislation, and continued to be applied while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders. For example, communique on online wastewater monitoring systems was published in 2015 and added into the legislative issues in the environmental management plans to be complied by the Borrower. Detailed water management framework of Garanti can be found here: https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/material-issues/responsible-and-impact-oriented-finance/environmental-and-social-risk-management/
Status of ecosystems and habitats	Relevant, always included	Garanti Bank requires in depth ecosystem assessment reports during ESIAP for the projects. Available reports are reviewed and investigated by ESIAP questions that whether current status of the ecosystem and habitat characteristics is assessed or not. If there is no necessary study related to the ecosystem and habitats, client is required to conduct additional study for the baseline ecosystem /habitat or ESIA including detailed ecosystem /habitats section. For example, following issues were detected in some projects and necessary studies were requested; • Insufficient EIA reports with insufficient ecosystem assessment study • Insufficient environmental water released to riverbed • Insufficient water at downstream- impacts to farmers • Endemic fishes or other aquatic species • Impacts on wildlife including bird migration routes
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Garanti Bank provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and it is used for drinking and cooking purposes Social impacts of the projects including occupational and community health and safety are assessed in detail in ESIAP as well. There are specific questions addressing socio-economy, human health, transportation and traffic issues. Water supply, sanitation and hygiene development are requested as an item of environmental management plans which are requested as part of loan agreements.
Other contextual issues, please specify	Relevant, always included	Due to varying impacts on water sources Garanti developed specific provisions for each sector. Some of these sectorial principles related to water are stated as below; HEPPs •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem and preserve river hydrology •Alternative technical designs •Preventive measures for flow direction, flow rate and drainage changes, excavation in the water source, dredging and sediment accumulation •Periodical environmental water release monitoring during operations Thermal PP •Discharge of cooling and process water (wastewater and thermal discharge) •Cumulative impact studies for thermal discharge •Minimizing the impact on the ecosystem •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 Other Projects •Effluent water discharge management •Best Available Technologies (BAT) for treatment facilities •Efficient usage, recycling/re-use

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Garanti conducts ESIAM for greenfield projects over USD 10 mn. Not only do we assess the water related issues and risks of the project, but we also work hand in hand with our customers to raise their awareness on water-related issues. Garanti held its 3rd Sustainability and Risk Management Workshop at SALT Galata in September 2017. We made a presentation on sustainability, our approach in ESG risk management, national and international trends, and good practices to corporate customers in the energy and infrastructure industries. Corporate customers from energy and infrastructure industries were informed on cutting edge sustainable business topics such as TCFD (Financial Stability Board's Task Force on Climate-related Financial Disclosures) recommendations, carbon pricing and disruptive technologies. The workshop invitation was sent to 100% of our corporate customers. Our training and capacity building efforts were qualified as one of the best practices in trainings provided to financial institutions on Environmental and Social Risk Management subject field by the EBRD in 2015 and 2016.
Employees	Relevant, always included	Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Therefore, Garanti takes every chance to build capacity on water risks among its employees. For instance, internal memos and informative emails are shared periodically with the entire staff to draw attention to not only water but environmental issues and the Bank's efforts for minimizing its impacts on the environment. Garanti Bank also provides in-class and distance learning training programmes for loan officers related to the implementation of its ESIA.
Investors	Relevant, always included	The Bank responds to CDP Water as well as ESG rating agencies to provide a better understanding of its water management to the investors. Moreover, Garanti's Sustainability Team cooperates with its Investor Relations team to respond investor's particular requests on water management
Local communities	Relevant, always included	When Garanti Bank runs a project through its ESIA, one of the most important stakeholder is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment.
NGOs	Not relevant, included	Garanti always works hand in hand with NGOs for both its direct and indirect impacts. During our materiality analysis we engaged with many NGOs to learn their perspective and studies about water risks. Garanti is the main sponsor of CDP Turkey. Also, Garanti attends water related workshops and seminars hold by NGOs as speaker and share its policies and experiences. Garanti participates in local and international organizations that allows widespread, high-leverage engagement of the business community with numerous national and international organizations, including governments and policymaking bodies. In addition to its long-lasting active participation in several platforms, Garanti become a member of the Core Group to define UNEP FI Banking Principles. Garanti also became the Chair of the Turkish Business Council for Sustainable Development (BCSD Turkey), and joined the Steering Committee of Carbon Pricing Leadership Coalition (CPLC). By focusing on the responsible and sustainable development, Garanti is actively contributing to 14 of 17 Sustainable Development Goals.
Other water users at a basin/catchment level	Relevant, always included	Garanti Bank's ESIA makes sure that water usage rights of downstream communities are protected.
Regulators	Relevant, always included	Regulators are consulted by Ministry of Environment and Urbanization during the local EIA processes. Another factor, regulators asks the Banks via Turkish Banks Association or Turkish Industry and Business Association, or directly while drafting the regulations, time to time. If we are consulted, we always give our opinion for the draft regulations. We also attend seminars or workshops organized by regulatory bodies. An issue related to water monitoring stations; water monitoring stations for dams and hydroelectric power plants are supervised by State Hydraulic Works. The Bank does not have direct contact or responsibility to involve in this process. However, Garanti follows the results of the monitoring data by regulators and client. Turkey's new Water Law is expected to come into force in the upcoming years. Garanti states its suggestions via Water Advisory Council founded by CDP Turkey to the public authorities and policy makers.
River basin management authorities	Relevant, always included	River basin management is a new issue in Turkey and currently regulated by the public authorities. Same as above mentioned, Garanti Bank has not direct contact nor have responsibility to get involved in this process. Nevertheless, Garanti requires that the project or client has no conflict River basin management authorities.
Statutory special interest groups at a local level	Relevant, always included	Statutory special interest groups are also considered in the social due diligence for the projects and stakeholder engagement plans.
Suppliers	Not relevant, explanation provided	We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti is also managing its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified Environmental Management System. Garanti also released a Code of Conduct for Suppliers with the purpose of regulating supplier behavior and the professional relations of suppliers in parallel to the Bank's commitment to corporate governance principles and ethical values concerning. Garanti shared its Code of Conduct for Suppliers with a message stating that their full commitment and compliance is expected.
Water utilities at a local level	Not relevant, explanation provided	Water utilities and suppliers of the projects are determined by project sponsors and stated by EIA of the projects and necessary agreements and/or contracts/permits are ensured.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) 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 believes that the main water risks related to the company lie with the downstream impacts arising from financing activities, rather than the Bank's own facilities. Garanti published its CCAP to support Turkey's transition to a low-carbon economy. The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. Garanti undertakes an E&S risk assessment during due diligence of greenfield projects with an investment amount over USD 10 mn. During this assessment, Garanti supports its customers to better manage their water-related risks, along with all the other E&S risks. Garanti uses its own ESIAP which is compliant with international best standards and practices, for water risks assessments which are as follows:

- 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 sectorial principles related to water are stated as below;

HEPPs

- Sufficient environmental flow water amount
- Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology
- Alternative technical designs
- 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
- Minimizing the impact on the ecosystem
- 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. 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 Bank defines; (1) the negative impact of water-related risks on the financial or non-financial performance (such as reputation) of the projects with an investment amount of more than USD 10 mnn, 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. The management method for both risks are explained below: The ratio of financing provided to projects prone to water-related risks in 2017 is 55.2% in our 2017 project finance portfolio. Accordingly, Garanti Bank has a robust Environmental and Social Risk Management Process in place that allows us to minimize the risks associated to water along with other environmental and social risks. "

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	3	51-75	Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Hydrology title: http://geodata.ormansu.gov.tr/index.html?lang=en Garanti financed 3 projects prone to water-related risk (power and infrastructure) in 2017. The ratio of financing provided to these projects to the total project finance commitment in 2017 is 55.2%. In order to manage the potential risks associated to environment including water risks, Garanti has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti is fully committed to minimize and manage water-related risks in its project finance.

W4.1c

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

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin, Firat-Dicle Basin)

Number of facilities exposed to water risk

3

% company-wide facilities this represents

51-75

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

51-75

Comment

"Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Hydrology title: <http://geodata.ormansu.gov.tr/index.html?lang=en> Garanti financed 3 projects prone to water-related risk (power and infrastructure facilities) in 2017. The ratio of financing provided to these projects to the total project finance commitment in 2017 is 55.2% (USD 3.15 bn). In order to manage the potential risks associated to environment including water risks, Garanti has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti is fully committed to minimize and manage water-related risks in its project finance.

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/Region

Turkey

River basin

Other, please specify (All Garanti offices)

Type of risk

Physical

Primary risk driver

Severe weather events

Primary potential impact

Other, please specify (Property Damage)

Company-specific description

2017 marked another record breaking year for extreme weather events in Turkey. While according to the Ministry of Forest and Water Management, 2017 was the driest year in the last 44 years; acute weather events such as extreme hails, twisters and flash floods caused billions of dollars in damages. Turkey in general received less rain than expected normals with very few exceptions. According to the data from General Directorate of Meteorology(MGM), Marmara, Meriç-Ergene and Konya-Closed Basins are the rare exceptions where rainfall was above average.

Timeframe

Current up to 1 year

Magnitude of potential impact

Low

Likelihood

Likely

Potential financial impact

20244

Explanation of financial impact

The data from Union of Chambers of Turkish Engineers and Architects (TMMOB) during the rain, hail and flood in 27 July 2017, İstanbul, more than 300 trees fell down, 160 roofs were blown off. The extreme hail and flash flood lasted only 20 minutes but caused TRY 1.2 bn . in damages. Garanti branches in Marmara Basin reported TRY 20,244 damages due to the hail in July, 2017.

Primary response to risk

Develop flood emergency plans

Description of response

Garanti Bank'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

Cost of response

0

Explanation of cost of response

Our primary cost have 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 2017 was TRY 737 per annum). As these roles have been built into existing responsibilities, there is no additional cost compared to business as usual.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Type of risk

Physical

Primary risk driver

Other, please specify (Increase in water withdrawal)

Primary potential impact

Increased operating costs

Company-specific description

In 2017, Garanti Bank's total water withdrawal was 287.00 megaliters/year. This water is used for drinking, cooking, cleaning

purposes, lavatories, and HVAC systems. Garanti Bank's water management process and water withdrawal values are publicly available in its 2017 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). Despite all the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal increased 9% compared to the previous year, which also caused 30% increase in the water expenses. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti Bank will implement a new online data collection system system.

Timeframe

Current up to 1 year

Magnitude of potential impact

Low

Likelihood

More likely than not

Potential financial impact

845000

Explanation of financial impact

Despite all the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal increased 9% compared to the previous year, which also caused 30% increase in the water expenses.

Primary response to risk

Improve monitoring

Description of response

Garanti has a dedicated Sustainability and Environment and Energy Efficiency teams that are responsible to apply for the Bank's environmental performance and ISO14001 compliance of all branches, buildings and personnel. In order to improve its environmental performance. With the effective use of online monitoring system in all locations, Garanti aims to better monitor water consumption, target realization, and the progress on water efficiency investments. Consequently, it will also enable the Bank to better manage its resources.

Cost of response

111000

Explanation of cost of response

Garanti is currently working on an online monitoring system that costs TRY 111,000 to better monitor the data collection. The test implementation for this online database has been completed successfully and it will be launched in 2018.

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/Region

Turkey

River basin

Other, please specify (Marmara and Sakarya Basin)

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Closure of company operations

Company-specific description

During the summer of 2017, Marmara Basin experienced severe hail and flash floods. Hail and floods propose a risk of property damage for especially infrastructure projects. Projects in our portfolio in 2017 did not report damages or disruptions in construction

due to flood or hail.

Timeframe

Current - up to 1 year

Magnitude of potential financial impact

Unknown

Likelihood

More likely than not

Potential financial impact

0

Explanation of financial impact

The data from Union of Chambers of Turkish Engineers and Architects (TMMOB) during the rain, hail and flood in 27 July 2017, İstanbul, more than 300 trees fell down, 160 roofs were blown off. The financial cost of the storm was TRY 1,2 bn.

Primary response to risk

Develop supplier flood emergency plans

Description of response

Environmental and Social Impact Assessment Model for E/S risk assessment during the due diligence of projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its client to better manage their water-related risks, along with all the other E/S risks. Regarding E /S risks at power and infrastructure sectors, we conducted the 3rd Sustainability and Risk Management workshop for our customers in 2017. "

Cost of response

300000

Explanation of cost of response

Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2017. Therefore the total cost of management is TRY 300 thousand. These two efforts are mitigating significantly the risk of financing controversial projects.

Country/Region

Turkey

River basin

Other, please specify (A single river basin is inapplicable)

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

2017 was according to the Ministry of Forest and Water Management, driest year in last 44 years. 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'. Fırat-Dicle Basin is where most the extreme droughts are seen. Changes in precipitation patterns due to climate change result in reduced electricity production in our hydropower plant portfolio. Functioning hydropower plants are expected to be under this risk of reduced production due drought while this doesn't propose a risk for hydropower plants under construction.

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Virtually certain

Potential financial impact

134900000

Explanation of financial impact

Due to extreme drought, hydropower plants' generation capacities were significantly affected in 2017 and led to a revenue loss of TRY 134.9 mn in cash flows of our HEPP portfolio

Primary response to risk

Promote greater due diligence among suppliers

Description of response

Garanti Bank undertakes Environmental and Social Impact Assessment Model for E/S risk assessment during the due diligence of projects with an investment amount more than USD 10 mn. During this assessment, Garanti Bank supports its client to better manage their water-related risks, along with all the other E/S risks. Regarding E/S risks at power and infrastructure sectors, we conducted the 3rd Sustainability and Risk Management workshop for our customers in September 2017. Approximate cost of this training was TRY 13,422.

Cost of response

300000

Explanation of cost of response

Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2017. Therefore the total cost of management is TRY 300 thousand. These two efforts are mitigating significantly the risk of financing controversial projects.

Country/Region

Turkey

River basin

Other, please specify (A single river basin is inapplicable)

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Lack of investment in energy and water efficient technologies might result in increased vulnerability to physical climate impacts such as a mean increase in temperature, resulting in increased operational costs. Such fluctuations in temperature could meaningfully increase (as high as 3%) the yearly electricity consumption. This would result in an additional cost of TRY 1.4 mn at Garanti, taking into consideration the electricity consumption in 2017.

Timeframe

1 - 3 years

Magnitude of potential financial impact

Medium-low

Likelihood

Likely

Potential financial impact

1400000

Explanation of financial impact

It is not possible to establish a direct link between higher temperatures during summer time and electricity consumption due to lack of researches done in Turkey. Our estimation only assumes a temperature increase in summer time and a %3 increase in electricity consumption.

Primary response to risk

Promote greater due diligence among suppliers

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during due diligence for greenfield projects with an investment amount more than USD 10 mn. Water-related criteria in the assessment process are as follows: • Selection of location and project area (If a project is located in a RAMSAR area, it is immediately rejected regardless of the size) • Current characteristics of water prior to the project • Impact on ground water • Impact on surface water • Water quality and quantity after the project • Alternative water supply sources With this process, Garanti is able to support its customers to better manage their water-related risks. For instance, Garanti Bank asked from a thermal power plant project, during the loan assessment, that cooling water should be obtained from seawater through desalinization, since Garanti Bank has identified during its Environmental and Social Risk Assessment process that the flow rate of the water in the river basin would be insufficient during summer. If the customer didn't accept to install a desalinization plant which was a requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations. To date, our primary cost has been training of key staff for the implementation of ESIAP (the cost of all trainings –both in-class and distant learning- per employee in 2017 was TRY 737 per annum).

Cost of response

300000

Explanation of cost of response

Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2017. Therefore the total cost of management is TRY 300 thousand. These two efforts are mitigating significantly the risk of financing controversial projects.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Stage of value chain

Use phase

Type of risk

Regulatory

Primary risk driver

Regulatory uncertainty

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

The legal risks associated to climate change vary from environmental sanctions to the uncertainty in the legal framework. Garanti Bank gave comments and recommendations to the new Water Act which will be enacted by the Ministry of Forestry and Water Affairs. The financial impact of non-compliance to environmental permits may lead to suspension of operations. Such an event would cost to a large scale power plant (7,500 GWh annual production) as high as TRY 109.4 mn of revenue loss in case of a one-month suspension of operations. Such an event would affect the borrower's repayment of loans.

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Likely

Potential financial impact

109400000

Explanation of financial impact

Potential non-compliance risks associated to our loan portfolio might lead to a growth in NPL. It is not possible to estimate the direct financial impact on Garanti, however we are able to estimate the revenue loss of a single borrower (i.e. TRY 109 mn).

Primary response to risk

Other, please specify (Follow up on international standards)

Description of response

Garanti makes sure that its ESIAP fully covers national regulations and standards and is always up to date. Our model goes beyond these standards and it is based on international standards and best practices. Therefore the Bank takes proactive action to eliminate such risks. Committed to continuous improvement, In 2016, Garanti expanded the scope of its Environmental and Social Impact Assessment Process by lowering its limit for detailed assessment to USD 10 mn from USD 20 mn investment amount. In 2018 Garanti also adopted Sector Norms as part of BBVA Group. We engage with NGOs and public bodies to support and improve the Water Law that is expected to come into force soon.

Cost of response

300000

Explanation of cost of response

Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2017. Therefore the total cost of management is TRY 300 thousand. These two efforts are mitigating significantly the risk of financing controversial projects.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Negative media coverage

Primary potential impact

Company brand damage

Company-specific description

Through our extensive ESIAP, we ensure that none of the projects financed by Garanti has any disruptive outcomes for the environment.

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Likely

Potential financial impact

150000000

Explanation of financial impact

Reputational damage due to controversial issues could result in early withdrawal of time deposits worth TRY 150 mn.

Primary response to risk

Promote greater due diligence among suppliers

Description of response

Garanti Bank undertakes an Environmental and Social risk assessment during due diligence for greenfield projects with an investment amount more than USD 10 mn. Water-related criteria in the assessment process are as follows: • Selection of location and project area (If a project is located in a RAMSAR area, it is immediately rejected regardless of the size) • Current characteristics of water prior to the project • Impact on ground water • Impact on surface water • Water quality and quantity after the project • Alternative water supply sources With this process, Garanti is able to support its customers to better manage their water-related risks. For instance, Garanti Bank asked from a thermal power plant project, during the loan assessment, that cooling water should be obtained from seawater through desalination, since Garanti Bank has identified during its Environmental and Social Risk Assessment process that the flow rate of the water in the river basin would be insufficient during summer. If the customer didn't accept to install a desalination plant which was a requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations. To date, our primary cost has been training of key staff

for the implementation of ESIAP (the cost of all trainings –both in-class and distant learning- per employee in 2017 was TRY 737 per annum).

Cost of response

300000

Explanation of cost of response

Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2017. Therefore the total cost of management is TRY 300 thousand. These two efforts are mitigating significantly the risk of financing controversial 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

In October 2015 Garanti Bank published its Climate Change Action Plan in order to support Turkey's battle against climate change and support its transition to a low carbon economy. Climate Change Action Plan which represented our support of this subject in four main areas; i) carbon pricing and prioritizing renewable energy investments; ii) helping to decrease deforestation; iii) helping to manage water risks associated with climate change adaptation and design and iv) implementation of green office standards. <http://www.garantiinvestorrelations.com/en/corporate-governance/detay/Climate-Change-Position-Statement-Action-Plan/854/3630/0> In addition, due to varying impacts on water sources Garanti developed specific provisions for each sector. In 2015 Garanti became the first bank in Turkey to ratify the Caring for Climate (C4C) statement. With our holistic approach to managing water-related risks and opportunities, Garanti is the only Turkish bank and one of only two banks worldwide to be included as a case study in the UN components' report "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Adaptation-2015.pdf

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Potential financial impact

531000000

Explanation of financial impact

In 2017, Garanti subjected 3 projects to its detailed E/S Impact Assessment Model to manage and minimize their E/S risks including water-related risks. These 3 projects have a total investment amount of USD 531 mn. This indicator is also verified by a third party in our 2017 Integrated Annual Report (page 437)

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Garanti sets targets to lower its water use. Despite all the efficiency efforts, Garanti Bank has slightly increased its water withdrawal for the facilities within the boundaries in the previous years. However, in 2017, due to yearly seasonal changes like over Garanti Bank's total water withdrawal is increased to 287 megaliters/year. In 2016, it was 264.48 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti Bank's water management process and water withdrawal* values are publicly available in its 2017 Integrated Annual Report (*In the Integrated Annual Report water withdrawal is referred to as water consumption). Garanti Bank will continue to undertake numerous efforts aimed at reducing water use at new and existing facilities. In new facilities, Garanti Bank intends to build to industry leading standards for energy and water efficiency. For example, Garanti's new Pendik Technology Campus is being built to meet LEED certification.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Potential financial impact

207000

Explanation of financial impact

Garanti also has a dedicated team in the Construction Department that is responsible to apply for the Bank's environmental performance and ISO14001 compliance of all branches, buildings and personnel. Additionally, the balanced scorecard of teams under relevant departments such as Project Finance (for indirect environmental risks), Construction Department (for direct environmental risks) and Training and Development Center (i.e. to increase the % of online trainings which save from resources) include KPIs related to environmental performance. In order to enhance the environmental awareness, Garanti Bank developed online training for ISO 14001 that includes the importance of maximizing the water use efficiency. Online training cost per employee is TRY 11 per hour in 2017. Total cost of the bank can be calculated as follows:(Cost = 11 TRY/FTE/year x 18,851 FTE = 207,000 TRY/year. Garanti Bank invested in awareness raising in order to decrease its operational costs in the upcoming years.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

The 'Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and the South Aegean Development Agency (GEKA) in May 2018, aims to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Main stakeholders of the project are textile manufacturers, global textile brands, and financial institutions. Within the scope of the project, clean production trainings, technical and financial support will be given to raise awareness of water and energy efficiency projects. Garanti Bank is the finance partner of the project, and supports manufacturers within the scope with favorable loan options through discounted interest rates provided by its own capital resources. In addition, global textile brands that incorporate cleaner production standards such as Boyner Group, H/M and Inditex are also among the main supporters of the project.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Potential financial impact

25000000

Explanation of financial impact

Within the scope of the project, clean production trainings, technical and financial support will be given to raise awareness of water and energy efficiency projects. Garanti Bank supports manufacturers within the scope with favorable loan options through discounted interest rates provided by its own capital resources.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

To support Turkey's fight against climate change and providing solutions to risks like water scarcity and drought, Garanti Bank offered a new product called "Agricultural Irrigation Systems Loans" in the first quarter of 2015. the agricultural sector, which is

responsible for 70% of total water consumption, mainly utilizes “wild” irrigation. The loan aims to promote efficient irrigation systems. By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and microsprinkler irrigation. Additionally, through this loan, Turkey’s largest solar powered irrigation system was financed in 2015.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium-high

Potential financial impact

65000000

Explanation of financial impact

To date TRY 65 mn has been disbursed under this loan. In addition to being used for the finance of efficient irrigation systems, Turkey's largest solar powered irrigation system was also financed through this loan.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Zincirlikuyu Head Office

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

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)

35.73

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

32.2

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

3.53

Comparison of consumption with previous reporting year

About the same

Please explain

27% increase in withdrawal despite all efficiency measures taken by the Sustainability Team and Environmental Management and Efficiency Team. In order to follow up the environmental performance in a more broader way, sustainability team will implement an online data collection system by the end of 2018, which is now under development.

Facility reference number

Facility 2

Facility name (optional)

Learning and Development Center

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

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)

5.54

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

4.04

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

1.5

Comparison of consumption with previous reporting year

About the same

Please explain

Last year water withdrawal for this building was 5.28 megaliters. Although there seems to be a 5% increase in withdrawal, since the amount is very low we can say that the withdrawal in 2017 occurred about the same

Facility reference number

Facility 3

Facility name (optional)

Gunesli Operation Center

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

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)

38.77

Comparison of withdrawals with previous reporting year

Much higher

Total water discharges at this facility (megaliters/year)

32.47

Comparison of discharges with previous reporting year

Much higher

Total water consumption at this facility (megaliters/year)

6.3

Comparison of consumption with previous reporting year

About the same

Please explain

Last year water withdrawal for this building was 21.03 megaliters. 84% increase in withdrawal is due to the change in this year's calculations. This facility consists of 4 blocks, based on our scope, in last year's report only 3 blocks were included, whereas this year all 4 blocks were included.

Facility reference number

Facility 4

Facility name (optional)

Sivas Call Center

Country/Region

Turkey

River basin

Other, please specify (Kizilirmak Basin)

Latitude

39

Longitude

37

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)

11.81

Comparison of withdrawals with previous reporting year

Much higher

Total water discharges at this facility (megaliters/year)

10.77

Comparison of discharges with previous reporting year

Much higher

Total water consumption at this facility (megaliters/year)

1.04

Comparison of consumption with previous reporting year

About the same

Please explain

Last year water withdrawal for this building was 9.31 megaliters. 27% increase in water withdrawal, due to the increased in landscape irrigation and on going construction activities.

Facility reference number

Facility 5

Facility name (optional)

Etiler Service Building

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

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)

2.09

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

1.79

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

0.3

Comparison of consumption with previous reporting year

Much lower

Please explain

Last year water withdrawal for this building was 1.76 megaliters. Although there seems to be a 19% increase in withdrawal, since the amount is very low we can say that the withdrawal in 2017 occurred about the same. In addition decreased number of FTEs at the facility.

Facility reference number

Facility 6

Facility name (optional)

Taksim Service Building

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

28

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)

2.17

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

1.18

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

0.99

Comparison of consumption with previous reporting year

About the same

Please explain

Last year water withdrawal for this building was 3.43 megaliters. 37% decrease in withdrawal is due to decreased number of FTEs at the facility.

Facility reference number

Facility 7

Facility name (optional)

Branches and other buildings

Country/Region

Turkey

River basin

Other, please specify (impractical to provide)

Latitude

Longitude

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)

191.17

Comparison of withdrawals with previous reporting year

Much higher

Total water discharges at this facility (megaliters/year)

163.87

Comparison of discharges with previous reporting year

Much higher

Total water consumption at this facility (megaliters/year)

27.32

Comparison of consumption with previous reporting year

About the same

Please explain

Last year water withdrawal for this building was 169.70 megaliters. 12% increase in withdrawal despite all efficiency measures taken by the Sustainability Team and Environmental Management and Efficiency Team. In order to follow up the environmental

performance in a more broader way, sustainability team will implement an online data collection system by the end of 2018, which is now under development.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

35.73

Comment

Only municipal water withdrawal and rainwater use (The rainwater collection system at HQ is used for landscape irrigation and car wash. There is a 70 m3 tank. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. Therefore in the summer time when the precipitation is low, the landscape irrigation is done by the waste water (approx. 20 m3) from the cooling tower.)

Facility reference number

Facility 2

Facility name

Learning and Development Center

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

5.54

Comment

Only municipal water withdrawal.

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

38.77

Comment

Only municipal water withdrawal.

Facility reference number

Facility 4

Facility name

Sivas Call Center

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

11.81

Comment

Only municipal water withdrawal.

Facility reference number

Facility 5

Facility name

Etiler Service Building

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

2.09

Comment

Only municipal water withdrawal.

Facility reference number

Facility 6

Facility name

Taksim Service Building

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

2.17

Comment

Only municipal water withdrawal.

Facility reference number

Facility 7

Facility name

Branches and other building

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

191.17

Comment

Only municipal water withdrawal.

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

32.2

Comment

Only municipal water discharge

Facility reference number

Facility 2

Facility name

Learning and Development Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

4.04

Comment

Only municipal water discharge

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

32.47

Comment

Only municipal water discharge

Facility reference number

Facility 4

Facility name

Sivas Call Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

10.77

Comment

Only municipal water discharge

Facility reference number

Facility 5

Facility name

Etiler Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

1.79

Comment

Only municipal water discharge

Facility reference number

Facility 6

Facility name

Taksim Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

1.18

Comment

Only municipal water discharge

Facility reference number

Facility 7

Facility name

Branches and other buildings

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

163.85

Comment

Only municipal water discharge

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

Rainwater is collected and used for landscape irrigation. However, the amount of recycled water cannot be monitored.

Facility reference number

Facility 2

Facility name

Learning and development

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

Facility reference number

Facility 4

Facility name

Sivas Call Center

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

Facility reference number

Facility 5

Facility name

Etiler Service Building

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

Facility reference number

Facility 6

Facility name

Taksim Service Building

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

Facility reference number

Facility 7

Facility name

Branches and other building

% recycled or reused

Not monitored

Comparison with previous reporting year

Please select

Please explain

As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored.

W5.1d

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

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

In 2017 Garanti maintained 100% coverage for its ISO14001 certified Environmental Management System covering 100% of its employees. Garanti collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti'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 2017 Integrated Annual Report under assurance standard ISAE 3000

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

In 2017 Garanti maintained 100% coverage for its ISO14001 certified Environmental Management System covering 100% of its employees. Garanti collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti'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 2017 Integrated Annual Report under assurance standard ISAE 3000

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our water withdrawal quality. However, the water quality of the treatment system in the HQ building is regularly monitored and tested.

Water discharges – total volumes

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge quality since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Water consumption – total volume

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our consumption since water consumption is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water consumption in the future.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

The rainwater collection system at HQ is used for landscape irrigation and car wash. There is a 70 m3 tank. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. Therefore in the summer time when the precipitation is low, the landscape irrigation is done by the waste water (approx. 20 m3) from the cooling tower. However it is not possible to monitor recycled/reused water.

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.

Row	Scope	Content	Please explain
1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Reference to international standards and widely-recognized water initiatives Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change Other, please specify (Specific policy on lending)	Garanti has an holistic approach for integrated water management to better manage the risks and opportunities arising from both direct and indirect impacts. While trying to minimize its own water consumption through its Environmental Policy, Sustainability Policy and Environmental Management System; the Bank manages its indirect impacts through its E/S Loan Policies, E/S Impact Assessment System, Sector Norms and its Climate Change Action Plan. Garanti monitors, reports and publicly shares its performance in various platforms. The Bank also gets its indicators verified by an independent third party.

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) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Director on board	The Chair of The Sustainability Committee(SC) and a member of Responsible Business Committee(RBC). The SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sustainability efforts. The SC and RBC are deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Team and Representatives, whereas RBC meets to oversee the progress on the implementation of Garanti's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. For more information, please see our 2017 Integrated Annual Report, pages 121-122 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf)
Chief Executive Officer (CEO)	The President and CEO, who is also a Board Member, is the member of the Sustainability Committee (SC) and the Responsible Business Committee (RBC). SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sust. efforts. SC and RBC are deliberately structured to integrate sust. concerns (i.e. climate change) and opp. into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Team and Representatives, whereas RBC meets to oversee the progress on the implementation of Garanti's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. For more information, please see our 2017 Integrated Annual Report, pages 121-122 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
Other, please specify (Responsible Business Committee)	The Responsible Business Committee was established in 2017. The RBC has met 2 times since inception in 2017. There are 2 Board Members in the RBC one of them is a Director on the Board and the other is the CEO. The RBC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti, also systematically ensures that stakeholders are at the center of the decision-making. The RBC meets to oversee the progress on the implementation of Garanti's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. Garanti's 2017 Integrated Annual Report, (p121-122), presents more information about the committees and their roles and responsibilities: https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf .
Other, please specify (Sustainability Committee)	The Sustainability Committee (SC) chaired by a Board Member was established in 2010 and its composition was amended in 2015. The CEO, who is also Board Member is a permanent member of the SC and Responsible Business Committee (RBC) as well. The SC formally reviews and approves the Bank's activities related to sustainability (including its environmental performance and risk assessment) and meets to review and take decisions on recommendations raised by the Sustainability Team and Sustainability Representatives. The SC has met a total of 25 times since its inception in 2010. Our Sustainability web site presents more information: https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/garanti-bank-and-sustainability/sustainability-management/ Garanti's 2017 Integrated Annual Report, p121-122, presents more information about the committees and their responsibilities (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).

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	Garanti believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Sustainability Committee (SC), established for this purpose in 2010, which formally reviews and approves the Bank’s activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and to provide input to all sustainability efforts. The SC’s composition was amended in 2015. The CEO, who is also Board Member is a permanent member of the SC and the Responsible Business Committee (RBC) as well. The RBC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti, also systematically ensures that stakeholders are at the center of the decision-making. The committees are deliberately structured to integrate sustainability concerns and opportunities into all operations, products and services. Committees’ role is to agree on strategic direction and action plans. The SC meets to review and take decisions on recommendations raised by the Sustainability Team and Sustainability Representatives, whereas the RBC meets to oversee the progress on the implementation of Garanti’s Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. https://surdurulebilirlik.garanti.com.tr/en .

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

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

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Garanti believes that sustainability issues should be embedded into decision-making and business processes to create long-term value for stakeholders. The Sustainability Committee(SC), established for this purpose formally reviews and approves the Bank’s activities related to sustainability. SC is Chaired by a Board Member, and the CEO is also a permanent member. SC meets regularly to monitor the progress and to provide input for all sustainability efforts and deliberately structured to integrate sustainability concerns and opportunities into all operations. This structure ensures all efforts are consistent with internal policies and related regulations. The Committee’s role is to agree on strategic direction and action plans for the Bank and meets to review and take decisions on recommendations raised by the Sustainability Team. The Committee ensures the integration of all material aspects and environmental and social factors into products and services, and decision-making mechanisms.

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

Other C-Suite Officer, please specify (EVP of Corporate & Investment Banking)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Executive Vice President (EVP) of Corporate and Investment Banking (CIB) is the member and the Secretary General of the Sustainability Committee (SC). The SC formally reviews and approves the Bank's activities related to sustainability and is chaired by the Board Member. The SC meets regularly in order to monitor the progress of and to provide input to all sustainability efforts. The SC is deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. In addition to the roles in SC, EVP of CIB is responsible for the Sustainability Team, which was established in 2012 to implement the decisions of the aforementioned Sustainability Committee. Furthermore, She is also the Chair of the of Turkish Business Council for Sustainable Development (BCSD Turkey) and Vice Chair of UN Global Compact Network Turkey.

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

Environment/Sustainability manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Garanti Bank established a full time Sustainability Team within the Project Finance Department in 2012. Sustainability Team is responsible for the daily coordination of the efforts undertaken under the main heading of sustainability at Garanti Bank. The fulltime Sustainability Team, which is based in the Project Finance Department, comprises 5 members including the Team Leader. Reporting regularly in the Committee meetings, the Sustainability Team presents the sustainability progress made to the Committee. Additionally, the significant development in the sustainability agenda is reported to the Committee members by the Team, or the Team receives approval regarding the process requiring approval from the Committee.

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

Facilities manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Garanti Bank has a dedicated team, named Environmental Management and Efficiency Team, in the Construction Department. This team is solely responsible for the improvement of the environmental performance and full compliance with ISO14001. To that end, the Team conducts internal audits to Garanti's service locations across Turkey, collect all consumption information including water, and take measures to reduce Garanti's direct environmental impact.

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

Other, please specify (Sustainability Representatives)

Responsibility

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Regularly reporting to the Sustainability Committee, the Sustainability Team Works in cooperation with other units of the Bank in the process of putting the decisions into practice. Following the progress each week, the Team ensures the consolidation and assessment of sustainability data throughout the Bank within the scope of Bank's objectives, and coordinates the gathering of information and data from other units. To date, there are more than 1,000 Sustainability Representatives in charge of working in coordination with the Sustainability Team in order to gather data and support the application of the decisions made by the Sustainability Committee in the units or branches where they work.

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

Yes, other

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?

In addition to its E&S Loan Policies, E&S Impact Assessment Process, and Sector Norms, Garanti released its Climate Change Action Plan in 2015 to support Turkey's transition to a low carbon economy. Garanti aims to spread these good practices in the Turkish finance sector and private sector and build capacity. In order to achieve this goal Garanti has several memberships in local and international platforms. Garanti is the Chair of BCSD Turkey, the Vice Chair of UNGC Network Turkey, the Vice Chair of Turkish Industry&Business Association (TUSIAD) Climate&Environment Working Group, etc. Garanti closely engages with policy-makers through these platforms and contributes to new regulations and laws regarding water. For example, under TUSIAD WG Garanti shared its comments for draft of Turkey's new Water Law. BCSD Turkey released Turkey Water Report to share a clear roadmap and recommendation for integrated water management that the government could take into consideration. Garanti is also 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.

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	5-10	"Our long term objectives on water-related issues can be classified in 3 main pillars our our corporate strategy: (1) Customer Experience: We offer innovative solutions and advise our customers to grow their businesses in a sustainable manner. Advising our customers to make their business more resilient to water related risks is an integral part of our risk management strategy. From an opportunity management perspective, we roll out new financing tools to support green investments/companies. (2) Investing in Human Capital: Garanti invests in employees focusing on their development and form teams acting with social responsibility. This approach resulted in better management of loan portfolio-related climate/water risks or developing innovative products/services. (3) Responsible and Sustainable Development: We implement an advanced corporate governance model that promoted our core values (incl. the hard and soft controls to better embed sustainability into operations). We also act with the principle of accountability and transparency which ultimately leads to better management of reputation. We implement an effective risk management through world-class integrated management of financial and non-financial risks. We create shared value through lending based on impact investment principles. We drive positive change through strategic partnerships. We also focus on community investment programs which deliver impactful outcomes on material issues.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	"Our long term objectives on water-related issues can be classified in 3 main pillars our our corporate strategy: (1) Customer Experience: For instance, we manage water risks in our loan portfolio through ESIAP and sector norms. We organize capacity building events for our corporate customers (e.g. sustainability and risk management workshops, etc.) In 2018, Garanti Bank executed Turkey's first Green Loan agreement by linking the margin of the loan to borrower's ESG performance. We became the finance partner of the Clean Production in Textile Sector Project', launched by WWF-Turkey to avoid water pollution. (2) Investing in Human Capital: We have a Team of 5 people incl. 3 env. engineers experienced in E/S risks incl. water. We also organize trainings to relevant departments to build internal capacity on both direct and indirect impacts on water. (3) Responsible and Sustainable Development: Garanti's rating in CDP Water has been A in 2017. We manage our customers' water-related risks through a variety of policies and procedures. We offer innovative products to support water management. We partner with CDP to enhance the water-related risk management of our corporate customers through trainings. Also, Garanti favors wind and solar projects since HEPP projects are more vulnerable to drought risks and have more negative impact on the environment and also they have higher construction risks compared to wind and solar projects.
Financial planning	Yes, water-related issues are integrated	5-10	Garanti has a dedicated team of 5 people who are in charge of managing water-related direct and indirect impacts alongside with the other ESG issues. Moreover, Garanti has En. Eff. and Env. Mngmnt Team who is responsible for implementation of ISO14001. More than 1,000 Sust. Representatives are responsible for supporting these teams in achieving env.-related goals and are incentivized through monetary and recognition mechanisms. Garanti also allocated a certain budget to support water-related organizations and events. These include workshops and reports. All these activities are budgeted as part of annual planning.

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?

	Water-related CAPEX (+/- % change)	Anticipated forward trend for CAPEX (+/- % change)	Water-related OPEX (+/- % change)	Anticipated forward trend for OPEX (+/- % change)	Please explain
Row 1	0		30.72		CAPEX: Since all those measures taken to reduce water consumption and increase water efficiency are embedded in the process of construction of the building, it is not possible to calculate these investments as a separate item. OPEX: Water related operational expenses increased compared to 2016 despite all the efficiency measures taken by the Sustainability Team. As stated in its Climate Change Action Plan, Garanti is committed to establishing green office standards and continuously striving to increase its water usage efficiency of its facilities.

W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Over the years, Garanti used climate-scenario analysis and climate modelling on a project basis, where deemed necessary. For example, for a hydropower plant project, instead of relying on the historical precipitation data, we requested a climate scenario analysis for future projections, and worked with 2 different universities. Studies showed that due to the significant precipitation decrease in the project area in 15 years, the electricity generation will decrease by 15%. When the customer saw the results, they decided not to move forward with the project. Garanti would like to integrate this approach into its systemic risk management. As one of the first supporters of the TCFD, Garanti is now looking into different approaches to implement climate-scenario analyses into its risk management system.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (IEA WEO New Policies)	Garanti's majority shareholder BBVA is a member of UNEP FI's Pilot Project for TCFD Recommendations Implementation. BBVA will use the IEA WEO New Policies scenario. This scenario takes into account the policies and implementing measures regarding energy markets that have been already implemented, as well as the relevant policy proposals. The WEO report provides updated analysis to show what the latest data, technology trends and policy announcements might mean for the energy sector to 2040. More precisely, BBVA is developing models associated to the energy and transportation sectors, which are the most relevant sectors within BBVA's portfolio at the moment. As part of BBVA Group, Garanti will also implement the IEA WEO New Policies scenario. The Bank will also look into other relevant scenario alternatives to better reflect the regional and local issues.	Our Agricultural Irrigation Systems Loan launched in 2015 aims to promote efficient irrigation systems. Additionally, through this loan, Turkey's largest solar powered irrigation system was financed. Garanti became the main finance partner of the Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and GEKA aiming to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Garanti also organizes events to build capacity among all stakeholders (e.g. CDP Water workshops). Garanti strives to lower its own water consumption by implementing efficiency systems, educating employees on efficient water use, improving WASH services and provide good quality of water by implementing a reverse osmosis treatment plant. Garanti identifies and manage E/S risks/opp. including those associated to water on loan portfolio level through the Climate Change Action Plan, ESIAP and sector norms. For instance, the norms are defined based on a heatmap, i.e. an intersection of most climate-vulnerable sectors and sectors where the Bank has the largest exposure. An example of portfolio level risks can be drought. In 2017, drought led to a revenue loss of USD 37mn in cash flows of our HEPP portfolio. Garanti favors wind and solar projects since HEPP projects are more vulnerable to drought risks and have more negative impact on the environment and also they have higher construction risks compared to wind and solar projects.

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, and we do not anticipate doing so within the next two years

Please explain

As a financial institution, pricing water internally do not have a significant impact on our financial and operational activities.

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	Targets are monitored at the corporate level Goals are monitored at the corporate level	In order to support Turkey's transition to a low carbon economy Garanti published its Climate Change Action Plan Statement in 2015. Garanti focuses its activities on combating climate change on four main areas: putting a price on carbon and prioritization of renewable energy investments, reducing deforestation, management of water risks related to climate change, and establishing green office standards. Additionally, Garanti's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. According to this pledge BBVA will mobilize EUR 100 bn by 2025 to fight climate change and drive sustainable development. BBVA also released stricter Sector Norms for energy, mining, agriculture, and infrastructure sectors with this pledge. For its targets and goals regarding its indirect impacts, Garanti has in-house experts that conducts periodic site visits and E/S impact assessments. These efforts are also publicly disclosed and verified by a third party in its integrated annual report. In order to manage and monitor its direct impacts Garanti has an extensive ISO14001 Environmental Management System for 100% of its facilities in Turkey. The bank closely monitors its environmental performance in each branch and building through a dedicated team and receives independent audit for its ISO14001 certification. Garanti publicly discloses its water consumption (verified by an independent third party). In order to better manage its env. performance and set realistic and more ambitious targets Garanti is currently working on an online data collection system which will be implemented in 2018.

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

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

Level

Business activity

Primary motivation

Risk mitigation

Description of target

We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process (ESIAP) since 2012. In line with the global trends and best practices Garanti updates its ESIAP and sets quantitative target. Our 2016 target was to lower the minimum investment amount limit for ESIAP to USD 10 mn from USD 20 mn, and we successfully achieved this target. Our 2018 targets are further expanding the scope of risk assessment system. All ESIAP targets can be found here: <https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/material-issues/responsible-and-impact-oriented-finance/environmental-and-social-risk-management/>

Quantitative metric

Other, please specify (Expanding the scope of ESIAP)

Baseline year

2016

Start year

2016

Target year

2017

% achieved

100

Please explain

Within the scope of its ESIAP, Garanti Bank ensures that the projects it finances meet the social and environmental standards required by legislation and the Bank's policies. If necessary, these prescribed measures are taken by the project owner(s) such as internal environmental and social management monitoring plans (ESMMP). Garanti also attends the site visits which are conducted by independent consultants. Garanti subjected 47 projects to its ESIAM and rejected 17 projects since the launch of ESIAP. Garanti also set 2018 targets which can be seen in the following link: <https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/material-issues/responsible-and-impact-oriented-finance/environmental-and-social-risk-management/>

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

Site visits conducted by the internal experts annually

Quantitative metric

Other, please specify (Minimum 20 site visits in 2017)

Baseline year

2016

Start year

2017

Target year

2017

% achieved

100

Please explain

In 2017 Garanti's ESIAP experts conducted 28 site visits to monitor and manage E/S risks of the projects. This indicator is also disclosed and verified by a third party in our 2017 Integrated Annual Report page 55 https://www.garantiinvestorrelations.com/en/images/annualreport/pdf/GBFR17_eng_FULL.pdf. In 2015, 2016 and 2017, Garanti Bank conducted 26, 22 and 28 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Garanti also set 2018 targets which can be seen in the following link: <https://surdurulebilirlik.garanti.com.tr/garanti-sustainability-approach/material-issues/responsible-and-impact-oriented-finance/environmental-and-social-risk-management/>

Target reference number

Target 3

Category of target

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

Level

Business activity

Primary motivation

Risk mitigation

Description of target

We aim to include water-related questions in our Know Your Client (KYC) system.

Quantitative metric

Other, please specify (Launching the new questionnaire)

Baseline year

2017

Start year

2018

Target year

2019

% achieved

0

Please explain

We aim to launch the questionnaire in 2 phases. The first phase is aimed to be implemented in 2019.

Target reference number

Target 4

Category of target

Monitoring of water use

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Garanti has a dedicated Sustainability and Environment and Energy Efficiency teams that are responsible to apply for the Bank's environmental performance and ISO14001 compliance of all branches, buildings and personnel. In order to improve its environmental performance, Garanti is currently working on an online monitoring system that costs TRY 111,000 to better monitor the data collection. The test implementation for this online database has been completed successfully and it will be launched in 2018. With the effective use of online monitoring system in all locations, Garanti aims to better monitor water consumption, target realization, and the progress on water efficiency investments. Consequently, it will also enable the Bank to better manage its resources.

Quantitative metric

Other, please specify (100% use in all service locations)

Baseline year

2017

Start year

2018

Target year

2018

% achieved

0

Please explain

We aim to launch the online monitoring system in 2018.

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

Shared value

Description of goal

Garanti Bank is transferring its know-how on environmental and social assessment to all clients that went through ESIAM. Garanti aims to intensify its efforts to build capacity among its customers in the upcoming years. Garanti hosted the 3rd Sustainability and Risk Management Workshop in September 2017. We made a presentation on sustainability, our approach in ESG risk management, national and international trends, and good practices. In the workshop corporate customers from energy and infrastructure industries were informed on cutting edge sustainable business topics such as TCFD recommendations, carbon pricing and disruptive technologies. Our training and capacity building efforts were qualified as one of the best practices in trainings provided to financial institutions on Environmental and Social Risk Management subject field by the EBRD in 2015 and 2016. Garanti was also presented as a case study by CPLC.

Baseline year

2016

Start year

2016

End year

2017

Progress

In 2017, we continued to support the V. Sustainable Finance Forum organized in cooperation with the BCSD Turkey, UNEP FI, and UNGC Network Turkey. The main theme of the Forum was "The Role of Finance Sector in Combating Climate Change", and a groundbreaking declaration, namely Declaration on Sustainable Finance, was launched. The Declaration, prepared under the leadership of the UNGC Network Turkey, aimed to integrate the environmental and social risks, including the compliance with RAMSAR Convention, in lending activities. Garanti led the efforts for the development of this Declaration undertaken by the Sustainable Finance Working Group of UNGC Network Turkey, as the Working Group Chair.

<http://www.globalcompactturkiye.org/wp-content/uploads/2017/09/Global-Compact-Turkey-Sustainable-Finance-CEO-Letter.pdf>

Goal

Engagement with suppliers to help them improve water stewardship

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Commitment to its irreplaceable values of the principles of trust, integrity, accountability and transparency is Garanti's main responsibility towards its customers, employees, suppliers and all its stakeholders; and serves as the guarantee of the Bank's strong reputation. 'Garanti's Code of Conduct for Suppliers' has been published with the purpose of regulating supplier behavior and the professional relations of suppliers in parallel to the Bank's commitment to corporate governance principles and ethical values concerning. The document serves as a guide and the principles inside are reflections of Garanti's vision, mission and values on the behaviors and the ways of doing business.

Baseline year

2017

Start year

2017

End year

2018

Progress

Garanti shared its Code of Conduct for Suppliers with a message stating that their full commitment and compliance is expected to Garanti's policies and commitments including its ISO14001 Environmental Management System. 'Garanti's Code of Conduct for Suppliers' and other relevant documents are reviewed and updated based on the requirements of the changing business environment.

Goal

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

Level

Country level

Motivation

Water stewardship

Description of goal

In addition to its E/S Loan Policies, E/S Impact Assessment Process, and Sector Norms, Garanti released its Climate Change Action Plan in 2015 to support Turkey's transition to a low carbon economy. Garanti aims to spread these good practices in the Turkish finance sector and private sector and build capacity. In order to achieve this goal Garanti has several memberships in local and international platforms. Garanti is the Chair of BCSD Turkey, the Vice Chair of UNGC Network Turkey, the Vice Chair of Turkish Industry and Business Association (TUSIAD) Climate and Environment Working Group, etc. Garanti closely engages with policy-makers through these platforms and contributes to water-related regulations.

Baseline year

2016

Start year

2017

End year

2017

Progress

Under TUSIAD Climate and Env. WG Garanti shared its comments for the draft version of Turkey's new Water Act. BCSD Turkey released Turkey Water Report to share a clear roadmap and recommendations for integrated water management that the government could take into consideration. Garanti is also 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. Garanti 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 Convention, in lending activities. The declaration was launched at the V. Sustainable Finance Forum and the Deputy Prime Minister (at that time) Mr. Mehmet Şimşek urged all the Turkish banks to become a signatory at his keynote speech.

Goal

Promotion of sustainable agriculture practices

Level

Business activity

Motivation

Climate change adaptation and mitigation strategies

Description of goal

"With "Agricultural Irrigation Systems Loans" the goal is to meet the needs for sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation. Payments of the loans which are mortgage-secured and have a grace period of up to 60 months can be planned in 3 or 6 months depending on the harvest periods or yearly. With this loan, Garanti is making access to financing easier for water sensitive investments and attracting attention to CDP Water, which was launched in Turkey with the collaboration of Sabancı University Corporate Governance Forum and Garanti Bank. Garanti supports solar power as an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. "

Baseline year

2015

Start year

2015

End year

2017

Progress

To date TRY 65 mn has been disbursed under this loan. Additionally, Turkey's largest solar powered irrigation system was financed under this loan with 800 m2 solar panels and 65 kWp installed power in the first quarter of 2015. With this investment, irrigation and crop diversity of 450 decares of large land was sustained. Solar power is an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. As a signatory of UN Global Compact, Garanti committed to encourage the development and diffusion of environmentally friendly technologies. Therefore we will continue to support innovative and efficient technologies.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Business activity

Motivation

Water stewardship

Description of goal

Garanti became the main finance partner of the Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and the South Aegean Development Agency (GEKA). The Project aims to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Main stakeholders of the project are textile manufacturers, global textile brands, and financial institutions

Baseline year

2018

Start year

2018

End year

2018

Progress

Within the scope of the project, clean production trainings, technical and financial support is given to raise awareness of water and energy efficiency projects. Garanti Bank supports manufacturers within the scope with favorable loan options through discounted interest rates provided by its own capital resources. In addition, global textile brands that incorporate cleaner production standards such as Boyner Group, H/M and Inditex are also among the main supporters of the project.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased energy use

Description of linkage/tradeoff

Sufficient amounts of good quality freshwater available for use is important for employee health. In order to provide good quality drinking water Garanti implemented a reverse osmosis treatment plant in its Zincirlikuyu Head Office building. Additionally, each floor at its HQ building has its own ozone based mini water-treatment system in their kitchens. Since these facilities require energy use, they increase Garanti's overall energy consumption.

Policy or action

Garanti Bank is providing fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and used for drinking and cooking purposes. At the same time, it increases electricity consumption of the building and GHG emissions accordingly. However, overall GHG emissions of the building did not increase due to other energy efficiency measures.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Increased energy and water efficiency)

Description of linkage/tradeoff

Garanti became the main finance partner of the Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and the South Aegean Development Agency (GEKA). The Project aims to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Main stakeholders of the project are textile manufacturers, global textile brands, and financial institutions. Within the scope of the project, clean production trainings, technical and financial support is given to raise awareness of water and energy efficiency projects. The ultimate goal is to rehabilitate the Great Menderes Basin by avoiding the discharge of polluted wastewater.

Policy or action

Garanti Bank supports manufacturers within the scope with favorable loan options through discounted interest rates provided by its own capital resources. In addition, global textile brands that incorporate cleaner production standards such as Boyner Group, H/M and Inditex are also among the main supporters of the project. Garanti is in collaboration with an energy efficiency company for this project. While engaging with customers in the region for cleaner production, Garanti supports them with technical experts to optimize their processes with more energy and water efficient options.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Reducing the use of plastic bottles)

Description of linkage/tradeoff

Employees in the HQ building can purchase bottled water at the Cafeteria. By providing treated tap water through special water fountains at each floor, Garanti also contributes to reducing the use of plastic bottles.

Policy or action

The quality of the treated water is closely and regularly analysed and monitored. These analyses are reviewed and approved by Garanti's OHS Team that also includes a Medical Doctor. The Bank highly encourages its employees to use these water fountains for drinking water by giving out cups as birthday gifts.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Risk mitigation)

Description of linkage/tradeoff

Due to their minimal E/S impacts Garanti prioritizes solar and wind energy projects among other renewable energy projects. This also enables the Bank to avoid experiencing any water-related risks such as drought-related revenue losses for hydropower plants. In 2017, drought caused a total of USD 37 mn in revenue losses for previously financed hydropower plants by Garanti.

Policy or action

Garanti has ambitious commitments to support renewable energy. In our 2015 Climate Change Action Plan we pledged that a minimum of 60% of the total funds allocated to greenfield energy production facilities will be directed to renewable investments through internal carbon pricing. In 2016, Garanti Bank took its pledge a step further and committed to a renewable energy share at a minimum of 70% of the greenfield power sector financing to be provided by 2020 in new project finance transactions. Each year Garanti expands the scope of its E/S Impact Assessment Process to better manage its indirect E/S impacts. As part of the BBVA Group, in 2018 Garanti also adopted the Sector Norms published by BBVA.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHG emissions

Description of linkage/tradeoff

Through Garanti's Agricultural Irrigation Systems Loan, Garanti offers favorable loan for efficient irrigation system. Through this loan we also financed Turkey's largest solar powered irrigation system with 800 m2 solar panels and 65 kWp installed power in the first quarter of 2015. With this investment, irrigation and crop diversity of 450 hectares of large land was sustained. Solar power is an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. As a signatory of UN

Global Compact, Garanti committed to encourage the development and diffusion of environmentally friendly technologies. Therefore we will continue to support innovative and efficient technologies.

Policy or action

By offering this loan, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation. A solar powered system can be implemented by using this loan, which would be an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. This would result in lowering the GHG emissions associated to electricity consumption, as well as reduced water consumption.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

GarantiBank2017IARAssuranceReport.pdf

garanti-bank-2017-integrated-annual-report.pdf

W10.1a

(W10.1a) 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 source	ISAE3000	Includes total water consumption mainly coming from municipality by Garanti'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.4: Environmental Performance Data of 2017 Integrated Annual Report, p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
W3. Procedures	Env.and Social Impact Assesment	ISAE3000	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: -Number of assessed projects in 2017; -Number of rejected projects in 2017; -Risk rating of the assessed projects in 2017; -Number of project site visits conducted during 2017. These KPIs and E/S Governance are reported in the 2017 Integrated Annual Report, p55 (3rd part of KPI and Performance Table), p96-102 and p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
W4. Risks and opportunities	Env.and Social Impact Assesment	ISAE3000	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: -Number of assessed projects in 2017; -Number of rejected projects in 2017; -Risk rating of the assessed projects in 2017; -Number of project site visits conducted during 2017. These KPIs and E/S Governance are reported in the 2017 Integrated Annual Report, p55 (3rd part of KPI and Performance Table), p96-102 and p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
W6. Governance	Sustainability Governance	ISAE3000	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: -Number of assessed projects in 2017; -Number of rejected projects in 2017; -Risk rating of the assessed projects in 2017; -Number of project site visits conducted during 2017. These KPIs and E/S Governance are reported in the 2017 Integrated Annual Report, p55 (3rd part of KPI and Performance Table), p96-102 and p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
W7. Strategy	Env.and Social Impact Assesment	ISAE3000	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: -Number of assessed projects in 2017; -Number of rejected projects in 2017; -Risk rating of the assessed projects in 2017; -Number of project site visits conducted during 2017. These KPIs and E/S Governance are reported in the 2017 Integrated Annual Report, p55 (3rd part of KPI and Performance Table), p96-102 and p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).
W8. Targets	Env.and Social Impact Assesment	ISAE3000	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: -Number of assessed projects in 2017; -Number of rejected projects in 2017; -Risk rating of the assessed projects in 2017; -Number of project site visits conducted during 2017. These KPIs and E/S Governance are reported in the 2017 Integrated Annual Report, p55 (3rd part of KPI/Performance Table), p96-102 and p435-437 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 298-300 (https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf).

W11. 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.

Green Loan: Garanti Bank executed Turkey's first Green Loan agreement with Zorlu Energy by linking the margin of the loan to their ESG performance. Green Loan with total amount of USD 10 million is used for meeting the operational capital needs of Zorlu Energy. During the maturity of the loan, Garanti Bank will promote and motivate the improvement of the ESG performance of Zorlu Energy by applying a discount to their initial loan margin should they become more sustainable. Within the scope of Green Loan, sustainability performance of Zorlu Energy in the area of environmental, social and governance will be scored on a yearly basis by an international sustainability rating agency, i.e. Vigeo-Eiris. According to the sustainability score attained, the pricing of the margin will be adjusted accordingly each year. While the margin will be increased if the company shows a lower performance than the base score, the margin will be reduced if it shows a better performance. With this approach, it is targeted for the companies using Green Loan to improve or at least retain their initial sustainability performance during the maturity. For more information please visit: <https://surdurulebilirlik.garanti.com.tr/media/1270/green-loan.pdf>

2017 Integrated Annual Report: Garanti Bank presented its first Integrated Annual Report in 2017. The report was prepared based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines of core option, makes a holistic assessment of the financial and non-financial performance of Garanti Bank in 2017, as well as conveying its forward looking strategy. Our outstanding accomplishments in sustainability are well recognized by international authorities. As we secured our place in the Dow Jones Sustainability Index with the third consecutive year, we were also listed in the FTSE4Good Emerging Index and BIST Sustainability Index. We believe in the power of listening, participating, contributing and shared value. We will continue to grow by adding strength to our power and lead the sector with our sustainable governance model and innovative solutions in 2018. Please visit the link below for our first Integrated Annual Report, where you will find all these developments which have taken place in line with our vision and more. Garanti Bank 2017 Integrated Annual Report: <https://surdurulebilirlik.garanti.com.tr/media/1232/garanti-bank-2017-integrated-annual-report.pdf>

Sustainability Web Site: Garanti Bank launched its "Sustainability Website" in May 2018. Our new website presents Garanti's sustainability approach and journey, latest global developments on sustainability and our practices. For more information, please visit: <https://surdurulebilirlik.garanti.com.tr/en>

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W11.2

(W11.2) 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

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

Please confirm below

I have read and accept the applicable Terms