



Module: Introduction

Page: Introduction

CC0.1

Introduction

Please give a general description and introduction to your organization.

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of US\$ 103.1 billion as of March 31, 2016.

Garanti is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage, and asset management besides international subsidiaries in the Netherlands, Russia and Romania.

As of March 31, 2016, Garanti provides a wide range of financial services to more than 14 million customers with its 19.8 thousand employees through an extensive distribution network of 972 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai 4,540 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, 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 is controlled by two powerful entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğu Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.02% in Borsa Istanbul as of March 31, 2016.

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 US\$ 81.3 billion 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 Bank defines Sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social 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.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Thu 01 Jan 2015 - Thu 31 Dec 2015

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country
Turkey

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

TRY

CC0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sub-industries, companies in the oil and gas sub-industries, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco industry group should complete supplementary questions in addition to the main questionnaire.

If you are in these sector groupings (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

Further Information

Module: Management

Page: CC1. Governance

CC1.1

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

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

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

Garanti Bank believes that the concept of sustainability must be embedded throughout its decision-making mechanisms and business processes to create value for its stakeholders and, as a consequence, has integrated a Sustainability Committee structure with Committee Members representing relevant lines of business and departments throughout its organization.

The Sustainability Committee, established in 2010 is the highest committee that formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board member. Its composition was amended in 2015 and the current membership of the Committee is as follows: Independent Board Member (Chair), CEO, Executive Vice President of Human Resources and Support Services, Chief Credit Risk Officer, Executive Vice President of Project Finance and Sustainability, Executive Vice President of Finance and General Accounting and Executive Vice President of SME Banking. In addition to this high-level committee, Garanti Bank has formed 7 working groups ("WG") based on the Bank's Sustainability Policy; namely WG focusing on Customers through Sustainable Finance (Retail&SME Banking), WG focusing on Customers through Sustainable Finance (Corporate and Commercial Banking), WG focusing on managing Environmental impact of operations, WG focusing on Communities, WG focusing on Stakeholders, WG focusing on Human Resources, WG focusing on Corporate Sustainability Governance.

The Committee is deliberately structured to integrate climate change and other environmental concerns and opportunities into all operations, products and services. In addition, this structure ensures that all efforts are consistent with internal policies and related regulations. The Sustainability Committee's role is to agree on strategic direction and action plans for the Bank. The Committee has met a total of 21 times since its inception in 2010.

In 2012, Garanti Bank established a full-time Sustainability team which resides in the Project Finance Department. This team was formed in order to enhance the efficiency of its organizational structure for sustainability. Consisting of five members in total including the Sustainability Manager and the Senior Vice President responsible for Project Finance and Sustainability, the team included three environmental engineers amongst its members as at the end of 2015.

The Sustainability team is responsible for the coordination of all sustainability-related activities at Garanti Bank on a day-to-day basis. The team, which reports to the Sustainability Committee on a regular basis, works in cooperation with the Bank's other units during the implementation of the decisions taken by the Committee. Monitoring the Bank's sustainability targets and performance on a weekly basis, the team ensures the consolidation of sustainability-related data coming from across the Bank and evaluates such data in line with the Bank's targets.

By the end of 2015, Garanti Bank had more than 1,000 Sustainability Representatives, who are responsible for working in coordination with the Sustainability Team to collect data and support the implementation of the decisions taken by the Sustainability Committee within their own departments, from headquarters, regional directorates and branches.

Coordination among the Branches, Regional Directorates and Teams for the purposes of the EMS is achieved via the Efficiency Team, established under the Construction Department. The Efficiency Team is comprised of 5 members including the Senior Vice President of Construction Department. The Efficiency Team is responsible for the application of the EMS in the bank and ensuring the environmental sustainability of the Bank's internal activities.

Project Supervisors from the Construction Department, Mechanical/ Electrical Engineers and the Efficiency Team received 'Managing Safely' training from the Institution of Occupational Safety and Health (IOSH). The primary purpose of IOSH, which is recognized by the International Labor Organization (ILO), is to provide a more secure, safe and sustainable business environment worldwide.

CC1.2

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

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Corporate executive team	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Behaviour change related indicator Other: Other incentivized performance indicators include the ones indicated in the comment box	The KPIs listed below result in better management of the Bank's environmental footprint and affects corporate executive team who is entitled to benefit from incentives: Increasing the number of locations included in Environmental Management System (EMS), which would mean that more locations will set individual targets for energy efficiency; Completion of EMS Online Database, which will result in better management of energy and water consumption; supporting the development of feasibility studies for the utilization of solar panels in the Bank's facilities, which would result in CO2e reduction; renewable energy investments; Enhancing the sectoral principles and Environmental&Social Impact Assessment Process which aim to minimize our impact on the environment and society through projects financed; Expanding the sustainability policy, which includes reducing impact on the environment, to subsidiaries.
Business unit managers	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Efficiency target Behaviour change related indicator Other: Other incentivized performance indicators include the ones indicated in the comment box	The KPIs listed below result in better management of the Bank's environmental footprint and affects corporate executive team who is entitled to benefit from incentives: Increasing the number of locations included in Environmental Management System (EMS), which would mean that more locations will set individual targets for energy efficiency; Completion of EMS Online Database, which will result in better management of energy and water consumption; supporting the development of feasibility studies for the utilization of solar panels in the Bank's facilities, which would result in CO2e reduction; renewable energy investments; Enhancing the sectoral principles and Environmental&Social Impact Assessment Process which aim to minimize our impact on the environment and society through projects financed; Expanding the sustainability policy, which includes reducing impact on the environment, to subsidiaries.
Environment/Sustainability managers	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Efficiency target Behaviour change related indicator Other: Other incentivized performance indicators include the ones indicated in the comment box	The KPIs listed below result in better management of the Bank's environmental footprint and affects corporate executive team who is entitled to benefit from incentives: Increasing the number of locations included in Environmental Management System (EMS), which would mean that more locations will set individual targets for energy efficiency; Completion of EMS Online Database, which will result in better management of energy and water consumption; supporting the development of feasibility studies for the utilization of solar panels in the Bank's facilities, which would result in CO2e reduction; renewable energy investments; Enhancing the sectoral principles and Environmental&Social Impact Assessment Process which aim to minimize our impact on the environment and society through projects financed; Expanding the sustainability policy, which includes reducing impact on the environment, to subsidiaries.
Other: Sustainability Supervisor and Associate	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Efficiency target Behaviour change related indicator Supply chain engagement Other: Other incentivized performance indicators include the ones indicated in the comment box	The KPIs listed below result in better management of the Bank's environmental footprint and affects corporate executive team who is entitled to benefit from incentives: Increasing the number of locations included in Environmental Management System (EMS), which would mean that more locations will set individual targets for energy efficiency; Completion of EMS Online Database, which will result in better management of energy and water consumption; supporting the development of feasibility studies for the utilization of solar panels in the Bank's facilities, which would result in CO2e reduction; renewable energy investments; Enhancing the sectoral principles and Environmental&Social Impact Assessment Process which aim to minimize our impact on the environment and society through projects financed; Expanding the sustainability policy, which includes reducing impact on the environment, to subsidiaries.

Further Information

CC2.1

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

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

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

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	Garanti's efforts to manage climate change related risks and opportunities can be classified into two categories, i.e. asset level risks and opportunities which are associated to loan portfolio and company level risks and opportunities which are related to the physical infrastructure and the human resources of the Bank. In both cases, the systems and procedures cover Garanti Bank's operations in Turkey.	> 6 years	The Sustainability Committee meets quarterly in order to monitor the progress on and to provide input to all sustainability efforts. The Committee is deliberately structured to integrate sustainability concerns and opportunities into all operations, products and services. In addition, this structure ensures that all efforts are consistent with internal policies and related regulations. The Sustainability Committee's role is to agree on strategic direction and action plans for the Bank. Besides, major changes are presented to the Board of Directors if required.

CC2.1b

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

i. Company level risks and opp.:

Based on our Environmental Management System, Sustainability Representative of each facility certified to ISO14001 is responsible for identifying climate-change related risks, such as increase in paper consumption.

The Sustainability Team ("ST") is responsible for the identification of company-level risks such as the ones associated to a future ETS or water scarcity.

The Construction Department is responsible for the identification of site-specific energy/carbon reduction opportunities, which are related to company infrastructure.

However, ST consolidates all the efforts of these different units, reports to the Sustainability Committee ("SC") and contributes to the development of mitigation measures where necessary.

ii. Asset level risks and opp.:

The Project Finance and Commercial & Corporate Loans Departments are responsible for the identification and assessment of climate change related risks associated to large projects in their portfolio, based on the E&S Risk Mgmt. process of the Bank. They are also responsible for climate-related new market opportunities, such as energy-efficiency and renewable energy projects.

iii. Reporting: ST reviews the efficiency and effectiveness and suggests accordingly amendments to environmental policies and management systems in place. ST then informs SC through regular meetings and gets SC's approval about those amendments. After that, ST keeps all relevant departments informed of emerging climate change related risks and opportunities through direct communication or through WG meetings. The relevant departments develop suggestions about measures to mitigate negative impacts of the emerging risks and to capture opportunities in collaboration with the ST through the 7 WG operating under SC, as detailed under CC1.1a. The frequencies of the SC and WG meetings vary from once every month to once a year, depending on the topics to be discussed.

CC2.1c

How do you prioritize the risks and opportunities identified?

In order to be able to identify and prioritize risks and opportunities to Garanti, the Bank places great importance on listening to the views of its key stakeholder groups as part of this process.

As part of the materiality analysis, we first identify the topics relevant to our organization and to our stakeholders based on a stakeholder consultation process. We assessed the topics relevant to our organization and to our stakeholders making use of a variety of sources such as the Bank's commitments, media searches, questionnaires and surveys and comparison against peer companies nationally and internationally. We then link these to the risks and opportunities and consider whether the aspect is material within our organization, outside the organization, or both.

Topics were prioritized based on their significance of impact – their potential influence on Garanti Bank's ability to deliver on its vision and strategy as well as their potential influence on the decision-making of the Bank's main stakeholder groups.

The following are criteria frequently used for assessing materiality at Garanti Bank though the exact considerations will vary depending on the specific risk or opportunity:

- potential financial gain/loss,
- contribution to the bank's carbon footprint,
- furtherance of customer satisfaction,
- reputational impacts and level of stakeholder interest.

The results of this prioritization process, which were approved by the Executive Vice President for Project Finance and Sustainability, and Secretary General of the Sustainability Committee, determined the focus.

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

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

i. In 2013, Garanti Bank has carried out a number of analyses to develop an overarching Sustainability Policy, and its new Sustainability Strategy. The studies include a peer group analysis, stakeholder analysis, desk research and an internal analysis including interviews with 15 senior staff members of Garanti, in order to map current level of sustainability performance and benchmark it against sector leaders. With these analyses, Garanti Bank aimed to identify emerging risks and opportunities and finally determine the potential areas for improvement. The studies were coordinated and assessed by the Sustainability Team. The Sustainability Committee, was kept informed by the Team throughout the process and the final policy and strategy were drafted based on the Committee's feedback. Both the Policy and Strategy were approved by the CEO and the Board in 2014. The Sustainability Policy Statement acts as an "umbrella policy" with a time horizon of 5 to 10 years. The Sustainability Strategy has, in general, a shorter time horizon (3-5 years).

ii. The increasing impact of climate change necessitates the timely transition to a low carbon economy. This urgency is reflected in the efforts of policy-makers, the needs of our clients and priorities of society. For this reason, Garanti believes that climate change is a strategic issue that merits full integration with all business processes and decision-making mechanisms.

Need for Adaptation: Climate change impacts create new concerns for lenders and financial institutions. Extreme weather events, such as severe storms or floods, cannot only damage retail banking facilities, but also impact vulnerable sectors dependent on stable weather patterns, such as agriculture. This can potentially lead to income loss and affect the ability of customers to repay loans. Garanti believes that the main water related risks their company is exposed to lie in downstream impacts arising from financing activities.

Developing Green Business: Garanti has identified that one of the most significant areas that customers need support from Banks is development of innovative products for renewables. Consequently, Garanti Bank has included a long-term target in its strategy related to developing products and services that help catalyze the transition towards a more sustainable economy. Garanti also sees investing in energy efficiency projects listed in CC3.3.b within owned facilities as an opportunity to reduce costs and a tool to mitigate possible future risks associated to increasing fuel prices. Moreover, Garanti develops products and services for climate change adaptation and mitigation. In Q1 2015, Garanti launched Agricultural Irrigation Systems Loan to promote efficient irrigation systems and sustainable energy use in irrigation for agricultural sector. Turkey is at severe risk in terms of water scarcity and drought due to climate change.

Possible regulatory changes: A possible future carbon tax scheme, or an ETS might bring corporate liabilities. However, foreseeing them and shaping climate change strategy based on it will allow us to turn this potential risk into an opportunity.

Based on these aspects we published our Climate Change Position Statement and Action Plan in 2015.

iii. As a pioneer in financing renewable energy projects and being by far the largest lender for wind projects in Turkey, setting a carbon pricing scheme will allow us to further prioritize renewable investments. As a result, we expect that a minimum of 60% of the total funds allocated to greenfield energy production facilities will be directed to renewable investments. We are also taking the following measures to help control deforestation. In addition to our leading position in sustainable energy financing, we are

committed to take action to further enhance our contribution to environmental sustainability by making progress on our direct impact. For instance, 100% of our employees in Turkey are working at ISO14001 certified buildings. Thus each office sets its own GHG emission target. Garanti is also targeting to increase the number of supplier contracts which include specific provisions regarding compliance with the bank's EMS. In order to manage our indirect water footprint, we ensure, request and monitor that appropriate measures are taken to minimize environmental impacts and to reduce the consumption of water and other resources, ensure recycling is undertaken and that negative impacts on water quality are minimized.

iv. Garanti Bank defines activities having potentially a significant impact on the business performance, environment and society as "strategic priorities". As a "strategic priority" Garanti Bank focuses on customers through sustainable finance by setting a) environmental and social risk processes across the Bank and its local and international subsidiaries to minimize the negative impact of lending and investment activities, and b) by developing products and services that help catalyze the transition towards a more sustainable economy. For instance, in 2016 Garanti lowered its monetary limit for projects subject to Environmental Social Impact Assessment Model to US\$ 10mio from US\$ 20 mio, which will reshape its Environmental Social Impact Assessment Process in the long run. Both a) and b) are covering Garanti Bank's efforts to mitigate the long term risks and capture mid to long-term opportunities which are associated to climate change.

v. Garanti Bank has always seen the management of its risks and opportunities associated to climate change and other environmental challenges as a key aspect to maintain its competitive position in the market and strengthen its business. For instance; Garanti Bank is a strong supporter of wind energy projects. As one of the first banks to play an active and leading role in this field, Garanti Bank's share in Turkey's installed operational wind power capacity reached 34% by the end of 2015. Besides forming a solar energy team also provided advantage on renewable energy finance. The technical and regulatory know-how accumulated by its loan and coverage officers in renewable energy continues to make Garanti a preferred financing partner for investors in this field. Furthermore, the ability to offer appropriate financing solutions in this area is critical in being able to respond to changing market dynamics. Garanti's long-standing dedication to providing competitive financing solutions in the area of climate change has also allowed it to establish working relationships with FIs including AFD, EIB, IFC and EBRD.

vi. Garanti Bank has made several substantial decisions to enhance its Sustainability performance. An example can be given as its decision to form a new separate and specialized team under the Project Finance Department in 2015 to provide financing and support to solar projects. This both increased our market share in solar energy and supported a diversion towards solar energy investments among our customers.

CC2.2c

Does your company use an internal price of carbon?

Yes

CC2.2d

Please provide details and examples of how your company uses an internal price of carbon

The projects in Turkey generate voluntary carbon credits, but there is not a CO2 taxation mechanism nor an ETS which would impact negatively the cash flow of carbon-intensive projects.

Despite the difficulties in determining the cost of carbon in the absence of a regulatory framework, Garanti has been utilizing a fixed 'forestation' fee for carbon-intensive projects in order to reflect the cost of carbon in project financing. However, as stated in our Climate Change Action Plan, we are now enhancing our approach to better reflect the global trend on carbon pricing among the private sector and to further increase the share of low-carbon investments in our loan portfolio.

The principles below explain our new carbon pricing scheme in order to build on existing efforts about putting a shadow price on carbon.

We apply our own shadow carbon price in evaluating the economics of all greenfield/brownfield fossil fuel based and renewable energy production investments in our project finance activities.

If the host country already implements an emissions trading scheme (both voluntary and regulatory) or a carbon tax, then we use the actual price for carbon. If not, we use a fixed price per tonne of CO2e emitted. The price is determined taking into consideration the market dynamics and is reviewed by the Sustainability Team on a regular basis and updated when necessary.

CC2.3

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

- Direct engagement with policy makers
- Trade associations
- Other

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Cap and trade	Support	Garanti Bank has been in touch with public authorities, private sector and NGOs related to sustainability initiatives as part of its low carbon strategies, as stated its environmental and social loan policies and also its climate change action plan, during the reporting year.	Even though we support the implementation of a cap and trade system, as the engagement platforms (workshop, etc.) were only informative, we have not stated an official legislative solution.
Clean energy generation	Support	Garanti Bank has been in touch with public authorities, private sector and NGOs related to sustainability initiatives as part of its stakeholder engagement process during the reporting year. An example to this engagement process is the meeting held with Energy Ministry, where Garanti Bank presented energy sector risks, projections and insight on financial markets, as well as its suggestions for renewables. These suggestions include the improvement of public Support mechanism for renewable projects, since they reduce Turkey's current account deficit.	Our suggestions include increasing feed-in tariff for renewables and speeding up the process for increasing the incentives for the usage of local equipment in renewable energy investments.
Climate finance	Support	Garanti Bank participated in the preparation of "Greening Banking Workstream Report" by the "G20 Green Finance Study Group".	The report's aim is to identify regulatory, institutional and market barriers to a green banking system, and analyze options on how to enhance the ability of the banking system to mobilize private capital and mainstream environmental factors. The results of this report and the Study Group's recommendations to address these issues will be presented to the G20

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
The Banks Association of Turkey (TBA)	Consistent	TBA has working groups and many publications to mainstream sustainable banking approach and practices.	Garanti Bank has been actively involved in the Role of the Financial Sector in Sustainable Growth Working Group of TBA from which aims to play a role in raising overall stakeholder awareness and helping to disseminate and assimilate best practices, particularly as it relates to finance of a low-carbon economy. As a member of this working group Garanti participated in the preparation of Sustainable Banking Guidelines Report published by TBA. TBA also provides distant-learning trainings for banks in environmental and social risk assessment. In 2015 the Working Group also held a meeting to discuss Emissions Trading System (ETS) in Turkey. Besides, Our CEO is a board member of the Banks Association of Turkey (TBA).
Turkish Industry and Business Association	Consistent	TUSIAD is a strong supporter of sustainability issues among Turkish companies. They have many publications and organize many events to raise awareness and share best practices.	Garanti Bank is a member of TUSIAD's Climate and Environment Working Group. This working group embarked on a study to publish a report on the financial impacts of climate change in Turkey. The report will cover all implications under different scenarios. TUSIAD also has a working group for Integrated Reporting where companies are encouraged to include environmental, social and governance (ESG) issues into their financial indicators. The working group published Integrated Reporting Guidance in 2015.

CC2.3e

Please provide details of the other engagement activities that you undertake

Garanti Bank participates in leading global and local sustainability organizations. These include participating the annual general meetings of United Nations Environment Program Finance Initiative (UNEP FI), and at least semi-annual WG meetings of the United Nations Global Compact (UNGC), the Turkish Business Council for Sustainable Development (BSCD Turkey), the Banks Association of Turkey (TBA) Role of the Financial Sector in Sustainable Growth Workgroup, International Integrated Reporting Council (The IIRC), its Turkish network Integrated Reporting Türkiye Network (ERTA) and Turkish Green Building Council (CEDBIK). Garanti is also a member of TUSIAD (Turkish Industry and Business Association) Climate and Environment Working Group, and is in the Executive Committee of "Climate Change from the Economy Perspective" study that will reveal the financial impacts of climate change in Turkey. These organizations allow for widespread, high-leverage engagement of the business community with numerous national and international organizations, including governments and policy-making bodies.

Topics typically include sharing of best practices, integration of sustainability and governance into operations and high-level advocacy for policy, including specific measures focused on climate change. Garanti Bank is actively involved in several working groups of these organizations and, through these, aims to play a role in raising overall stakeholder awareness, actively contributing to policy efforts and helping to disseminate and assimilate best practices, particularly as they relate to finance of a low-carbon economy.

In order to introduce new practices to Turkey that go beyond common practices and compliance to relevant national laws and regulations, Garanti Bank gives importance to external capacity building activities. For instance, with an aim of spreading its approach to other deposit Banks in Turkey, Garanti Bank has organized an a Sustainable Finance Conference together with UN Global Compact, UNEP-FI and the Turkish Business Council for Sustainable Development in 2015. Moreover, Garanti Bank became head of sustainable finance working group initiated by BCSO Turkey and Finance working group of ÇEDİK. Besides, Garanti became the main sponsor of CDP Water in Turkey in 2015.

Besides there are several initiatives related to climate change of which Garanti Bank is a signatory. For instance, Garanti became the first Turkish Bank to join the Caring for Climate Initiative, which supports the stance of the business world against climate change and became the only Turkish Bank to be included as a case study in the UN components report named "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". Moreover, Garanti became the first bank in Turkey to sign the UNGC Business Leadership Criteria on Carbon Pricing.

CC2.3f

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

Garanti Bank's Sustainability organization, including above all the Sustainability Committee, plays a vital role in ensuring that the priorities of the Bank, the needs and expectations of stakeholders, the initiatives participated and the actions taken in this field are all in line with an overarching sustainability policy.

To better explain, the Sustainability Team plays a coordination role between the Sustainability Committee and all departments of the Bank. Additionally, Garanti Bank uses its intranet, awareness raising videos, e-mails and a variety of sustainability training programs tailored to specific business units in order to ensure that all engagement activities undertaken by various departments of the Bank are consistent with Garanti's sustainability policy.

As defined in its Sustainability Policy, some of Garanti Bank's strategic priorities include minimizing the negative impact of lending and investment activities, educating customers on sustainability and developing products and services that help catalyze the transition towards a more sustainable economy.

Garanti Bank believes that those three aspects can be better achieved if the awareness level of both real and finance sector is higher than today and there is strong collaboration between private and public sector with the aim of developing solutions for transition to a more sustainable economy.

Besides Garanti Bank published its Climate Change Position Statement and Action Plan stating its long and short term targets as well as its strategy on climate change in 2015. This document provides more specific targets and the cornerstones of how it integrates climate change to the way it does business.

To this end, Garanti Bank structured its engagement strategy with a range of stakeholders with the aim of disseminating its sustainability approach, sharing best practices and facilitating collaboration between all parties related to sustainability topics.

Further Information

Attachments

https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC2.Strategy/TBB_YK.jpg
https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC2.Strategy/climate_change_position_statement_action_plan_v6_081015.pdf

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Intensity target

CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
Int1	Scope 1+2 (location-based)	100%	5%	Metric tonnes of CO2e per billion (currency) funds under management	2014	274.1	2015	No, but we anticipate setting one in the next 2 years	
Int2	Scope 1+2 (location-based)	100%	50%	Metric tonnes of CO2e per billion (currency) funds under management	2012	498.2	2020	No, but we anticipate setting one in the next 2 years	As Garanti Bank we have been submitting yearly basis emissions intensity reduction targets. However, in 2016 after COP21 and our commitment to Paris-Pledge we decided to take action and determine a long term target emission intensity reduction target that covers our yearly-basis targets. The target is 50% reduction in our total Scope 1 & 2 scope emissions per our total assets from 2012 to 2020. The base is selected 2012 as our Environmental Management System was implemented in 2012.

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	No change	0			The intensity target includes only Scope 1 and Scope 2 emissions.

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int2	Decrease	15.5			The intensity target includes only Scope 1 and Scope 2 emissions.

CC3.1e

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

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Int1	100%	26%	In 2015, Garanti set a 5% reduction target for its 2015 Scope 1 & 2 emissions per total assets against 2014 baseline. The main reason preventing this target from being achieved is the increase in Turkey's grid emission factor by 12%. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data- was used. The reason for 12% increase in Turkey's 2014 grid emission factor compared to 2013 is the reduced amount of hydroelectric power production due to low precipitation rate in 2014. A decrease of 10% in Garanti Bank's Scope 1&2 per its total assets is observed when the grid emission factor of the previous year, i.e. 2013, is used for Scope 2 emissions calculation.
Int2	38%	92%	As Garanti Bank we have been submitting yearly basis emissions intensity reduction targets. However, in 2016 after COP21 and our commitment to Paris-Pledge we decided to take action and determine a long term target emission intensity reduction target that covers our yearly-basis targets. The target is 50% reduction in our total Scope 1 & 2 scope emissions per our total assets from 2012 to 2020. The base is selected 2012 as our Environmental Management System was implemented in 2012. Since 2012, with our increasing coverage of our Environmental Management System and our energy efficiency initiatives we have managed to decrease our emission intensity by 46% since 2012.

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Group of products	Garanti Bank provides funding to its clients for renewable energy projects and enables greenhouse gas emissions to be avoided or reduced by third parties. Garanti Bank considers financing of renewable energy projects a critical part of enabling Turkey to reduce its GHG emissions. The Bank gives most support to wind and solar energy projects because of their minimal environmental and social effects and the positive contribution they make to the current account deficit of Turkey. As the biggest supporter of wind power investments in Turkey, Garanti Bank provided the financing of US \$ 191 million to Geycek WPP, the largest wind power plant in Turkey, with an installed capacity of 168 MW in 2014. Garanti Bank's share in Turkey's total operational installed capacity of wind power among Turkish Banks is 34%. Garanti also provides funding	Low carbon product	Other: Garanti Bank's own taxonomy (includes wind, hydro, geothermal and solar power plants)	14%	Less than or equal to 10%	Garanti Bank also views energy-efficiency and the use of renewable sources in industrial and manufacturing operations as well as in buildings as a significant opportunity to cut Scope 1 & 2 emissions of its customers. Garanti Bank therefore provided loans to small and medium sized energy efficiency and renewable energy projects through Tur-SEFF and Mid-SEFF, both of which are supported by the EBRD and EIB. TurSEFF, for example, covers projects in residences, small and medium enterprises, factories, and commercial buildings. As of December 2015, the total emission reduction of operational wind and hydro power plants that were financed by Garanti Bank was 5.7 million tCO2e based on the latest available TEİAŞ data of electricity generation in Turkey. Garanti Bank has conservatively estimated that these wind farms and hydroelectric power plants will, collectively, reduce carbon emissions by 6.5 million metric tons of CO2e per year, based on the current average grid factor for Turkey, once all of them are commissioned. Wind turbines and dams have a typical life span of about 25 and 50 years, respectively. Due to the wide variety of projects covered by these funds, Garanti Bank has not attempted to calculate total potential emissions reductions. Nevertheless, the company believes these efforts will be significant by directly reducing emissions and by helping to launch a variety of new markets and technologies. Calculation for estimated reductions from wind farms and hydro plants: Annual Energy Generated [MW/year] = Capacity [MW] x Capacity Factor [Dimensionless] x Total hours in a year [hrs/year] Annual CO2e Emissions Avoided [metric tons/year] = Annual Energy Generated [MWh/year] x CO2e Grid Emission Factor [metric tons/MWh] MWh Capacity Factor for Wind: 25% (conservative estimate) MWh Capacity Factor for Hydro: 40% (conservative estimate) Time: 365 [days/year] x 24 [hrs/day] = 8,760 hrs/year Turkish Emission Factor: 0.495 metric tons/MWh (2014) as calculated by Garanti GWPs based on IPCC, AR4, 2007 (100 year lifetime) CO2: 1 CH4: 25 N2O: 298 All the renewable energy investment amounts and the indirect emission reduction due to wind and hydroelectric power plants have verified by KPMG within the Scope of 2015 Sustainability Report.

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	<p>for energy efficiency and waste management projects for SMEs. As of December 31, 2015, Garanti Bank had allocated: - US Dollar 2.13 billion to wind farm projects which will have a total installed capacity of 1,932 MW once all commissioned, - US Dollar 1.65 billion to hydroelectric power plant projects which will have a total installed capacity of 2,131 MW once all commissioned, and - US Dollar 204 million to geothermal power plant projects which will have a total installed capacity of 202 MW once all commissioned. - US Dollar 21 million to solar energy projects which will have a total installed capacity of 23 MW once all commissioned. More than half of the funding provided by the Bank to energy projects has been allocated to renewable energy generation projects. Recent regulatory changes, making it possible to build unlicensed renewable projects up to 1 MW, have rendered PV-based electricity generation a viable option for investors as well as SMEs that are looking to reduce operational expenditure through self-generation. In line with this, Garanti has intensified its efforts to provide its customers with sufficient financing support and appropriate loan products to allow them to make the necessary investments and refurbishments. In order to more effectively monitor processes in scope of these new loan products, a new separate and specialized team was formed</p>					

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	under the Project Finance Department in 2015 to provide financing and support to PV projects.					
Group of products	Funds provided by EBRD such as MidSEFF and TurSEFF played an important catalyst role in financing renewable energy projects. As Garanti, we provided €150 million financing under MidSEFF and US\$60 million under TurSEFF up to now. We view energy-efficiency in industrial and manufacturing operations, as well as in buildings, a significant opportunity to cut Scope 1 & 2 emissions of our customers. So we provided loans to small and medium sized energy efficiency projects through Turkey Sustainable Energy Financing Facility (Tur-SEFF and Mid-Sized Sustainable Energy Financing Facility (Mid-SEFF), both of which are supported by the EBRD and the EIB. Targeting SMEs with small scale program and industry moguls by large scale program, these projects significantly contributed to Turkey's energy efficiency goals.	Avoided emissions	Other: Garanti Bank's own taxonomy (includes energy efficiency projects)	1%	Less than or equal to 10%	Through these funds so many building and industrial energy efficiency projects were funded such as • efficient equipment replacement, • efficient lighting systems, • efficient HVAC systems, • building automation systems, • insulation, • process optimization, • efficient electric motors projects, etc. You can find more details about TurSEFF. http://www.ebrd.com/downloads/sector/sei/TURSEFF_Case_Study_Jan_2014.pdf (p 5,10)

CC3.3

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

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	81
Implementation commenced*	0	0
Implemented*	4	3442
Not to be implemented	0	0

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Processes	The highest carbon emissions per m2 in Garanti Bank's physical service buildings are derived from the use of servers. With the server virtualization project that was started in 2007, servers in the Bank's data centers throughout Turkey started to be virtualized. With the use of this technology that allows the efficient utilization of server capacity, reductions in the electricity consumption and cooling requirement of the servers were achieved. In 2015, growth, including the virtualization of the Call Center physical servers, was 45%. When the last 4 years' average is taken into account, Garanti Bank has saved 4.73 million kWh of electricity per year, corresponding to 2,338 tCO2 equivalent.	2611	Scope 2 (location-based) Scope 2 (market-based)	Voluntary	1513600	811034	<1 year	6-10 years	
Energy efficiency: Building services	In recently opened or renovated branches, Garanti Bank has been using airconditioning units that are more efficient in a bid to increase energy efficiency. In 2015, a total of 1,264 new air-conditioning units were installed, saving about 825,444 kWh of energy in the year, compared to business as usual. This will result in a voluntary reduction of primarily Scope 2 emissions.	456	Scope 2 (location-based) Scope 2 (market-based)	Voluntary	264142	7191000	4-10 years	3-5 years	
Energy efficiency: Building services	Conceptual changes applied to the lightings, downlight armatures replaced with hanging lights in new or renovated branches. Increased efficiency through using hanging lights in portfolio rooms. Estimated energy savings of 258,342 kWh. This is a voluntary reduction of Scope 2 emissions.	143	Scope 2 (location-based) Scope 2 (market-based)	Voluntary	82669	133746	<1 year	6-10 years	The annual monetary saving TRY 83186 is only due to consumption savings. However, saving of TRY 292426 due lower cost of the new armatures have been also made in 2015. The investment cost of new armatures are much lower than installing the older version.
Energy efficiency: Building services	Garanti Bank launched a project to replace lighting with LEDs in 2014. Replacements continued in 2015. LED lighting in new or renovated branches where feasible have achieved energy savings of 421,657 kWh. This is a voluntary reduction of Scope 2 emissions.	233	Scope 2 (location-based) Scope 2 (market-based)	Voluntary	134930	1405334	1-3 years	6-10 years	The investment amount is for the cumulative investment made for the all LED lighting that have been replaced.

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	All energy-efficiency projects are screened for payback period and investment amount to ensure that we are finding ways to reduce carbon emissions while optimizing cost efficiency.
Employee engagement	Over the past year, employee engagement has included widespread involvement and outreach via our Sustainability Committee and Sustainability Team to increase company-wide communication and engagement on CO2 emissions and reduction efforts. To support these growing efforts, Garanti Bank has expanded its Sustainability Team to 4 full-time employees, and continually is raising the bar for its strategic ambitions. All employees are now required to receive training on sustainability; for new employees this is part of their orientation. In addition to a full-time Sustainability Team, Garanti Bank has identified and selected more than 1,000 'sustainability representatives' from all bank departments and some of the regional directorates and branches to support all sustainability efforts as needed. Lastly, Garanti Bank has been conducting an internal communications strategy for sustainability, which includes climate change.
Internal price of carbon	We apply our own shadow carbon price in evaluating the economics of all greenfield/brownfield fossil fuel based and renewable energy production investments in our project finance activities as well as we evaluate a carbon price based on European ETS during our energy efficiency implementations to minimize our direct environmental impact.
Dedicated budget for energy efficiency	Garanti Bank's Construction Department has a dedicated budget and a dedicated team for energy efficiency activities. Garanti's Pendik Technology Campus is being built under LEED Gold criteria. Also there is an ongoing process for Zincirlikuyu Head Office to get LEED Platinum certificate, the building already has WWF Green Office Diploma. Garanti will increase the number of its green offices as stated in its Climate Change Action Plan. The Bank already applied for WWF Green Office Diploma for 6 more buildings.
Internal incentives/recognition programs	In 2015 Garanti expanded the scope of its ISO 14001 Environmental Management System to 1,013 locations covering 100% of its employees and buildings in Turkey. Garanti collects environmental footprint data such as energy consumption and water consumption from each and every location through Sustainability Representatives. In 2015 Garanti added ISO 14001 criteria as one of its SPOT awards, which is an internal awards program to recognize and celebrate successful employees and also has a monetary reward. Therefore, successful Sustainability Representatives who manages their location's environmental impacts successfully will be rewarded under SPOT Awards.

Further Information

Attachments

[https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/GARANTI_SUSTAINABILITY_2015_HIRES_FINAL.pdf](https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/GARANTI_SUSTAINABILITY_2015_HIRES_FINAL.pdf)
[https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/Science-Based-Targets-Call-to-Action-Commitment-Letter-GarantiBankSignedCopy.pdf](https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/Science-Based-Targets-Call-to-Action-Commitment-Letter-GarantiBankSignedCopy.pdf)
[https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/024-2016_Garanti_Inclusion_assurance_report.pdf](https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/024-2016_Garanti_Inclusion_assurance_report.pdf)
[https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/TURSEFF_Case_Study_Jan_2014.pdf](https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared_Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/TURSEFF_Case_Study_Jan_2014.pdf)

Page: CC4. Communication

CC4.1

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

Publication	Status	Page/Section reference	Attach the document	Comment
In voluntary communications	Complete	36,37,74,75,81,84,86-113	https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/CC4.1/GARANTI_SUSTAINABILITY_2015_HIRES_FINAL.pdf	Garanti Bank 2015 Sustainability Report Pages 36,37, 74,75 ,81, 84 and all pages between 86-113
In voluntary communications	Complete	All	https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/CC4.1/climate_change_position_statement_action_plan_v6_081015.pdf	Climate Change Position Statement and Action Plan - Published in 2015
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	14,15,73,74,75,76,96,103	https://www.cdp.net/sites/2016/29/21129/Climate_Change_2016/Shared Documents/Attachments/CC4.1/Garanti-Bank-2015-Annual-Report.pdf	Garanti Bank 2015 Annual Report Pages 14,15,73,74,75,76,96 and 103

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

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

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Cap and trade schemes	Turkey seeks to join the European emissions trading scheme (ETS). In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014. The regulation will require companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. While ETS would not apply directly to Garanti, it could indirectly impact the company in at least two ways: (1) by imposing new demands on loan recipients, especially for project finance, which could impact Project performance and ability to repay and (2) by leading to an increase in the cost of energy or energy intensive materials (estimated cost could be as high as TRY 2.6 million).	Increased operational cost	3 to 6 years	Indirect (Client)	About as likely as not	Medium-high	We do believe that such regulation could result in an additional cost of TRY 2.6 million, based on our current energy consumption.	In anticipation of such climate-related regulations, Garanti Bank already includes potential future carbon taxes in financial modeling and projections of thermal power plant projects to ensure that they would still fulfill their financial obligations. Additionally, Garanti Bank has developed a more comprehensive approach to analyze each project against specific environmental and social criteria. Environmental and Social Loan Policies constitute the environmental and social principles governing the extension of loans at Garanti Bank. Within the framework of these policies, the Bank runs the Environmental and Social Impact Assessment Process. Further, to insulate from price increases, Garanti Bank has invested roughly TRY 9.5 million in energy efficiency across its operations.	Inclusion of carbon cost into Project performance evaluations has been built into existing procedures. As such, there is no increase in cost associated with this action. To increase energy efficiency, over the past year, we have invested roughly TRY 9.5 million. Further, for our new company campus, we expect to pay a roughly 2% increase to meet LEED-certification, which is expected to drive significant carbon reductions.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Carbon taxes	Use of a carbon tax could be used to support any emissions reduction target resulting from Turkey's ratification of the Kyoto Protocol, especially if Turkey later decides to abandon the attempt to join the ETS. It is expected that such a development would also impact the company in the same two ways as a cap and trade scheme: (1) by imposing new demands on loan recipients, especially for project finance, which could impact Project performance and ability to repay and (2) by leading to an increase in the cost of energy or energy intensive materials (estimated cost could be as high as TRY 2.6 million).	Increased operational cost	3 to 6 years	Indirect (Client)	About as likely as not	Medium-high	We do believe that such regulation could result in an additional cost of TRY 2.6 million, based on our current energy consumption.	In anticipation of such climate-related regulations, Garanti Bank already includes potential future carbon taxes in financial modeling and projections of thermal power plant projects to ensure that they would still fulfill their financial obligations. Additionally, Garanti Bank has developed a more comprehensive approach to analyze each project against specific environmental and social criteria. Environmental and Social Loan Policies constitute the environmental and social principles governing the extension of loans at Garanti Bank. Within the framework of these policies, the Bank runs the Environmental and Social Impact Assessment Process. Further, to insulate from price increases, Garanti Bank has invested roughly TRY 9.5 million in energy efficiency across its operations.	Inclusion of carbon cost into Project performance evaluations has been built into existing procedures. As such, there is no increase in cost associated with this action. To increase energy efficiency, over the past year, we have invested roughly TRY 9.5 million. Further, for our new company campus, we expect to pay a roughly 2% increase to meet LEED-certification, which is expected to drive significant carbon reductions.
Fuel/energy taxes and regulations	Turkey's Regulation on Energy Performance in Buildings came into force in December of 2008. As of January 2011, all qualifying new buildings must meet minimum design requirements for energy efficiency. This law is expected to apply to new Garanti Bank Office buildings, for example our Pendik Technology Campus.	Increased operational cost	Up to 1 year	Direct	Virtually certain	Low-medium	As we already build new facilities to achieve energy efficiency savings, we would expect this law to impose negligible additional costs. Energy efficiency requirements typically impose a maximum 2% increase in traditional building costs.	Garanti Bank expects to exceed the design requirements of this law for new buildings based solely on ability to generate attractive costs savings. It is expected that this will include virtually all aspects of building design, structural orientation and thermal envelope, selection of building materials and systems for heating, cooling, lighting and ventilation. For example, the bank expects to achieve certification under the Leadership in Energy Efficiency and Design (LEED) program for its planned Pendik Technology Campus.	Building to LEED certification or similar energy efficiency performance imposes a roughly 2% increase over traditional building. However, these investments typically pay for themselves in less than 3 years.
Emission reporting obligations	The Regulatory Framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014. The regulation will require companies from energy-intensive sectors to monitor, report and verify their CO2 emissions until 30 April 2017. While the new regulation would not apply directly to Garanti, it could indirectly impact the company in at least two ways: (1) by imposing new demands on loan recipients, especially for project finance, which could impact Project performance and ability to repay and (2) by leading to an increase in the cost of energy or energy intensive materials	Increased operational cost	Up to 1 year	Indirect (Client)	Very likely	Medium-high	We do believe that such regulation could result in an additional cost of TRY 2.6 million, based on our current energy consumption.	In anticipation of such climate-related regulations, Garanti Bank already includes potential future carbon taxes in financial modeling and projections of thermal power plant projects to ensure that they would still fulfill their financial obligations. Additionally, Garanti Bank has developed a more comprehensive approach to analyze each project against specific environmental and social criteria. Environmental and Social Loan Policies constitute the environmental and social principles governing the extension of loans at Garanti Bank. Within the framework of these policies, the Bank runs the Environmental and Social Impact Assessment Process. Further, to insulate from price increases,	Inclusion of carbon cost into Project performance evaluations has been built into existing procedures. As such, there is no increase in cost associated with this action. To increase energy efficiency, over the past year, we have invested roughly TRY 9.5 million.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	(estimated cost could be as high as TRY 2.6 million).							Garanti Bank has invested roughly TRY 9.5 million in energy efficiency across its operations.	

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in mean (average) temperature	A mean increase in heat (during summer) and/or cold (during winter) could meaningfully increase (as high as 3%) our cooling and/or heating costs, especially considering the high cooling need of our IT equipment. This would result in an additional cost of TRY 1.5 million.	Increased operational cost	Up to 1 year	Direct	More likely than not	Low-medium	A mean increase in heat (during summer) and/or cold (during winter) could meaningfully increase (as high as 3%) cooling and/or heating costs, which would result in an additional cost of TRY 1.5 million.	As part of a wider campaign to reduce operational expenses, Garanti Bank has undertaken numerous efforts aimed at reducing energy use at new and existing facilities. or existing facilities, these include changes in lighting, mechanical systems, airconditioning, information technology and more. For new facilities, Garanti intends to build to industry-leading standards for energy efficiency. For example, Garanti's new Pendik Technology Campus, is being built to meet LEED-certification.	Garanti Bank has invested roughly TRY 9.5 million in energy efficiency efforts, which could insulate the company from energy costs associated with increased heating and cooling needs. For its new LEED-certified facility, we are assuming a total price premium of roughly 2%.
Change in precipitation extremes and droughts	Water scarcity and drought caused by climate change has a direct impact on hydro power plants financed by Garanti in terms of operation and financial return. In Turkey, renewable investments have been mostly driven by hydro with a 33% share, whereas wind investments fell short and only took a share of 11%. Droughts that might occur due to drastic fall of precipitation rate might cause hydro power plants to become nonoperational. This might prevent the plant operating/owning company from repaying its loan with cash flow generated from the project and sponsor support will be necessary.	Inability to do business	3 to 6 years	Indirect (Client)	More likely than not	High	Droughts that might occur due to drastic fall of precipitation rate might cause hydro power plants to become nonoperational. This would prevent the plant operating/owning company from repaying its loan. Such a case might prevent the plant operating/owning company from repaying its loans (up to TRY 3.3 billion in total) with cash flow generated from the project and sponsor support will be necessary. For instance in 2015, total damages that borrowers faced due to water access problems was approximately TRY 2.4 million. The losses were compensated by insurance companies.	Garanti tried to avoid hydro projects as much as possible, for their impact on the environment is much more significant and they have much higher construction risks compared to wind projects. Garanti also expects from its customers to examine impacts of climate change on HEPP projects thoroughly. Garanti Bank subjects loan requests for investments with an investment amount more than US\$ 10 million to the Bank's ESIAM. With this internal model, projects are categorized and graded according to their characteristics, size, sensitivity, location and their possible social (including with respect to human rights) and environmental impacts. The Bank's decisions are based on the risk rating calculated in accordance with the model). Water-related criteria in the assessment process are as follows: • Selection of location & 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. Regarding E&S risks	Garanti Bank has invested roughly TRY 285 thousand on formation and implementation of Environmental Social Impact Assessment Model by cooperating with consultants. Besides, each Project evaluated under ESIAM undergoes detailed environmental social impacts assessments and due diligences. However, the cost of these Project based assessments is paid by the clients. Approximate cost of the workshop was TRY 14 thousand.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								at power and infrastructure sectors, we conducted a workshop for our clients in 2015.	

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	Stakeholders increasingly expect companies, especially banks, to proactively address climate change issues. Garanti Bank believes that these expectations demand that a company have a comprehensive climate change program. While such programs necessarily focus on emissions from owned and operated sources, they should also include key value chain issues. Banks, in particular, face risks associated with loans that could be associated with high greenhouse gas emissions or flashpoint issues capable of generating significant negative publicity, such as an oil spill. Failure to meet these expectations could damage reputation resulting in a loss of investor support and customer loyalty, among other challenges.	Reduced demand for goods/services	3 to 6 years	Direct	About as likely as not	Medium-high	Reputational damage due to controversial issues could result in early withdrawal of time deposits worth TRY 150 million.	Driven in large part to ensure that Garanti Bank retains a reputation for excellence and leadership in the Turkish market, the Bank has and will continue to institute comprehensive efforts to address climate change. These include establishment of a Sustainability Committee and Sustainability Team to manage climate change issues, development of a comprehensive Environmental Management System which is certified to ISO 14001, communication of climate change activities (most recently in Garanti's Sustainability Report and the sustainability section of Garanti's web page), participation in CDP, striving to exceed the companywide carbon reduction goal, strengthening environmental criteria in our project finance activities, the financing of renewable energy projects and the launch of numerous specific projects under the above structures.	Investments related to the efforts described include TRY 9.5 million focused on operational energy efficiency, four fulltime employees devoted to sustainability, more than US\$ 4 billion in loans for renewable energy projects by the end of 2015.

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

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

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Cap and trade schemes	Turkey seeks to join the European emissions trading scheme (ETS). In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization	New products/business services	3 to 6 years	Indirect (Client)	About as likely as not	Medium-high	While ETS would not apply direct to Garanti, it could indirectly drive opportunities for the company in at least one way: accelerating the demand for renewable energy and energyefficiency projects, which the company could finance (considering the current renewable	Garanti Bank has already begun to position as a leader in the finance of renewable energy and energyefficiency projects, ranging from large infrastructurestyle projects to facility-specific investments for small and medium enterprises. Additionally, Garanti Bank now monitors	To maintain our leadership position in green market opportunities, Garanti Bank provided more than US\$ 4 billion to renewable energy investments. To date, our primary cost have been (1) training of key staff for existing green lending opportunities (The cost of all

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	in the official gazette on 17 May 2014. The regulation will require companies from energy intensive sectors to monitor, report and verify their CO2 emissions. While ETS would not apply direct to Garanti, it could indirectly drive opportunities for the company in at least one way: accelerating the demand for renewable energy and energy efficiency projects, which the company could finance (considering the current renewable portfolio, this opportunity could create new financing opportunities amounting to as high as US\$ 0.2 billion per year)						portfolio, this opportunity could create new financing opportunities amounting to as high as US\$ 0.2 billion per year)	carbon trading opportunities which would represent TRY hundreds of millions.	trainings –both in-class and distant learning per employee is approx. TRY 596 per annum. As these roles have been built into existing responsibilities, there is no additional cost compared to BaU), and (2) the cost of consultancy services associated to the development of such products, which represent less than TRY 100k per year.
Renewable energy regulation	Recent regulatory changes which make it possible to build unlicensed renewable projects up to 1 MW has rendered PV based electricity generation a viable option for investors as well as SMEs that are looking to reduce operational expenditures through self-generation. This regulatory change could indirectly drive opportunities for the company in accelerating the demand for renewable energy projects, which the company could finance. The particular section for these products is solar power plants which are more feasible for small investments compared to other options such as wind, hydro and geothermal.	New products/business services	1 to 3 years	Indirect (Client)	Virtually certain	High	We expect solar energy investments would create finance opportunities up to US\$ 300 million annually for the next three years. After 3 years finance opportunities are expected to continue with a relatively lower amount.	Increasing effects of climate change have made the transition to a low carbon economy very important and urgent. This urgency is reflected in the efforts of the policy-makers, needs of our clients and priorities of the society. Garanti is supporting the development of the solar energy market in Turkey. The solar power projects will decrease energy related imports of Turkey especially natural gas import which will definitely have a positive effects on current account deficit-Turkey's main macro economical problem. In 2015 we established an expert team under the energy desk for unlicensed solar power projects and with the strong cooperation of our desk with other departments of the bank, a solar loan product was recently introduced to our customers. The key struggle was to transform a loan product that is -by nature-tailor-made into a mass product. As with wind projects before, we started out with a thorough due diligence. We outlined key	To date, our primary cost have been (1) training of key staff for existing green lending opportunities (The cost of all trainings –both in-class and distant learning per employee is approx. TRY 600 per annum. As these roles have been built into existing responsibilities, there is no additional cost compared to BaU), and (2) the cost of consultancy services associated to the development of such products, which represent less than TRY 100k per year.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								areas of legislation, the investment process, and costs and different technologies. We then developed a detailed but simple guidebook and standardized tools for the field. Garanti's expertise and focus on solar projects played important role in the success of transaction. Amount of the project financing of solar is about USD 75 million for 105 MW Solar Projects in 2016.	

CC6.1b

Please describe the inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Other physical climate opportunities	Physical impacts on existing settlements could accelerate the demand for the financing of new infrastructure projects, which Garanti could finance (considering the current infrastructure portfolio, this opportunity could create new financing opportunities amounting to as high as US\$ 50 million per year).	Increased demand for existing products/services	>6 years	Indirect (Client)	More likely than not	High	Many experts believe climate change is likely to severely impact existing human settlement and commercial establishments over the next half-century and beyond. The flipside to this threat will be a growing need for new infrastructure projects to support the resettlement of existing populations and new commerce. Considering our current infrastructure portfolio, this opportunity could create new financing opportunities amounting to as high as US\$ 50 million per year.	Garanti Bank has long been a key lender to infrastructure projects in Turkey and would expect to capitalize on any new market opportunities associated with the physical impacts of climate change. To do so, we would expect to leverage our existing experience with such projects and relevant relationships with financial and governmental institutions.	To date, our primary cost has been training of key staff for such lending opportunities (the cost of all trainings – both in-class and distant learning per employee is approx. TRY 596 per annum). As these roles have been built into existing responsibilities, there is no additional cost compared to BaU.
Induced changes in natural resources	In order to offer permanent financing to the agricultural sector, Garanti Bank offers financing with appropriate grace periods on harvest schedules. In addition to providing credit to agricultural facilities, the Bank's intention is to become a solution partner that provides for the needs, advice and consulting services in the sector.	New products/business services	1 to 3 years	Indirect (Client)	Very likely	High	By the end of 2015, the amount of loans provided to customers with the agriculture and husbandry sector codes had reached TL 5 billion, and the number of customers had reached 31,000, while 22,000 of these customers were SMEs.	Through these initiatives, the Bank continues to stand with the agricultural establishments with its "Supporter of Agriculture, Guarantee of Producer" motto. Garanti offered an "Agricultural Irrigation Systems Loans" in the first quarter of 2015. . By offering these loans, Garanti aims to promote 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. To date approximately TL 33 million lending have been provided	Supporting Farmer Families in Agricultural and Rural Development' program organized by Garanti Bank, Boğaziçi University Lifelong Learning Center and the UN Food and Agriculture Organization continued with trainings held in Konya this year. Both personal and professional improvement was targeted in the 5 hours long sessions which 116 growers attended

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								under this loan. In addition, the Bank supports solar power as an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. In this regard, the financing of Turkey's largest solar powered irrigation system with 800 m2 solar panels and 65 kWp installed power was supported in the first quarter of 2015. With this investment, irrigation and crop diversity of 450 decares of large land was sustained. Garanti is also the first bank to give loans via electronic warehouse receipt. With the new regulation, electronic warehouse receipt will be created on behalf of the farmer or any institution that delivers products to a warehouse licensed by the Ministry of Customs and Trade.	

CC6.1c

Please describe the inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	By proactively addressing climate change and other social and environmental concerns, we can exceed stakeholder expectations and enhance our reputation. Ability to meet these expectations could enhance reputation resulting in an increased level of investor support and customer loyalty.	Increased demand for existing products/services	3 to 6 years	Direct	Very likely	High	By meeting and exceeding stakeholder concerns for performance, Garanti Bank can differentiate itself with investors, financial institutions and customers. For instance, our strong support to wind power projects which enable transition to a low carbon economy, as well as our expertise in the management of environmental and social impact of projects resulted in a growth of our wind portfolio (~US\$ 240 million during the reporting year) and ability to collaborate with international financial institutions which provide favored lending for low carbon projects. For instance, Garanti has secured financing worth EUR 150 million in 2011, for medium-sized energy efficiency and renewable energy projects from EBRD.	Driven in large part to ensure that Garanti Bank retains a reputation for excellence and leadership in the Turkish market, the Bank has and will continue to institute comprehensive efforts to address climate change. These include establishment of a Sustainability Committee and Sustainability Team to manage climate change issues, development of a comprehensive Environmental Management System which is certified to ISO 14001, communication of climate change activities (most recently in Garanti's Sustainability Report and the sustainability section of Garanti's web page), participation in CDP, striving to exceed the companywide carbon reduction goal, strengthening environmental criteria in our project finance activities, the financing of renewable energy projects and the launch of numerous specific projects under the above structures. In addition, Garanti decided to support CDP Water program in Turkey.	Investments related to the efforts described include TRY 9.5 million focused on operational energy efficiency, four fulltime employees devoted to sustainability, exceeded US\$ 4 billion in loans for renewable energy projects by the end of 2015.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								Besides, we shared our Climate Change Position Statement and Action Plan and shared our dedication with our stakeholders.	
Other drivers	By formalizing our approach to GHG emissions management, we enhance our ability to strategically reduce energy costs.	Reduced operational costs	Up to 1 year	Direct	Virtually certain	Medium	Developing projects to reduce its emissions by carefully evaluating its greenhouse gas profile, Garanti Bank has focused on energy-efficiency projects that will also help reducing its operating costs. For instance if Garanti Bank has not invested in energy efficiency projects during the reporting year, its costs associated to energy would be TRY 2.3 million higher than today.	Garanti Bank has undertaken numerous efforts aimed at reducing energy use at new and existing facilities. For existing facilities, these include changes in lighting, mechanical systems, airconditioning, information technology and more. For new facilities, Garanti Bank intends to build to industry-leading standards for energy efficiency. For example, Garanti's new Pendik Technology Campus is being built to meet LEED certification.	Garanti Bank has invested roughly TRY 9.5 million in energy efficiency efforts. For its new LEEDcertified facility, we are assuming a total price premium of roughly 2%.

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

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

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Wed 01 Jan 2014 - Fri 31 Jan 2014	8698.27
Scope 2 (location-based)	Wed 01 Jan 2014 - Fri 31 Jan 2014	57378.29
Scope 2 (market-based)	Wed 01 Jan 2014 - Fri 31 Jan 2014	57378.29

CC7.2

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

Please select the published methodologies that you use
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	IPCC Fourth Assessment Report (AR4 - 100 year)
Other: R-407A	IPCC Fourth Assessment Report (AR4 - 100 year)
Other: R-410A	IPCC Fourth Assessment Report (AR4 - 100 year)

CC7.4

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

Fuel/Material/Energy	Emission Factor	Unit	Reference
Diesel/Gas oil	0.00267	metric tonnes CO2e per liter	Density and NCV used in the EF calculations are in compliance with EIE regulations (no data is available from gas distribution company). IPCC data is from Table 2.4 Default Emission Factors For Stationary Combustion in the Commercial/Institutional Category. Calculated from combustion without CO
Diesel/Gas oil	0.00267	metric tonnes CO2e per liter	Density and NCV used in the EF calculations are in compliance with EIE regulations. IPCC data is from Table 3.2.1 Road Transport Default CO2 Emission Factors and Table 3.2.2 Road Transport Default N2O and CH4 and GWP values.
Natural gas	0.00194	metric tonnes CO2e per m3	NCV used in the EF calculations are in compliance with EIE regulations (no data is available from gas distribution company.) IPCC data is from Table 2.4 Default Emission Factors For Stationary Combustion in the Commercial/Institutional Category. Calculated from combustion without CO.
Lignite	1.27650	metric tonnes CO2e per metric tonne	NCV 3000 kcal/kg used in the EF calculations are in compliance with EIE regulations (no data is available from gas distribution company.) IPCC data is from Table 2.4 Default Emission Factors For Stationary Combustion in the Commercial/Institutional Category. Calculated from combustion without CO.
Electricity	0.552	metric tonnes CO2e per MWh	In Turkey, there is no official EF calculated for electricity grid; international sources (such as DEFRA, IEA) are not updated therefore electricity grid emission factor is calculated using most recent data from TEIAS 2014.
Other: R410A	2087.5		IPCC

Fuel/Material/Energy	Emission Factor	Unit	Reference
		metric tonnes CO2 per metric tonne	
Other: R407A	2107.0	metric tonnes CO2 per metric tonne	IPCC
Other: Business Air Travel: Long-haul	0.00010	Other: metric tonnes CO2e per passenger km	DEFRA, 2015.
Other: Business Air Travel: Medium-haul	0.00009	Other: metric tonnes CO2e per passenger km	DEFRA, 2015.
Other: Business Air Travel: Short-haul	0.00016	Other: metric tonnes CO2e per passenger km	DEFRA, 2015.
Motor gasoline	0.00227	metric tonnes CO2e per liter	Density and NCV used in the EF calculations are in compliance with EIE regulations. IPCC data is from Table 3.2.1 Road Transport Default CO2 Emission Factors and Table 3.2.2 Road Transport Default N2O and CH4 and GWP values.

Further Information

Page: CC8. Emissions Data - (1 Jan 2015 - 31 Dec 2015)

CC8.1

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

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

11762.91

CC8.3

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

No

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
63874.53	63874.53	As supplier-specific data for Garanti Bank's electricity consumption is not available, Garanti's market based Scope 2 emission is same with the location based Scope 2 emissions.

CC8.4

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

Yes

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Fuel Oil	Emissions are not relevant	No emissions from this source	No emissions from this source	The GHG emissions associated to the fossil fuel consumed is not a significant exclusion as its estimated emission is approximately 0.1% of total Scope 1 and Scope 2 emissions. Therefore, fuel oil emissions are excluded.

CC8.5

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

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints Data Management Other: Emission factor uncertainty and human error	The uncertainty of Scope 1 emissions is originating from assumptions made for consumption of branches with data gaps, emission factor uncertainty, potential human errors while entering fuel consumption manually at branches.
Scope 2 (location-based)	More than 2% but less than or equal to 5%	Data Gaps Assumptions Metering/ Measurement Constraints Data Management Other: Emission factor uncertainty and human error	The uncertainty of Scope 2 emissions is originating from metering uncertainties, assumptions made for electricity consumption of branches with data gaps and extrapolation made for stand-alone ATMs and emission factor uncertainty, potential human errors while entering heating electricity consumption manually at branches.
Scope 2 (market-based)	More than 2% but less than or equal to 5%	Data Gaps Assumptions Metering/ Measurement Constraints Data Management	The uncertainty of Scope 2 emissions is originating from metering uncertainties, assumptions made for electricity consumption of branches with data gaps and extrapolation made for stand-alone ATMs and emission factor uncertainty, potential human errors while entering heating electricity consumption manually at branches.

CC8.6

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

Third party verification or assurance process in place

CC8.6a

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

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/CC8.6a/024-2016 Garanti Inclusion assurance report.pdf	1-3	ISAE 3410	100

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

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

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/CC8.7a/024-2016 Garanti Inclusion assurance report.pdf	1-3	ISAE 3410	100
Market-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/CC8.7a/024-2016 Garanti Inclusion assurance report.pdf	1-3	ISAE 3410	100

CC8.8

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

Additional data points verified	Comment
Renewable energy products	Amount of investments in renewable energy products including the breakdown of energy investment type (wind, hydro, geothermal and solar) as well as the indirect emission reduction caused by renewable energy investments.
Other: Energy Consumption	Energy consumption of Garanti Bank, including the breakdown of primary sources (diesel, gasoline, natural gas, lignite) and secondary sources (electricity) for all branches and building in Turkey is verified.
Other: Water Consumption	Water consumption of Garanti Bank for all branches and building in Turkey is verified.
Other: Environmental Impact Assessment Process (ESIAP) related to projects finance by Garanti Bank	Within the scope of ESIAP verification, number of assessed projects, number of rejected projects due to environmental/social nonconformities, risk rating results and number of site visits performed during 2015 are included.

CC8.9

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

No

Further Information

Attachments

[https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC8.EmissionsData\(1Jan2015-31Dec2015\)/024-2016 Garanti Inclusion assurance report.pdf](https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC8.EmissionsData(1Jan2015-31Dec2015)/024-2016 Garanti Inclusion assurance report.pdf)
[https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC8.EmissionsData\(1Jan2015-31Dec2015\)/Certified copy Garanti Bank Sustainability Report 2015.pdf](https://www.cdp.net/sites/2016/29/21129/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC8.EmissionsData(1Jan2015-31Dec2015)/Certified copy Garanti Bank Sustainability Report 2015.pdf)

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)

CC9.1

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

No

CC9.2

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

By GHG type
By activity

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	11103.37
CH4	22.32
N2O	98.71
Other: R-407A	115.57
Other: R-410A	422.95

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Facility Heating Fuel	7174.06
Fleet (mobile sources)	4050.33
Refrigerants	538.52

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)

CC10.1

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

No

CC10.2

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

By activity

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
Facilities	56842.44	56842.44
Stand-alone ATMs	7032.10	7032.10

Further Information

Page: CC11. Energy

CC11.1

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

More than 0% but less than or equal to 5%

CC11.2

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

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

CC11.3

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

48750.37

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Diesel/Gas oil	18619.75
Natural gas	29144.26
Lignite	627.81
Motor gasoline	88.53
Distillate fuel oil No 2	270.02

CC11.4

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

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Comment
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor	0	

CC11.5

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

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
115692.98	115692.98	0	0	0	

Further Information

Page: CC12. Emissions Performance

CC12.1

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

Increased

CC12.1a

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

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	1.50	Decrease	Due to emissions reduction activities such as energy efficiency implementations (LED installation, armature renewal, server visualization, raising awareness) electricity consumption in facilities decreased in 2015 by 1790828.81 kWh, which resulted with 988.54tCO2e. $988.54/66076.56*100=1.50\%$
Divestment			
Acquisitions			
Mergers			
Change in output	1.23	Increase	The increase in the number of ATMs caused an increase of electricity consumption of 1473615 kWh due to ATM utilization which resulted with an emission increase of 813 tCO2e. $813/66076.56*100=1.23\%$
Change in methodology	1.64	Increase	In 2015, during the calculation of the emissions due to fleet fuel consumption has increased due to a methodology change. The cars whose leasing contracts were terminated in 2015 could not be tracked if they are used for corporate of business purposes as they have been excluded from the database. The worst-case scenario was taken into consideration and all emissions from these particular cars were considered as Scope 1 emissions. The increase due the accounting methodology used in 2015 is 1085.56 tCO2e. $1085.56/66076.56*100=1.64\%$
Change in boundary	0.74	Increase	The diesel used for generators were used to be considered immaterial during the previous years. However, it was added to the calculations as a parameter starting from 2015. A total of 183860 L of diesel was consumed for generator utilization which resulted with an emission of 491.78 tCO2e. $491.78/66076.56*100=0.74\%$
Change in physical operating conditions	12.20	Increase	The reason of Garanti's increased Scope 2 emissions (even though the total electricity consumption decreased) is the increase in Turkey's grid emission factor by ~12%. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data- was used. The reason for ~12% increase in Turkey's 2014 grid emission factor compared to 2013 is the reduced amount of hydroelectric power production due to low precipitation rate in 2014. A decrease of 10% in Garanti Bank's Scope 1&2 per its total assets is observed when the grid emission factor of the previous year, i.e. 2013, is used for Scope 2 emissions calculation. $((0.552-0.495)/0.495)*100=11.51\%$. 11.51% (6604.2 tCO2e) increase in scope 2 caused an increase of 9.99% (6604.2/66076.56*100) in total scope 1 and 2 emissions. Secondly, the increase in heating day degrees caused more fuel consumption for heating purposes. This resulted with an increase of 1460 tCO2e. $1460/66076.56*100=2.21\%$ 9.99+2.21=12.20%
Unidentified			
Other			

CC12.1b

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

Location-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.0000055	metric tonnes CO2e	13773730000	Location-based	2.24	Increase	The reason of Garanti's increased Scope 2 emissions (even though the total electricity consumption decreased) is the increase in Turkey's grid emission factor by ~12%. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data- was used. The reason for ~12% increase in Turkey's 2014 grid emission factor compared to 2013 is the reduced amount of hydroelectric power production due to low precipitation rate in 2014.

CC12.3

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

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
270.5	metric tonnes CO2e	billion (currency) funds under management	279.6	Location-based	1.29	Decrease	Garanti Bank continues to meaningfully grow its total assets at a pace far greater than growth of its physical footprint. We attribute this to our emphasis of alternative delivery channels (internet banking, mobile banking, and next generation ATMs that provide full service) for which Garanti Bank is the leader in Turkey. These delivery channels greatly reduce energy and other resources required to meet customers needs while greatly enhancing customer satisfaction.

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

No, but we anticipate doing so in the next 2 years

CC13.1b

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

Turkey seeks to join the European emissions trading scheme (ETS). In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014. The regulation will require companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. While ETS would not apply direct to Garanti, it could indirectly drive opportunities for the company in at least two ways: (1) accelerating the demand for renewable energy and energy-efficiency projects, which the company could finance (considering the current renewable portfolio, this opportunity could create new financing opportunities amounting to as high as US\$ 0.2 billion per year) and (2) present new opportunities for the bank to act as a broker of carbon and provide related services (considering the total CO2e reduction of the existing portfolio, CO2 brokerage revenues could create an extra revenue amounting to as high as 1.6 million US\$).

Garanti Bank has already begun to position as a leader in the finance of renewable energy and energy-efficiency projects, ranging from large infrastructure-style projects to

facility-specific investments for small and medium enterprises. Additionally, Garanti Bank monitors carbon trading opportunities which would represent TRY hundreds of millions. Moreover, Garanti became the first Turkish company to sign the UNGC's Business Leadership Criteria on Carbon Pricing. The Plan represented the business world's support for carbon pricing prior to the Paris COP 21 Meeting. After signing the criteria, Garanti also declared its Climate Change Position Statement & Action Plan.

CC13.2

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

No

Further Information

Page: CC14. Scope 3 Emissions

CC14.1

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

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	1753.95	The calculation was made using EPA one night hotel stay emission factors and room day numbers provided by Garanti Bank. The emission factor for upscale hotels with restaurants, meal services, meeting space is used for both domestic and international hotel stays (33,38 kg CO2e/room day). The emission factor is quite similar to other studies carried out within Europe and Turkey. (May 2016)	50.00%	
Capital goods	Not relevant, explanation provided				The GHG emissions originating from capital goods such as buildings are covered by either Scope 1 or Scope 2 emissions and exclusions are indicated in relevant sections.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	5680.10	The calculation was made by using the consumption (lt) of diesel and gasoline of personal cars used for business. The EFs are the same used for calculating Scope 1 company car fleet of Garanti.	100.00%	
Upstream transportation and distribution	Not relevant, explanation provided				All emissions associated to transportation and distribution (both upstream and downstream) are covered by the figure provided at "Downstream transportation and distribution" section.
Waste generated in operations	Not relevant, explanation provided				Garanti Bank's Environmental Management System envisages the reuse of waste where possible and, wherever not, recycling or, where this is not appropriate, its disposal by an authorized disposal company. Currently, the Environmental Management System covers %100 of the Bank's employees in Turkey and since 2015, Garanti Bank has been working on a new software that will be used to collect environmental data such as fossil fuel consumption, electricity consumption and recycled waste generated in ISO 14001 certified facilities. The new software for environmental data collection is intended to be launched in 2017. Once the new software is launched, Garanti will be able to monitor its total waste generated. Besides, the GHG emissions of paper consumption, the predominant piece of Garanti's waste composition is covered by "Other (downstream)" section.
Business travel	Relevant, calculated	3571.26	The calculation was made by multiplying total passenger.km for Garanti Bankası with related EF of DEFRA. The flight km's are calculated by using latitude and longitude of the airports. The EF of a long haul (>1127 km) used for calculations is 0,10477 kg CO2e; EF for medium haul is (483km) is 0,15757 kg CO2e.	100.00%	
Employee commuting	Relevant, calculated	2514.49	The calculation was made by using total km captured from companies providing the services for employee commuting. The emission factors of vehicle km of DEFRA are multiplied by total km of relevant vehicle type. For 16+1 vehicles the average CO2e emission factor of vans is used (0,24999kg CO2e/vehicle km). For 27+1 vehicles the CO2e emission factor for 50% laden rigid (>3.5-7.5 tonnes) is used (0,56981 kg CO2e/vehicle km) -(May 2016)	100.00%	
Upstream leased assets	Not relevant, explanation provided				Garanti Bank already covers the fuel purchased for leased cars in Scope 1 emissions and in Scope 3 emissions as explained in the section named "Fuel-and-energy-related activities (not included in Scope 1 or 2)".
Downstream transportation and distribution	Relevant, calculated	790.64	The calculation was made by multiplying total ton.km for Garanti Bank with related EF of DEFRA. The information is provided by Cargo companies.	83.71%	The assumptions vary among the courier companies due to quality of data received from them. The calculation was made by multiplying total ton.km for Garanti Bank with related EF of DEFRA for 3 companies out of 5. For the rest, the calculation was made by using total fuel usage of the company vehicles.
Processing of sold products	Not relevant, explanation provided				Emissions originating from downstream transportation and distribution is already covered by "Downstream transportation and distribution" section.
Use of sold products	Not relevant, explanation provided				Financial services that we provide result in GHG emissions, however this is already covered by "investment activities".
					Financial services that we provide result in GHG emissions, however this is already covered by "investment activities".

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
End of life treatment of sold products	Not relevant, explanation provided				
Downstream leased assets	Not relevant, explanation provided				Garanti Bank already covers the fuel purchased for leased cars in Scope 1 emissions and in Scope 3 emissions as explained in the section named "Fuel-and-energy-related activities (not included in Scope 1 or 2)".
Franchises	Not relevant, explanation provided				Garanti Bank doesn't have any franchises.
Investments	Relevant, not yet calculated				The Regulatory Framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014. The regulation will require companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. However the companies need to submit their emission values until 30 April 2017, therefore it is not currently possible for Garanti Bank to gather reliable CO2 emissions data for all activities which it finances, since most of the companies in Turkey do not yet calculate and monitor all of their GHG emissions on a regular basis.
Other (upstream)	Not relevant, explanation provided				We have included both the upstream and downstream emissions of paper consumption in "Other (downstream)" section.
Other (downstream)	Relevant, calculated	5085.52	The calculation was made by multiplying total paper used with emission factors. The data is collected according to paper type. Copy paper used ~1020 tons, bank statements for customers nearly 294 tons, for receipts ~363 tons. Environmental Paper Network's emission factors are used for each type of paper. For 1 tons of copy paper EF used is 2,5406 tons CO2e, for bank statements the EF used is 2,8567 tons CO2e, for ATM slips EF used is 2,5406 tons CO2e -(May 2016)	100.00%	This emission value regarding paper consumption includes both upstream and downstream emissions.

CC14.2

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

No third party verification or assurance

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Change in output	19.3	Increase	Our total assets increased by 11% and our revenue increased by 10%, which resulted with business growth. The number of employees working in the scope increased by 3.5% in 2015.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in methodology	8.9	Decrease	In 2015, during the calculation of the emissions due to fleet fuel consumption has increased due to a methodology change. The cars whose leasing contracts were terminated in 2015 could not be tracked if they are used for corporate of business purposes as they have been excluded from the database. The worst-case scenario was taken into consideration and all emissions from these particular cars were considered as Scope 1 emissions. This also affected the fleet based Scope 3 emission output.
Business travel	Emissions reduction activities	3.7	Decrease	During 2015, the Bank continued to focus on using technology to reduce its environmental impacts For example, there was a focus on reducing the traveling needs for training purposes and an avoidance of 1,373 flights in 2015 was achieved. In 2015, the ratio of non-travelling e-learning hours to the total training hours throughout the Bank was 16%.
Employee commuting	Change in output	14.3	Increase	The number of employees working in the scope increased by 3.5% in 2015. This caused an increase in transportation.
Downstream transportation and distribution	Change in output	70.7	Increase	Our total assets increased by 11% and our revenue increased by 10%, which resulted with business growth. This might have increased the necessity of Cargo utilization. Moreover, the varying data quality received from subcontractors for courier services also affect the calculated result.
Other (downstream)	Change in output	8.0	Increase	Our total assets increased by 11% and our revenue increased by 10%, which resulted with business growth. The number of employees working in the scope increased by 3.5% in 2015.

CC14.4

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

Yes, our suppliers
Yes, our customers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagement and measures of success

Suppliers:

Garanti Bank's supply chain is extensive, with a large number of suppliers providing goods and services to support our operations. Suppliers were categorized based on the magnitude of environmental impact for the reporting period. Then, suppliers which operate in sectors with a relatively higher footprint, and which constitute the majority of our total procurement, were requested to provide information on how they manage their environmental impact. After reviewing their respective management strategies, the Bank's criteria for suppliers' environmental performance and methods for compliance were communicated to these suppliers through a variety of platforms, including one-to-one meetings and teleconferences. Furthermore, the contracts with these suppliers were revised to include specific provisions regarding compliance with Garanti' Environmental Management System, thus providing compliance of subcontractors with the system. Each year, our internal auditors are inspecting a selected number of suppliers (e.g. suppliers providing catering or cleaning services), in order to assess their compliance with our Environmental Management System. In the event where a supplier is found to be non-compliant, they are given a grace period to improve their performance and the Bank provides assistance when necessary. Following that process, we are also audited by a

third party about our overall environmental performance including how we manage our indirect environmental impacts. This process allows us to monitor our performance on the environmental management system, and improve ourselves where needed.

Customers:

Our Environmental and Social Impact Assessment Process allows us to determine and mitigate the environmental impact of our customers. Firstly, we subject all loans to our Environmental and Social Loan Policies ("ESLP"), which set the minimum environmental and social standards governing the extension of loans at Garanti Bank. Projects that comply with ESLP principles are first evaluated for their compliance with "Sectoral Principles," which are individually defined for each sector. Projects with a total investment value of more than US\$ 10 million which comply with ESLP and Sectoral Principles are first categorized (A, B, C) based on the extent of their environmental impact. These projects are then rated under the Environmental and Social Impact Assessment Model ("ESIAM"). Under the ESIAM, there are question sets that are prepared specific to each sector. Depending on the sector applicable to each project, these questions are answered by the Project Finance Dept. or the Corp. and Coml. Loans Dept. Projects are classified according to their risk rating and category, by using a risk matrix created by the Bank itself, and finally their risk classes are identified based on this evaluation. Garanti Bank demands specific actions to be taken according to the risk class determined by the application of the ESIAM. If the final risk group is 1, the Bank asks an independent consultant firm to prepare a comprehensive report regarding the project's environmental and social impacts and also to prepare, apply and regularly report an Environmental and Social Monitoring Plan ("ESMP"). If the risk group is 2, the Bank requests that the project owner(s) prepare, apply and regularly report an ESMP. The Bank expects the ESMP to be prepared in detail and with content appropriate to the project's scale and risk level, as well as the Bank's evaluation system. If the risk group is 3, actions are dependent on decision of the Bank's credit committee. If a project fails to meet the environmental and social criteria within the scope of ESIAM, the Bank may reject the project or ask the debtor to take additional measures, monitor identified impacts and report these impacts in detail on a regular basis. For instance, we helped one of our strategic clients to understand the environmental and social risks in their hydro power project during the planning stage, which resulted with not moving forward. The project was located in the southwest of Turkey and we conducted environmental and social due diligence process. There was a particular risk that would have affected their financial performance significantly. It was the adverse impact of climate change on the river flow. After the initial due diligence, we decided to cooperate with two universities to identify the exact impact of climate change on this project. As a result, we identified 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin. Finally, we identified that this means nearly 15% decrease in the electricity production, which was a major shift in the initial cash flow calculation of our client. At the end, the client decided to move on with a geothermal investment rather than the hydro project. We were able to prove the financial impact of environmental risks that changed their investment decision.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend (direct and indirect)	Comment
9	6.4%	Garanti Bank assessed the majority of its suppliers which constitute %4 of its total procurement, based on the prioritization method explained in CC14.4.a. Following that process, the contracts with suppliers which constitute %6.4 of the total procurement were revised to include specific provisions regarding compliance with Garanti Bank's Environmental Management System.

CC14.4c

If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details
Use in supplier scorecards	As part of our Environmental Management System, we are monitoring the performance of our suppliers. We use this information to assess the magnitude of our indirect impact and to identify possible ways to reduce it.
Identifying GHG sources to prioritize for reduction actions	We identify and prioritize our Scope 3 GHG sources and develop methods of reduction. For instance, during 2015, the Bank continued to focus on using technology to reduce its environmental impacts. For example, there was a focus on reducing the traveling needs for training purposes and an avoidance of 1,373 flights in 2015 was achieved. In 2015, the ratio of non-travelling e-learning hours to the total training hours throughout the Bank was 16%.

Further Information

Module: Sign Off

Page: CC15. Sign Off

CC15.1

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

Name	Job title	Corresponding job category
Ali Fuat Erbil	President & CEO	Chief Executive Officer (CEO)

Further Information

CDP: [D][-,][D2]