

## W0. Introduction

### W0.1

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

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of more than TL 541 bn (USD 73.3 bn) as of December 31, 2020. Garanti has been adding value to the Turkish economy with the synergy created with its majority shareholder BBVA since 2010. As of June 2019, the Bank continues its operations as Garanti BBVA.

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

As of December 31, 2020, Garanti BBVA provides a wide range of financial services to its close to 19 million customers with 18,656 employees through an extensive distribution network of 884 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 2 international representative offices in Düsseldorf and Shanghai. Garanti BBVA offers an omni-channel convenience with seamless experience across all channels with 5,309 ATMs, an award winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Moving forward to maintain sustainable growth by creating value for all its stakeholders, Garanti BBVA builds its strategy on the principles of always approaching its customers in a "transparent", "clear" and "responsible" manner, improving customer experience continuously by offering products and services that are tailored to their needs. Its competent and dynamic human resources, uninterrupted investments in technology, innovative products and services offered with strict adherence to quality and customer satisfaction carry Garanti BBVA to a leading position in the Turkish banking sector.

Implementing an advanced corporate governance model that promotes the Bank's core values, Garanti BBVA has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share. Its shares publicly traded in Turkey, and its depositary receipts in the UK and the USA, Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of December 31, 2020.

Garanti BBVA's constantly improving business model is driven by its strategic priorities focused on financial health, sustainability, reaching more customers, operational excellence, the best and most engaged team and finally data and technology. Its custom-tailored solutions and wide product variety play a key role in reaching TL 416 bn (USD 56.3 bn) cash loans and non-cash loans. Garanti BBVA's capital generative, disciplined and sustainable growth strategy that strictly adheres to solid asset quality enables the Bank to move forward strongly. Its effective risk management through world-class integrated management of financial and non-financial risks and organizational agility in capturing new opportunities result in sustainable value creation for all its stakeholders.

Garanti BBVA is the only bank in Turkey to qualify for the global A List of 2020 CDP Climate Change Program. In 2021, Garanti Bank conducted a very comprehensive study within the scope of the "Green Mode" project. In this context, Garanti BBVA will launch a carbon footprint feature within its existing mobile banking application used by its customers that is aimed at increasing awareness of sustainability, provides features such as carbon&water footprint calculation for cards and accounts' expenses and offers advice on offsetting carbon footprint. Since 2014, the Bank has been qualified for BIST Sustainability Index and BIST Corporate Governance Index and continues to be the only bank from Turkey listed in the Dow Jones Sustainability TM Emerging Markets Index, after being qualified in 2015. Last year (2020) marks the sixth consecutive year of index inclusion with valuation on topics such as ethics, governance, financing activities, E&S performance throughout the value chain, risk management, climate change mitigation, transparency, supply chain, human and employee rights. In 2021, Garanti BBVA Climate Index was created to measure the price and return performance of the portfolio consisting of the shares of companies traded on Borsa Istanbul, which transparently declare their risks and opportunities regarding climate change according to the CDP methodology. In March 2021, Garanti took one step forward in order to enhance its low carbon transition strategy. Garanti BBVA reaffirms its commitment against climate change and announces that it will stop financing coal-related activities on March 2021.

### W0.2

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

	Start date	End date
Reporting year	January 1 2020	December 31 2020

### W0.3

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

Turkey

### W0.4

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

TRY

### W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	The primary use of water in direct and indirect operations and its importance for the Bank: Sufficient amounts of good quality fresh water available for use is important for employee health. In order to provide good quality drinking water Garanti BBVA implemented a reverse osmosis treatment plant in its Zincirlikuyu Head Office building. The water quality parameters stated by the local regulation have been monitored regularly and the analyses reports have been shared with all employees. Each department has its own ozone based mini water-treatment system in their kitchens. Additionally, in December 2019, Garanti BBVA joined Business Council Plastic Initiative and made a commitment to cease disposable plastic use until 2021. According to the initiative, Garanti BBVA will avoid consumption of 318,6 tonnes of plastics including cups, bags and etc. by the end of 2023 and replace those products with sustainable or recyclable products made of glass, metal etc. Therefore, Sustainable Finance Team and Human Resources Team decided to battle with disposable plastic usage in Garanti BBVA which also includes new regulations for water. Through the new actions, the use of plastic water bottles will be eliminated by expanding the scope of water-treatment systems in the kitchens. Therefore, Sustainable Finance Team had several meetings with Purchasing Department to ensure the quality of water provided by the water-treatment system. Also, a resource tracking system was established and implemented with Efficiency teams and BBVA to develop the Global Eco Efficiency Plan, which also includes water use targets. We do not expect any difference in water dependency for both direct & indirect operations.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	Primary use of recycled/brackish/produced water in direct and indirect operations and its importance for the Bank: As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. We do not expect any difference in recycled/brackish/producedwater dependency for both direct & indirect operations.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Garanti BBVA collects water data from all of its buildings and branches in Turkey. 2020 water consumption data is calculated based on a methodology developed by using the water bills of branches&buildings and it is verified by a third party. Here the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources (mainly municipal water) for any use in the reporting year. Garanti BBVA aims to keep daily water consumption under control through the use of lower flow rate faucets. Mains water is treated and used as drinking water at the head office building, which is not a widespread practice in Turkey where most drinking water is purchased. This initiative at its head office building contributes to the Bank's efforts in reducing the use of plastic bottles and the greenhouse gas emission caused by their delivery.
Water withdrawals – volumes by source	100%	In our operations, only municipal supply is used for all facilities. Water and Sewerage Administration entities across Turkey discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and water quality. This information could be obtained for all our operation facilities from these reports. Since the water withdrawal is not a primary input in our operations we do not track this information regularly. It should be noted that there is a certain limitation for water withdrawal from basins and all basins are secured within the scope of Regulation on Protection of Basins used for Domestic and Drinking Water Purposes. In addition, we quantify and monitor water withdrawals systematically volumes based on the billing data.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	The urban water and sewerage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is annually reporting and monitoring the water quality which could be easily accessed through their official websites. In our operations, only municipal supply is used for all facilities and information regarding to the quality is monitored by using these annual reports. Besides since we implemented a reverse osmosis treatment plant in our Zincirlikuyu Head Office, the water quality parameters stated by the local regulation have been monitored regularly and the analyses reports have been shared with all employees.
Water discharges – total volumes	100%	Water is discharged directly to the municipal sewage system. The urban water and sewerage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water quality which could be easily accessed through their official websites. Within our organization total water withdrawal data is based on the billing data.
Water discharges – volumes by destination	100%	Water is discharged directly to the municipal sewage system. The urban water and sewerage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water discharges to relevant treatment plants which could be easily accessed through their official websites.
Water discharges – volumes by treatment method	100%	All water discharges from Garanti BBVA facilities are sent to the municipal treatment plants. According to the Turkish Statistical Institute Database, wastewater treatment systems consist of 27.6% biological, 0.3% natural, 47.9% advanced, and 24.2% physical treatment systems based on the most up-to-date data provided by the Ministry of Env and Urbanization. The 91% of people is living in the provinces which has proper sewage systems. Unfortunately some municipalities do not have advanced waste water treatment plants in Turkey. However, in most of the operational locations the water bills paid by Garanti BBVA includes the water withdrawal quantity and wastewater treatment fee for discharge. In this context water withdrawal equals to water discharge by volume.
Water discharge quality – by standard effluent parameters	100%	The municipality is responsible for the monitoring of the discharge quality of the potable water used. The quality parameters of discharged wastewater have been monitored based on the Regulation on Management of Urban Wastewater Treatment. If one of the discharge quality parameters doesn't comply with regulatory standards, Garanti BBVA will be subjected to fines.
Water discharge quality – temperature	100%	The municipality is responsible for the monitoring of the discharge quality of the potable water used. Since there has been no water usage for industrial purposes, no hot water discharge that may cause thermal pollution by the Bank's activities. The municipality sewage system has been used for wastewater discharge and the quality of discharged wastewater has been monitored by the related authority based on the Regulation on Management of Urban Wastewater Treatment. If one of the discharge quality parameters doesn't comply with regulatory standards, Garanti BBVA will be subjected to fines.
Water consumption – total volume	100%	Water consumption at Garanti BBVA Facilities consists of amount of water used for domestic purposes including (drinking, cooking, cleaning, lavatories and HVAC).
Water recycled/reused	Less than 1%	As a financial institution, recycled, brackish and/or produced water do not have a significant impact on our financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. The amount of recycled water is less than 1%
The provision of fully-functioning, safely managed WASH services to all workers	100%	Garanti BBVA provides fully functioning WASH services for all employees and a full time OHS Team and Construction Department to supervise the quality of these services. Garanti BBVA implemented a reverse osmosis treatment plant in the head quarter building in 2014. This treatment plant has provided good quality water used for drinking and cooking purposes since 2014.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	260.38	About the same	In 2020, Garanti BBVA's total amount of water withdrawal was 260.38 megaliters/year. Compared to previous reporting year, our water consumption remained at the same level. The reason why there is no change in water consumption between 2019 and 2020, is mainly branch consumptions of water due to hygienic concerns during the pandemic. After the transition to remote working, 93% of headquarters employees 50% of branch employees and regional office employees, all customer contact service employees and 80% of operation center employees started to work from their home. The amount of water withdrawal due to hygiene reasons continued as expected since the Bank's branches cannot be fully remote working during the 2020. Water is used for drinking, cooking, cleaning purposes and is used in lavatories and HVAC systems. The Bank's water management process and water withdrawal values are publicly available in its 2020 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA launched a new online data collection system in 2018 and has been actively using the system since that date. In the future we expect to see further decrease in our water consumption due to the efforts mentioned above.
Total discharges	246.97	About the same	Garanti BBVA estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. <a href="http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/">http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/</a> • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Garanti BBVA's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • 7.5 L/FTE/day x 18,656 FTE x 250 days/year = 34,980,000 L/year = 34.98 megaliters/year • Water discharge is 260.38 megaliters/year – 13.41 megaliters/year = 246,97 megaliters/year. Since the water consumption calculations are based on FTEs, The future consumption and discharge figures will vary according to the FTE in the reporting year.
Total consumption	13.41	Much lower	Garanti BBVA estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. <a href="http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/">http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/</a> • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Garanti BBVA's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • 7.5 L/FTE/day x 18,656 FTE x 250 days/year = 34,980,000 L/year = 34.98 megaliters/year. The consumption value decreased from 34.98 megaliters/year to 13,41 megaliters/year due to pandemic, remote working and efficiency measures taken by the Sustainable Finance Team. The discharge value is calculated by multiplying daily consumption per employee, number of employees, number of working days and the remote working ratio of the facility. The future consumption and discharge figures will vary according to the FTE in the reporting year.

**W1.2d**

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueduct	Based on the 2020 data provided by WRI Aqueduct, Turkey is among the High Baseline Water Stressed countries. Although only municipal supply is used in all our facilities and operations, we take great measures to lower our water consumption. Water and Sewerage Administration entities across Turkey discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and water quality. This information could be obtained for all of our operation facilities. However, as a financial institution the water withdrawal is not a primary input in our operations we do not track this information regularly. In addition, we quantify water withdrawals volumes based on the billing data.

**W1.2h**

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	2.6	About the same	The rainwater collection system at our HQ (Zincirlikuyu Office) is used for landscape irrigation purpose. There is a water tank with the volume of 70 m3. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. During the dry seasons (summer), the landscape irrigation is done by using waste water supplied from the cooling tower (approximately 20m3) to prevent additional water consumption. The amount of recycled water is around %1.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	
Third party sources	Relevant	260.38	About the same	In 2020, Garanti BBVA's total amount of water withdrawal was 260.38 megaliters/year which was all supplied by a third party (municipalities). Water is used for drinking, cooking, cleaning purposes and is used in lavatories and HVAC systems. The Bank's water management process and water withdrawal values are publicly available in its 2020 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). The amount of water withdrawal has remained the same compared to the previous year. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA implemented a new online data collection system since 2018.

**W1.2i**

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	
Third-party destinations	Relevant		Please select	

**W1.2j**

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no operation that requires tertiary treatment in Garanti BBVA facilities.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no operation that requires secondary treatment in Garanti BBVA facilities.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no operation that requires primary treatment in Garanti BBVA facilities.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Water is discharged directly to the municipal sewage system. Therefore, no wastewater originating from Garanti BBVA's operations is discharged into the natural environment without treatment.
Discharge to a third party without treatment	Relevant	246.97	About the same	100%	Water is discharged directly to the municipal sewage system.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no operation that requires other treatment in Granti BBVA facilities.

**W1.4**

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

Yes, our suppliers

Yes, our customers or other value chain partners

**W1.4a**

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

**Row 1**

**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for this coverage**

We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti BBVA is also managing its water related risks in supply chain by asking almost all of its suppliers to comply with Code of Conduct for Suppliers (which includes ISO14001) through an additional protocol; and this is how we raise their awareness. Garanti BBVA shares the link of Code of Conduct for Suppliers with each and every supplier along with the purchasing orders. Therefore the percentages above are %100. It is also noteworthy to mention that the Bank has around 2,500 suppliers in total.

**Impact of the engagement and measures of success**

Environmental Provisions stated in the Code of Conduct include: -Protection of the environment, sustainability and the aspiration to "eco-efficiency" are priorities for Garanti BBVA, which has developed an Environment Policy and has subscribed to the principal international commitments on this issue: the UNGC, UNEP-FI and the CDP; -In your professional activities, behave responsibly in regard to the conservation of the environment. In 2019 we released our new Procurement Policy that has even more detailed compliance criteria. Moving forward, To date, over 90% of our suppliers shared the signed version of our Code of Conduct for Suppliers, thus agree to align with the Bank's environmental policies and commitments including water-related issues. Garanti BBVA will develop initiatives to further engage with its suppliers to lower their env. impacts including water. In 2020, Garanti BBVA published its first Impact Report in the Integrated Annual Report within the scope of the Responsible Banking Principles of the United Nations Environment Program Finance Initiative (UNEP FI), of which Garanti BBVA is one of the founding members.

**Comment**

In February 2018, Garanti BBVA released its Code of Conduct for Suppliers, which requires full compliance with Garanti BBVA's Environmental Policy and EMS. Garanti BBVA shares the link of Code of Conduct for Suppliers with each and every supplier along with the purchasing order. It is also publicly available in the Bank's sustainability website: [https://surdurulebilirik.garantibbva.com.tr/media/1405/garanti\\_bank\\_code\\_of\\_conduct\\_for\\_suppliers-ib.pdf](https://surdurulebilirik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf)

**W1.4b**

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

**Type of engagement**

Onboarding & compliance

**Details of engagement**

Inclusion of water stewardship and risk management in supplier selection mechanism  
Requirement to adhere to our code of conduct regarding water stewardship and management

**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

In February 2018, Garanti BBVA shared its Code of Conduct for Suppliers, which requires full compliance with Garanti BBVA's Environmental Policy and EMS. It is also publicly available in the Bank's website: [https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti\\_bank\\_code\\_of\\_conduct\\_for\\_suppliers-ib.pdf](https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf). In 2019 we released our new Procurement Policy that has even more detailed compliance criteria. Moving forward, Garanti BBVA may also consider requesting regular reporting for water-related data from its suppliers.

**Impact of the engagement and measures of success**

Garanti BBVA published Code of Conduct for Suppliers in February, 2018. In order to embed the code of conduct into all the procurement activities, Garanti BBVA has updated its Procurement Policy in 2019. It is also noteworthy to mention that the Bank has around 2,500 suppliers in total.

**Comment**

Garanti BBVA Code of Conduct for Suppliers, based on its Supply Chain Policy published in 2018, is also publicly available here: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/other-esg-policies/garanti-bbva-code-of-conduct-for-suppliers/> The Bank is also planning to develop a sustainability training program for suppliers in the upcoming years.

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**Type of engagement**

Innovation & collaboration

**Details of engagement**

Encourage/incentivize innovation to reduce water impacts in products and services

**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

Garanti BBVA further engages with its suppliers in cleaning and catering services to raise their awareness in water-related environmental issues. While doing so, the Bank requires these suppliers to use environmentally-friendly and biodegradable cleaning supplies in order to minimize its impact to the quality of the water discharged. Garanti BBVA has agreements with major companies for cleaning and catering purposes, where the entire operations in Turkey is managed under 3 suppliers in total. Since Garanti BBVA has approximately 2,500 suppliers providing quite a different range of services, we categorize procurement spendings and evaluate them separately. Therefore, for the calculations of the % of suppliers by number and the % of total procurement spend only cleaning and catering services category is taken into consideration. As we engage with all 3 suppliers under this category, both percentage values are 100%.

**Impact of the engagement and measures of success**

Our suppliers for cleaning and catering services now use environmentally-friendly cleaning supplies for their services in our facilities and service locations, which helped us eliminate water pollution through hazardous chemicals and preserve water quality of our discharged water. We also include these 3 suppliers to our ISO14001 Environmental Management Certificate audits and assess their compliance with our requests and environmental standards. Internal audits for ISO14001 EMS are done on a quarterly basis by the Efficiency Team, and external audits for ISO14001 EMS are done by an independent accredited audit company on a yearly basis.

**Comment**

We will continue to make a difference through such close engagements with our suppliers. The Bank is also planning to develop a sustainability training program for suppliers in the upcoming years.

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**W1.4c**

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

We believe that most of material risks associated to water along the value chain for banking sector are related to loan portfolio, especially corporate&commercial clients. Hence, we developed mechanisms to manage water-related portfolio risks. In 2020, Environmental and Social Loan Policies was updated in line with the Bank's sector-leading environmental and social risk management approach. Please see updated version below, "ESLP" section:

<https://bit.ly/2VgczqO>

We intensified our efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process (ESIAP) since 2012. Please refer to: <https://bit.ly/2VgczqO>

The Bank also released its Climate Change Action Plan (CCAP) in 2015, where one of the 4 focus points is management of water risks for climate change adaptation, as below:

<https://bit.ly/3BMxRU6>

As a member of the BBVA Group, we adopted Group Sector Norms in 2018. Sector Norms are regularly updated with tightened restrictions. For details please see BBVA Sector Norms for environmental and social due-diligence. The latest version (2019) can be found here: <https://bbva.info/376oy3f>

Scope of standards and processes are defined based on Bank's exposure and level of environmental risk. Through such prioritization, we conclude the level of engagement and actions to be taken. In 2020, 5 projects a total loan amount of USD 307M were subject to ESIAM process to minimize our water related environmental impact. The number of projects that were subjected to ESIAP to date is 81. In addition, Garanti Bank conducted a very comprehensive study within the scope of the "Green Mode" project in 2021. In this context, Garanti BBVA will launch a carbon footprint feature within the its existing mobile banking application used by its customers that is aimed at increasing awareness of sustainability, provides features such as carbon&water footprint calculation for cards and accounts' expenses and offers advice on offsetting carbon footprint.

**W2. Business impacts**

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**W2.1**

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

Yes

**W2.1a**

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

**Country/Area & River basin**

Turkey	Other, please specify (Aras Basin)
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**Type of impact driver & Primary impact driver**

Physical	Drought
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**Primary impact**

Reduced revenues from lower sales/output

**Description of impact**

Due to a variety of factors, in certain areas of Turkey, hydropower plants generation capacities were affected in 2020. We believe the reduction in production capacity is also associated with drought. 12-month electricity generation of a hydropower plant in Aras Basin was realized 42% lower compared to 2019.

**Primary response**

Greater due diligence

**Total financial impact**

19000000

**Description of response**

Garanti BBVA undertakes an E&S risk assessment during the due diligence phase as well as the maturity of the loan that fall under the scope of its E&S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E&S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects.

**Country/Area & River basin**

Turkey	Other, please specify (Bati Karadeniz Basin )
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Type of impact driver & Primary impact driver

Physical	Drought
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Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2020. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of a hydropower plant in Batı Karadeniz Basin was realized 35% lower compared to 2019.

Primary response

Greater due diligence

Total financial impact

83000000

Description of response

Garanti BBVA undertakes an E&S risk assessment during the due diligence phase of projects that fall under the scope of its E&S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E&S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects.

Country/Area & River basin

Turkey	Other, please specify (Firat-Dicle Basin )
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Type of impact driver & Primary impact driver

Physical	Drought
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Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2020. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of a hydropower plant in Firat-Dicle Basin was realized 29% lower compared to 2019.

Primary response

Greater due diligence

Total financial impact

36000000

Description of response

Garanti BBVA undertakes an E&S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E&S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their waterrelated risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects.

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

## Direct operations

### Coverage

Full

### Risk assessment procedure

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

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

More than 6 years

### Type of tools and methods used

Enterprise Risk Management  
International methodologies  
Databases

### Tools and methods used

Environmental Impact Assessment  
Regional government databases

### Comment

Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Garanti BBVA takes every chance to build capacity on water risks among its employees and customers. Internal memos and informative emails are shared periodically to draw attention all env. issues inc. water and Garanti BBVA's efforts for minimizing env. impacts. For direct impacts, to increase the awareness of employees, Sustainable Finance Team, Efficiency Team and HR Teams are working together. There are informative notes in the kitchens and restrooms to prevent any kind of unnecessary consumption including water. To eliminate the usage of bottled water we encourage employees to use water-treatment systems at the kitchens. We also provide in-class and e-learning training programs. In 2020 new sustainability training and a separate ISO 14001 Environmental Management System training were started by Sustainable Finance Team and Efficiency Team. These trainings aim to increase the knowledge and awareness of employees about environmental and social problems and how Garanti BBVA mitigates them. We manage our direct env. footprint by using our online Env. Management Database. This new online tool enables us to manage our water footprint more systematically at each. We manage indirect impacts through our world class E&S risk mgmt system and utilize national and international databases provided by governments and NGOs as well for assessments.

## Supply chain

### Coverage

Full

### Risk assessment procedure

Water risks are assessed in an environmental risk assessment

### Frequency of assessment

Annually

### How far into the future are risks considered?

More than 6 years

### Type of tools and methods used

Enterprise Risk Management  
International methodologies

### Tools and methods used

Environmental Impact Assessment

### Comment

In 2017 Garanti BBVA updated its EMS by ISO14001:2015 which requires company-wide env. risk assessment. Through the introduction of ISO14001, the Bank's carbon intensity lessened by 92%. In early 2018, Garanti BBVA released its Code of Conduct for Suppliers, which requires full compliance with Garanti BBVA's Environmental Policy and EMS. In light of this policy Garanti BBVA will be able to engage with its suppliers more actively; for example asking its catering company to replace the appliances in the cafeteria of its HQ with more efficient ones. (e.g. water & energy efficient industrial dish washing machines). We include our major suppliers in our ISO14001 Environmental Management Certificate audits and assess their compliance with our requests and environmental standards. Internal audits for ISO14001 EMS are done on a quarterly basis by the Efficiency Team, and external audits for ISO14001 EMS are done by an independent accredited audit company on a yearly basis.

## Other stages of the value chain

### Coverage

Full

### Risk assessment procedure

Water risks are assessed in an environmental risk assessment

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

More than 6 years

### Type of tools and methods used

Tools on the market

Enterprise Risk Management

International methodologies

### Tools and methods used

Environmental Impact Assessment

Other, please specify (National Basin Database developed by the Ministry of Environment and Urbanization and the Ministry of Agriculture and Forestry)

### Comment

We believe our main water risks lie with the downstream impacts arising from financing activities, rather than supply chain or the Garanti BBVA's own facilities. Garanti BBVA applies its Environmental and Social Loan Policies to all loans and E&S Risk Management Framework to those which fall under a defined scope. This system complies with international standards and sector best practices, therefore utilizes both national and international databases to assess and manage water-related risks arising from the projects. In 2020, 5 projects with a total loan amount of USD 307 million were subjected to the ESIAM process. Thanks to the action plans based on these assessments, E&S impacts were minimized. The number of projects that were subjected to ESIAP to date totaled 81. For more information (Due Diligence for non-financial performance in KYC procedures and ESIAP): <https://surdulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/> Some online databases used by the Bank: <http://veri.tarimorman.gov.tr/> <https://www.geoportal.gov.tr/> <https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness>

## W3.3b

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

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), the water availability at a basin is relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM) we also benefit from the National Online Basin Database developed by the Ministry of Environment and Urbanization for such assessments. The parameters below are assessed under E&S due diligence processes: • Proper site selection considering sensitive areas (For instance, projects located in RAMSAR wetland areas are not financed by Garanti BBVA) • Current characteristics of water • Effluent water quality • Impact on ground and surface water quality and quantity. For example, one of the infrastructure projects financed by the Bank, Sustainable road drainage and storm water management is considered a best practice in line with international standards that goes beyond Turkish legislations. If Garanti BBVA was not in financing, application of such high standards and criteria would not have been implemented. Some online databases used by the Bank: <a href="http://veri.tarimorman.gov.tr/">http://veri.tarimorman.gov.tr/</a> <a href="https://www.geoportal.gov.tr/">https://www.geoportal.gov.tr/</a> <a href="https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness">https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness</a>
Water quality at a basin/catchment level	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), the water quality at a basin is relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM) we also benefit from the National Online Basin Database developed by the Ministry of Environment and Urbanization for such assessments. Current characteristics of water, effluent water quality and impact on ground and surface water quality are factored into our organization's water risk assessments. For example, one of the infrastructure projects financed by the Bank, Sustainable road drainage and storm water management is considered a best practice in line with international standards that goes beyond Turkish legislations. If Garanti BBVA was not in financing, application of such high standards and criteria would not have been implemented. Some online databases used by the Bank: <a href="http://veri.tarimorman.gov.tr/">http://veri.tarimorman.gov.tr/</a> <a href="https://www.geoportal.gov.tr/">https://www.geoportal.gov.tr/</a> <a href="https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness">https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness</a>
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), the stakeholder conflicts are relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM). The project location and current stakeholder views are taken into account and public reactions and their reasons etc. are investigated prior to the project. If there is a huge level of stakeholder conflict, the project is whether directly rejected or applicable actions are taken to avoid conflicts. For example, detailed stakeholder engagement plans including public participation meetings, disclosure project reports and complaint mechanisms were requested from the Borrowers and were later put into action. These requirements are added to the loan agreement, as part of the environmental and social action plan or as a separate document/covenant. Therefore, currently, there is no stakeholder conflict concerning water resources at a local level.
Implications of water on your key commodities/raw materials	Relevant, always included	As one of our focus points in our Climate Change Action Plan, current implications of water is assessed as part of integrated water management practices for projects that we finance. Therefore, implication of water on key commodities/raw materials relevant and always included in all relevant E&S due diligence processes. Currently the water quantity and quality for the projects that we finance are sufficient and satisfactory according to Garanti BBVA's ESIAP and our majority shareholder BBVA's Sector Norms. For each project, the impact on water sources and other water-related risks are assessed in detail. Additional measures may be required from the clients if necessary. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM).
Water-related regulatory frameworks	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), water-related regulatory frameworks are relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM). Changes in the regulatory framework related to environment are closely monitored and ESIAP is updated accordingly where necessary. Annually, the ESIAP was updated based on the current regulatory changes including, EIA regulation and water related legislation, and continued to be applied while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders. For example, our majority shareholder BBVA's Sector Norms are published in February 2018 and we have updated ESIAP accordingly. Sector Norms are regularly updated with tightened restrictions. For details please refer to the BBVA Sector Norms for environmental and social due-diligence document. Detailed water management framework of Garanti BBVA can be found here: <a href="https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/">https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/</a> <a href="https://accionistaseminversores.bbva.com/wp-content/uploads/2019/03/Sector-Norms_GL_110319-1_Final-1.pdf">https://accionistaseminversores.bbva.com/wp-content/uploads/2019/03/Sector-Norms_GL_110319-1_Final-1.pdf</a>
Status of ecosystems and habitats	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), status of ecosystems and habitats is relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM). Garanti BBVA requires in-depth ecosystem assessment reports within the scope of ESIAP for the projects. Available reports are reviewed and investigated through questions to understand whether current status of the ecosystem and habitat characteristics is assessed or not according to the requirements of ESIAP. If there is no necessary study related to the ecosystem and habitats, client is required to conduct additional study for the baseline ecosystem /habitat or ESIA (in line with international standards) including detailed ecosystem /habitats section. For example, following issues were detected in some projects and necessary studies were requested; • Insufficient EIA reports with insufficient ecosystem assessment study • Insufficient environmental water released to riverbed • Insufficient water at downstream- impacts to farmers • Endemic fishes or other aquatic species • Impacts on wildlife including bird migration routes. Some online databases used by the Bank: <a href="http://veri.tarimorman.gov.tr/">http://veri.tarimorman.gov.tr/</a> <a href="https://www.geoportal.gov.tr/">https://www.geoportal.gov.tr/</a> <a href="https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness">https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness</a> For more details, case studies page in our website: <a href="https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/">https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/</a>
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	As one of our greatest assets, we continuously invest in our Human Capital. We go great lengths to provide a safe, healthy, sanitary and satisfactory working environment with high standards that go beyond regulations. Garanti BBVA provides fully functioning WASH services for all employees and a full time OHS team and Efficiency Team to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant at HQ (Zincirlikuyu Office) in 2014. This treatment plant provides good quality drinking water used for domestic purpose (drinking, cooking, cleaning etc.). In addition, in the project finance level where there are more possible underlying social risks, social impacts of the projects including occupational and community health and safety are assessed in detail within the scope of ESIAP as well based on the international standards such as EP, IFC Performance Standards. There are specific questions addressing socio-economy, human health, transportation and traffic issues including the working conditions of the workers in the project site. Water supply, sanitation and hygiene development are requested as an item of Environmental&Social Action Plans which are requested as part of our loan agreements.
Other contextual issues, please specify	Relevant, always included	Due to varying impacts on water sources Garanti BBVA developed specific provisions for each sector. Some of these sectorial principles related to water are stated as below; HEPPs •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem and preserve river hydrology •Alternative technical designs •Preventive measures for flow direction, flow rate and drainage changes, excavation in the water source, dredging and sediment accumulation •Periodical environmental water release monitoring •Discharge of cooling and process water (wastewater and discharged water that may cause thermal pollution) •Cumulative impact studies •Minimizing the impact on the ecosystem •Alternative water supply methods; in Geothermal PP projects: •Reinjection is required for groundwater preservation; in Mining Projects: •Water management strategies •Reduction measures, recycling/re-use •Prevention of acid rock drainage; and in other projects: •Effluent water discharge management •Best Available Technologies (BAT) for treatment facilities •Efficient usage, recycling/re-use. Besides, as a member of the BBVA Group, Garanti BBVA also adopts the Sector Norms for E&S due diligence released by BBVA in 2018. Sector Norms are regularly updated with tightened restrictions. For details please refer to the BBVA Sector Norms for environmental and social due-diligence document. For more details, please visit our web site: <a href="https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/">https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/</a> and for Sector Norms, please visit: <a href="https://www.bbva.com/en/statement-bbva-sector-norms/">https://www.bbva.com/en/statement-bbva-sector-norms/</a> <a href="https://accionistaseminversores.bbva.com/wp-content/uploads/2019/03/Sector-Norms_GL_110319-1_Final-1.pdf">https://accionistaseminversores.bbva.com/wp-content/uploads/2019/03/Sector-Norms_GL_110319-1_Final-1.pdf</a> .

**W3.3c**

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

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Since Garanti BBVA has a detailed and comprehensive E&S risk management for the projects that it provides financing in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc.), customers are relevant and always included in all relevant E&S due diligence processes. The tools that the bank use for such assessments are the E&S Loan Policies and the E&S Impact Assessment Model (ESIAM). Garanti BBVA is implementing an E&S Risk management framework for lending operations. Additionally, where relevant, Garanti BBVA may apply additional Due Diligence(DD) processes to check whether the loan request or the existing loan is in compliance with its specific policies and/or commitments, i.e.sustainable, E&S bond issuance guidelines, etc. We fully engage with our customers during our site visits conducted throughout the lifetime of the loan agreement. In 2015, 2016 and 2017, 2018 and 2019 Garanti BBVA conducted 26, 22, 28, 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 Pandemic in 2020, site visits were carried out with remote monitoring methods such as online meetings, drone footages and more. Furthermore, a total of 7 customers and financial institutions were informed on E&S related risks through workshops and meetings during 2020. Not only do we assess the water related issues and risks of the projects/borrowers, but we also work hand in hand with our customers to raise their awareness on water-related issues. For instance, Garanti BBVA held 7 different environmental and social workshops and conferences during 2020. Some online databases used by the Bank: <a href="http://veri.tarimorman.gov.tr/">http://veri.tarimorman.gov.tr/</a> <a href="https://www.geoportal.gov.tr/">https://www.geoportal.gov.tr/</a> <a href="https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness">https://land.copernicus.eu/pan-european/high-resolution-layers/water-wetness</a>
Employees	Relevant, always included	As one of our greatest assets, we continuously invest in our Human Capital. We go great lengths to provide a safe, healthy, sanitary and satisfactory working environment with high standards that go beyond regulations. Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Therefore, Garanti BBVA takes every chance to engage and build capacity on water risks among its employees. For instance, internal memos and informative emails are shared periodically with the relevant staff to draw attention to not only water but environmental issues and the Garanti BBVA's efforts for minimizing its impacts on the environment. Garanti BBVA also provides in-class and distance learning training programmes for loan officers related to the implementation of its ESLP and ESIAP. A new version of sustainability training which is compulsory for all Garanti BBVA employees was assigned in August 2020. The new version of training includes detailed information about Garanti BBVA's environmental & social efforts and upgraded policies and procedures. Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. In 2020, an updated version of our mandatory ISO 14001 Environmental Management System training will also be assigned to all employees.
Investors	Relevant, always included	"Recognized as one of our top stakeholders, Garanti BBVA responds to CDP Water as well as ESG rating agencies to provide a better understanding of its water management to the investors. Moreover, Garanti BBVA's Sustainable Finance Team cooperates with its Investor Relations team to respond investors' particular requests on water management. The 'ESG' page of the Investor Relations web site provides the sustainability indicators and Bank's approach on ESG related tasks: <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/default/Environment-Social-and-Governance/74/0/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/default/Environment-Social-and-Governance/74/0/0</a> Furthermore, Garanti BBVA's sustainability website is one of the platform where the Bank discloses its policies, procedures, general approach, E&S risk management methods and case studies: <a href="https://surdurulebilirlik.garantibbva.com.tr/en">https://surdurulebilirlik.garantibbva.com.tr/en</a> "
Local communities	Relevant, always included	When Garanti BBVA runs a project through its ESIAP, one of the most important stakeholders is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment. Where relevant, a Stakeholder Engagement Plan (SEP) is prepared to describe the mechanisms by which local communities and other stakeholders are informed about the Project and which gives an opportunity to provide comments and input to the Project development. For more details, please visit case studies page in our website: <a href="https://www.garantibbvainvestorrelations.com/en/sustainability/detail/Environmental-and-Social-Impact-Assessment-Case-Studies/1684/7723/0">https://www.garantibbvainvestorrelations.com/en/sustainability/detail/Environmental-and-Social-Impact-Assessment-Case-Studies/1684/7723/0</a>
NGOs	Relevant, sometimes included	Garanti BBVA always works hand in hand with NGOs for both its direct and indirect impacts. During our materiality analysis we engaged with many NGOs to learn their perspective and studies about water risks. Garanti BBVA is the main sponsor of CDP Turkey. Also, Garanti BBVA attends water-related workshops and seminars hold by NGOs as speaker and share its policies and experiences. Garanti BBVA participates in local and international organizations that allows widespread, high-leverage engagement of the business community with numerous national and international organizations, including governments and policy-making bodies. In addition to its long-lasting active participation in several platforms, Garanti BBVA has become a member of the Core Group to define UNEP FI Principles for Responsible Banking. Garanti BBVA introduced the Principles for Responsible Banking to Turkish banks and 5 more banks became signatories from Turkey in addition to Garanti BBVA since 2019. Garanti BBVA also became the Chair of the Turkish Business Council for Sustainable Development (BCSD Turkey), and joined the Steering Committee of Carbon Pricing Leadership Coalition (CPLC). The Global Compact Sustainable Finance WG headed by the Bank expanded the scope of Sustainable Finance Declaration to include a decrease in investment amount limit and some provisions to ensure better control of banks on the impact of projects financed by them, and provide guidance for the management of environmental and social risks. By focusing on the responsible and sustainable development, Garanti BBVA is actively contributing to 15 of 17 Sustainable Development Goals.
Other water users at a basin/catchment level	Relevant, always included	When Garanti BBVA runs a project through its ESIAP, one of the most important stakeholders is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment. Where relevant, a Stakeholder Engagement Plan (SEP) is prepared to describe the mechanisms by which local communities and other stakeholders are informed about the Project and which gives an opportunity to provide comments and input to the Project development. Garanti BBVA's ESIAP makes sure that water usage rights of downstream communities are protected.
Regulators	Relevant, always included	Regulators are consulted by Ministry of Environment and Urbanization during the local EIA processes. Another factor, regulators asks the banks via Turkish Banks Association or Turkish Industry and Business Association, or directly while drafting the regulations, time to time. We have contributed to several water-related regulations and legislation. We also attend seminars or workshops organized by regulatory bodies. An issue related to water monitoring stations; water monitoring stations for dams and hydroelectric power plants are supervised by State Hydraulic Works. Garanti BBVA does not have direct contact or responsibility to involve in this process. However, Garanti BBVA follows the results of the monitoring data by regulators and client. Turkey's new Water Law is expected to come into force in the upcoming years. Garanti BBVA shared its suggestions via Water Advisory Council founded by CDP Turkey to the public authorities and policy makers.
River basin management authorities	Relevant, always included	River basin management is a new issue in Turkey and currently regulated by the public authorities. Same as above mentioned, Garanti BBVA has not direct contact nor have responsibility to get involved in this process. Nevertheless, Garanti BBVA requires that the project or client has no conflict River basin management authorities.
Statutory special interest groups at a local level	Relevant, always included	When Garanti BBVA runs a project through its ESIAP, one of the most important stakeholders is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment. Where relevant, a Stakeholder Engagement Plan (SEP) is prepared to describe the mechanisms by which local communities and other stakeholders are informed about the Project and which gives an opportunity to provide comments and input to the Project development. Statutory special interest groups are also considered in the social due diligence for the projects and stakeholder engagement plans.
Suppliers	Relevant, sometimes included	We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Nevertheless, Garanti BBVA is also managing its water-related risks in supply chain by asking its suppliers to comply with its Code of Conduct which includes environmental criteria. Garanti BBVA shared its Code of Conduct for Suppliers with a message stating that their full commitment and compliance is expected.
Water utilities at a local level	Not relevant, explanation provided	Water utilities and suppliers of the projects are determined by project sponsors and stated by EIA of the projects and necessary agreements and/or contracts/permits are ensured.
Other stakeholder, please specify	Please select	

**W3.3d**

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

Garanti BBVA believes that the main water risks related to the Bank lie with the downstream impacts arising from financing activities, rather than Garanti BBVA's own facilities. One of our strategic priorities is having an effective systematic risk management practice where financial and non-financial issues are assessed in an integrated manner. The basis of identifying and assessing climate-related risks on both transaction and portfolio level is the Materiality Analysis explained on p56 of our 2020 Integrated Annual Report. In the assessment, Garanti BBVA ranked each risks & opportunities according to the magnitude, likelihood and time frame of their impact in terms of; (i)direct financial impact and risk, (ii)legal, regulatory and policy drivers, (iii)opp. for innovation, (iv)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". We identify and assess our climate-related risks including water in 3 levels: (1)Transaction Level; (2)Sector Level; (3)Portfolio Level. To better manage these risks we use several tools and mechanisms and continuously update our policies and procedures for stricter criteria. Our E&S Loan Policies have been updated in 2020 with a more comprehensive set of prohibited activities, some of which already applied in 2019. ESLP is applied to all loan portfolio(100%). Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. Garanti BBVA monitors a variety of E&S indicators, benchmarks itself against worldwide best practices, raises employee awareness and collaborates with peers, financial institutions, customers and business associations. We apply an E&S Impact Assessment Model (ESIAM) and Sector Norms in line with international best practices. ESIAM, in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc., is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For water-related risks in addition to above mentioned tools, national and international online databases for water-related issues are also utilized. We published our Climate Change Action Plan (2015) to support Turkey's transition to a low-carbon economy, focusing on 4 issues: (1)prioritizing RE investments and putting a shadow price on carbon, (2)reducing deforestation, (3)water management for climate adaptation, (4)establishing green office standards. The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks, and implementing green office standards. Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. We also have sector specific further assessment criteria in our ESIAM. Some examples of water-related criteria are as follows:

- Proper site selection considering sensitive and protected areas (RAMSAR)
- Current characteristics of water
- Impact on ground and surface water
- Effluent water quality. In addition, due to varying impacts on water sources

Garanti developed specific provisions for each sector. Some of these sector principles related to water are stated as below;

- Hydroelectricity power plants
- Sufficient environmental flow water amount
- Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology
- Alternative technical designs
- Preventive measures for flow direction & drainage changes, excavation in the water source, dredging
- Periodical environmental water release monitoring during operations Thermal PP
- Discharge of cooling and process water
- Cumulative impact studies for thermal discharge
- Minimizing the impact on the ecosystem
- Alternative water supply methods Geothermal PP
- Reinjection is required for groundwater preservation Mining Projects
- Water management strategies
- Reduction measures, recycling/re-use
- Prevention of acid rock drainage
- Effluent water discharge management
- BAT for treatment facilities
- Efficient usage, recycling/re-use

## W4. Risks and opportunities

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### W4.1

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

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

**W4.1a**

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

Garanti BBVA believes that the main water risks related to the Bank lie with the downstream impacts arising from financing activities, rather than Garanti BBVA's own facilities. One of our strategic priorities is having an effective systematic risk management practice where financial and non-financial issues are assessed in an integrated manner. The basis of identifying and assessing climate-related risks on both transaction and portfolio level is the Materiality Analysis explained on p56 of our 2020 Integrated Annual Report. In the assessment, Garanti BBVA ranked each risks & opportunities according to the magnitude, likelihood and time frame of their impact in terms of; (i)direct financial impact and risk, (ii)legal, regulatory and policy drivers, (iii)opp. for innovation, (iv)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". We identify and assess our climate-related risks including water in 3 levels: (1)Transaction Level; (2)Sector Level; (3)Portfolio Level. For a deeper understanding, we define (1) the negative impact of water-related risks on the financial or non-financial performance (such as reputation) of the projects which fall under the scope of our E&S risk assessment framework, and (2) loss of revenues due to service interruption originating from a water-related disaster such as flooding regardless of the duration of interruption as substantive changes in our business. We track these risks through metrics such as % of projects prone to water risks in Project Finance portfolio. To better manage these risks we use several tools and mechanisms and continuously update our policies and procedures for stricter criteria. Our E&S Loan Policies have been updated in 2020 with a more comprehensive set of prohibited activities, some of which already applied in 2019. ESLP is applied to all loan portfolio(100%). Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. Garanti BBVA monitors a variety of E&S indicators, benchmarks itself against worldwide best practices, raises employee awareness and collaborates with peers, financial institutions, customers and business associations. We apply an E&S Impact Assessment Model (ESIAM) and Sector Norms in line with international best practices. ESIAM, in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc., is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For water-related risks in addition to above mentioned tools, national and international online databases for water-related issues are also utilized. We published our Climate Change Action Plan (2015) to support Turkey's transition to a low-carbon economy, focusing on 4 issues: (1)prioritizing RE investments and putting a shadow price on carbon, (2)reducing deforestation, (3)water management for climate adaptation, (4)establishing green office standards . The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks, and implementing green office standards. Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. The ratio of financing provided to projects prone to water-related risks in 2020 is 100% in our 2020 Project Finance portfolio. ESIAM is applied to these projects in order to manage E&S risks including those that are water-related.

We have integrated the coal exit commitment into our strategy, taking into account the risk of the climate crisis. In March 2021, Garanti took one step forward in order to enhance its low carbon transition strategy. Garanti BBVA reaffirms its commitment against climate change and announces that it will stop financing coal-related activities on March 2021.

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

**W4.1b**

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	100	Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Water title: <a href="http://veri.tarimorman.gov.tr/">http://veri.tarimorman.gov.tr/</a> - Garanti BBVA financed 5 projects prone to water-related risk (energy) in 2020. The ratio of financing provided with E&S impact assessment to the total project finance commitment under Garanti BBVA'S project finance definition in 2020 is 100% (excluding NPL and WL projects). In order to manage the potential risks associated to environment including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti BBVA is fully committed to minimize and manage water-related risks in its project finance. Therefore, Garanti BBVA apply to all project finance, irrespective of their cost that meet the definition established in the Asset and Project Finance Admission and Monitoring Procedure. Our E&S Loan Policies was updated in 2020 with a more comprehensive set of prohibited activities, some of which already applied in 2019. ESLP is applied to all loan portfolio(100%). Compliance to all loan policies including those related to E&S criteria are checked by the loan officers prior to approving a new loan request without any thresholds. Furthermore, we launched an updated KYC questionnaire E&S related questions are embedded to our standard KYC process. Garanti BBVA monitors a variety of E&S indicators, benchmarks itself against worldwide best practices, raises employee awareness and collaborates with peers, financial institutions, customers and business associations. We apply an E&S Impact Assessment Model (ESIAM) and Sector Norms in line with international best practices. ESIAM, in line with international best practices(i.e. Equator Principles, IFC Performance Standards, etc., is applied to loans fall under the limits defined in Equator Principles on a minimum and Sector Norms are applied to all CIB loans. For water-related risks in addition to above mentioned tools, national and international online databases for water-related issues are also utilized. We published our Climate Change Action Plan (2015) to support Turkey's transition to a low-carbon economy, focusing on 4 issues: (1)prioritizing RE investments and putting a shadow price on carbon, (2)reducing deforestation, (3)water management for climate adaptation, (4)establishing green office standards . The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks, and implementing green office standards. Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E&S risks. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. We also have sector specific further assessment criteria in our ESIAM. Some examples of water-related criteria are as follows: • Proper site selection considering sensitive and protected areas (RAMSAR) •Current characteristics of water • Impact on ground and surface water • Effluent water quality. In addition, due to varying impacts on water sources Garanti developed specific provisions for each sector. Some of these sector principles related to water are stated as below; hydroelectricity power plants •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology •Alternative technical designs •Preventive measures for flow direction & drainage changes, excavation in the water source, dredging •Periodical environmental water release monitoring during operations Thermal PP •Discharge of cooling and process water •Cumulative impact studies for thermal discharge •Minimizing the impact on the ecosystem •Alternative water supply methods Geothermal PP •Reinjection is required for groundwater preservation Mining Projects •Water management strategies •Reduction measures, recycling/re-use •Prevention of acid rock drainage •Effluent water discharge management • BAT for treatment facilities •Efficient usage, recycling/re-use

## W4.1c

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

### Country/Area & River basin

Turkey	Other, please specify (Marmara Basin, Buyuk Menderes Basin)
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### Number of facilities exposed to water risk

5

### % company-wide facilities this represents

100%

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

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

### % company's total global revenue that could be affected

100%

### Comment

Taking place among high-risk regions in terms of water stress, Turkey will experience severe precipitation and floods in addition to increasing droughts and extreme heatwaves. Turkey is among the countries that will be extremely water-stressed by 2040. If projections come true, with the expected population growth to 100 million people, Turkey will be among the water poor countries by 2030. Therefore, ESIAM was applied to all of these projects in order to manage E&S risks including those that are water-related. Garanti BBVA financed 5 projects with a total loan USD 307 mn prone to water-related risk (energy) in 2020. 1 project was rejected within the frame of this model. Through action plans based on these due diligences, E&S impacts were minimized. "As stated above % of projects prone to water risks in Project Finance portfolio is one of the metrics we use to track and manage the water-related risks in our portfolio. In 2020, Garanti BBVA financed 5 projects prone to water-related risk (energy). The ratio of financing provided with E&S impact assessment to the total project finance commitment under Garanti BBVA's project finance definition in 2020 is 100% (excluding NPL and WL projects). In order to manage the potential risks associated to environment including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti is fully committed to minimize and manage water-related risks in its project finance. As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Water title: <http://veri.tarimorman.gov.tr/> "

## W4.2

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

### Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
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### Type of risk & Primary risk driver

Physical	Flooding
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### Primary potential impact

Increased operating costs

### Company-specific description

As projected in the World Economic Forum Global Risk Report 2020, environmental risks due to climate change continue to dominate the top ten major risks list in both impact and likelihood. While the world struggled with the COVID-19 pandemic on one hand, it also had to deal with never ending extreme weather events on the other. Natural disasters that claimed lives and destroyed property globally dominated the news throughout the year. Many people died in devastating floods, typhoons, heatwaves, wildfires and similar disasters. The number of weather and climate disaster events with losses exceeding USD 1 billion each reached a record level As this transition phase continues, planet earth is screaming "climate emergency" to all the individuals and to all the entities on it. Having 870 branches and 45 buildings across Turkey, Garanti BBVA's service locations are also prone to water-related risks caused by flooding.

### Timeframe

1-3 years

### Magnitude of potential impact

Medium

### Likelihood

Likely

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

**Potential financial impact figure (currency)**

19890000

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact**

Financial impact provided here is associated to a high-level assumption of 10% increase in average insurance premiums of all branches. There may be other costs associated to repair costs and loss of revenues. The Bank has wide spread branch network in many regions of Turkey including those which are vulnerable to extreme weather events.

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

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

**Cost of response**

0

**Explanation of cost of response**

Our primary cost have been training of all employees related to Business Continuity and Disaster Recovery Plan (the cost of all trainings –both in-class and distant learning- per employee in 2020 was TRY 1,047 per annum). As these roles have been built into existing responsibilities, there is no additional cost compared to business as usual.

**Country/Area & River basin**

Turkey	Other, please specify (All river basins in Turkey)
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**Type of risk & Primary risk driver**

Physical	Seasonal supply variability/inter annual variability
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**Primary potential impact**

Increased operating costs

**Company-specific description**

In 2020 the total cost of water consumption increased by 12.1% due to an increase in the unit price of water compared to the previous reporting period. Although the efficiency measures taken by the Sustainable Finance Team, the water withdrawal has remained about the same compared to the previous year due to pandemic conditions. Considering the trend of increasing unit prices for environmental resources in Turkey, the Bank analyzes the impacts of potential price changes. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti BBVA's water management process and water withdrawal values are publicly available in its 2020 Integrated Annual Report (\*In the Report water withdrawal is referred to as water consumption).

**Timeframe**

Current up to one year

**Magnitude of potential impact**

Low

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

369725

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact**

12.1% increase in unit price of water leads to TRY 369,725 additional financial impact.

**Primary response to risk**

Improve monitoring

**Description of response**

Since sustainability is one of the bank's main strategic priorities, the bank has a team of experts in Environmental, Social and Governance (ESG) issues. The Sustainable Finance Team, consisting of 6 full-time employees, ensures the continuity of the bank's sustainability activities. In addition, Sustainable Finance Team that is responsible for Garanti BBVA's environmental performance and ISO14001 compliance in all branches, buildings, and personnel. Garanti BBVA aims to better monitor water consumption, target realization, and the progress on water efficiency investments through its new online data collection system that launched in August, 2019. Through this online platform we are able to manage This leads to better management of our resources.

**Cost of response**

111000

**Explanation of cost of response**

To develop this online environmental management system, the Bank worked closely with an innovative energy efficiency company. Our aim is to better monitor the data collection and insulate from the water prices. The implementation for this online database has been completed successfully and started to be used since the last year.

## W4.2a

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

### Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
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### Stage of value chain

Use phase

### Type of risk & Primary risk driver

Physical	Drought
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### Primary potential impact

Reduced revenues from lower sales/output

### Company-specific description

Turkey in general received less rain than expected normals with very few exceptions. According to the data from General Directorate of Meteorology(MGM), Eastern Anatolia, South Eastern Anatolia and Central Anatolia were in in general 'Severely Dry'. Changes in precipitation patterns due to climate change result in reduced electricity production in our hydro power plant portfolio. Functioning hydropower plants are expected to be under this risk of reduced production due drought in terms of operation and financial return. This might affect the borrower's ability to repay the loan. Since we have 9% exposure for hydro power plants in our Project Finance portfolio as of December 2020, we will be impacted by severe droughts as the electricity generation will be severely affected in these power plants.

### Timeframe

1-3 years

### Magnitude of potential impact

Medium-high

### Likelihood

Very likely

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

102000000

### Potential financial impact figure - minimum (currency)

<Not Applicable>

### Potential financial impact figure - maximum (currency)

<Not Applicable>

### Explanation of financial impact

Drought in 2020 led to a revenue loss of TRY 102 million in cash flows of our HEPP portfolio.

### Primary response to risk

Direct operations	Improve alignment of our public policy influencing activity with our water stewardship commitments
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### Description of response

As Turkey is becoming a more and more water-stressed country each year, the Bank correspondingly updates to tighten its E&S policies, procedures and standards. Furthermore, it is also important to highlight that the Bank favors wind&solar projects since hydro-electricity power plant projects are more vulnerable to such risks and have more negative impact on the environment. They also have higher construction risks compared to wind&solar projects. Garanti BBVA also supports its clients to better manage their water-related risks, along with all the other E&S risks through. We conduct Environmental and Social workshops and conferences in 2020 for our clients in energy and infrastructure sectors to build capacity and raise awareness in climate-relates risks including water.

### Cost of response

285000

### Explanation of cost of response

Garanti BBVA expects from its customers to examine impacts of CC on HEPP projects thoroughly. Water-related criteria in the assessment process includes; selection of project area, current characteristics of water prior to the project, impact on ground&surface water, water quality&quantity after the project, alternative water supply sources. For instance, we helped one of our strategic clients to understand the environmental and social risks in their hydro power project during the planning stage. During our E&S risk assessment, we identified 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin. Finally, we identified that this means nearly 15% decrease in the electricity production, which was a major shift in the initial cash flow calculation of our client. At the end, the client decided to move on with a geothermal investment rather than the hydro project. It is also important to highlight that the Bank favors wind&solar projects since HEPP projects are more vulnerable to such risks and have more negative impact on the environment and also they have higher construction risks compared to wind&solar projects. Our efforts (Implementation of E&S Impact Assessment Model (ESIAM), online site visits, meetings and project management studies) to respond the risk cost TRY 285 thousand.

### Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
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### Stage of value chain

Use phase

### Type of risk & Primary risk driver

Regulatory	Regulatory uncertainty
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### Primary potential impact

Fines, penalties or enforcement orders

### Company-specific description

The legal risks associated to climate change vary from environmental sanctions to the uncertainty in the legal framework. The financial impact of non-compliance to environmental permits may lead to suspension of operations. Such an event would cost to a large scale power plant (7,500 GWh annual production) as high as TRY 206,250,000 of revenue loss in case of a one-month (30 days) suspension of operations and would affect the borrower's repayment of loans.

### Timeframe

1-3 years

### Magnitude of potential impact

High

### Likelihood

Likely

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

206250000

### Potential financial impact figure - minimum (currency)

<Not Applicable>

### Potential financial impact figure - maximum (currency)

<Not Applicable>

### Explanation of financial impact

Potential non-compliance risks associated to our loan portfolio might lead to a growth in NPL. It is not possible to estimate the direct financial impact on the Bank, however we are able to estimate the revenue loss of a single borrower (i.e. TRY 206 mn).

### Primary response to risk

Direct operations	Improve alignment of our public policy influencing activity with our water stewardship commitments
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### Description of response

Garanti BBVA has developed a comprehensive approach to analyse each project against specific environmental and social (E&S) criteria. The Bank runs its E&S Impact Assessment Process (ESIAP) and requests an E&S Action Plan (ESAP) in order to assess and monitor the customer's legal liabilities due to environmental regulations. This plan is also included in the loan agreement. By the end of 2020, Garanti BBVA assessed 81 projects within the scope of its ESIAP and supported its customers to realize their investments in line with the legal framework on environmental issues and even beyond, i.e. international standards. In order to mitigate the non-compliance risk in the projects financed, loan agreements are reviewed by Sustainability Team and the Legal Department. Our requirement on compliance to international best standards also makes the Bank's borrowers to get prepared for stricter legal framework and eliminates the future non-compliance risks.

### Cost of response

285000

### Explanation of cost of response

The Bank has invested roughly TRY 285,000 on the formation and implementation of ESIA Model by cooperating with external experts and consultants. Additionally, our E&S experts conduct regular site visits to monitor the implementation of the E&S Action Plan items within the scope of our E&S Risk Assessment Process. Due to the COVID-19 Pandemic in 2020, site visits were carried out with remote monitoring methods such as online meetings, drone footages and more.

### Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
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### Stage of value chain

Use phase

### Type of risk & Primary risk driver

Reputation & markets	Community opposition
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### Primary potential impact

Company brand damage

### Company-specific description

Stakeholders increasingly expect companies, especially banks, to proactively address climate change issues. Failure to meet these expectations could damage reputation resulting in a loss of investor support and customer loyalty, among other challenges. Garanti BBVA implements an E&S Impact Assessment Process in line with international best practices to help drive improvement across its loan portfolio. In order to respond stakeholder demand on climate change action, the Bank published its Climate Change Action Plan Statement in 2015. The Bank focuses its activities on combating climate change on four main areas: putting a price on carbon and prioritization of renewable energy investments, reducing deforestation, management of water risks related to climate change, and establishing green office standards. Additionally, Garanti BBVA's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. According to the initial pledge, Garanti BBVA would mobilize EUR 100 billion by 2025 to fight climate change and drive sustainable development. Since 2018, Garanti BBVA contributed EUR 50.2 billion in total to

the Pledge 2025. In 2020 achieved half of the objective foreseen for the 2018-2025 period, one year ahead of schedule. Therefore, BBVA is to channel €200 billion in sustainable funding through 2025, doubling the initial €100-billion target announced in February 2018. BBVA also released stricter sector norms for energy, mining, agriculture, and infrastructure sectors with this pledge. As part of the BBVA Group, the Bank will continue to contribute to BBVA Group's Sustainable Finance Pledge released in 2018 with the aim of supporting the fight against climate change and financing sustainable development. Reputational damage due to controversial issues could result in disruption of the borrowings and security products entailing ESG criteria.

**Timeframe**

4-6 years

**Magnitude of potential impact**

High

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

4981703809

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

Reputational damage due to controversial issues could result in disruption of the borrowings and security products entailing ESG criteria. During 2020, Garanti BBVA secured funds worth USD 700 million (TRY 4,981,703,809) in this scope from international finance institutions. This amount accounts for 52% of the total financing the Bank secured in 2020.

**Primary response to risk**

Downstream	Other, please specify (Increased stakeholder engagement)
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**Description of response**

The additional costs associated to E&S risk management systems are negligible considering that they are already embedded in current roles and responsibilities. Therefore, the cost for management only includes the total cost of memberships to sustainable business platforms, sponsorships to sustainability-related events or studies. In 2020, Garanti BBVA contributed TRY 1.4 million to the efforts aimed at raising awareness and know-how transfer to a variety of stakeholders including public bodies, policy makers, private companies, universities and NGOs for sustainable development. For further details on the Declaration please refer to: <https://www.unglobalcompact.org/news/4281-10-23-2017> and <http://www.unepfi.org/news/industries/banking/principles-coregroupannouncement/>

**Cost of response**

1420733

**Explanation of cost of response**

Besides the company-level efforts mentioned in the company-specific description, Garanti BBVA works with peers to enhance the business practices on sustainable banking. As the Chair of Sustainable Banking and Finance Working Group of UNGC Network Turkey, Garanti BBVA led the efforts to develop the Declaration on Sustainable Finance. The signatory banks commit to a set of criteria for E&S risk management in their lending activities. The Declaration was launched in 2017 during the V. Sustainable Finance Forum organized by BCSD Turkey, of which the Bank is also one of the main sponsors. In 2018 and 2019, the scope of the Declaration was updated by decreasing the limit of investment amount from USD 50mn to USD 20mn in 2018 and USD 20 mn to USD 10 mn in 2019. In addition this year, the declaration's scope is enhanced in order to include both sustainable finance related risks and opportunities. For further details on the Declaration please refer to: <https://www.unglobalcompact.org> We became the first Turkish bank to sign the UNGC's Business Leadership Criterion Carbon Pricing in 2015 as well as becoming the first bank in Turkey to ratify the Caring for Climate statement, an initiative aimed at advancing the role of business in addressing climate change. In March 2018, the Bank became a member of UNEP FI Banking Principles Core Group. The core group is being developed the principles and framework that will define and affirm the banking industry's role and responsibilities in shaping and financing a sust. future, in alignment with internationally agreed targets detailed in the Paris Agr. and the SDGs. <http://www.unepfi.org/news/industries/banking/principles-coregroupannouncement/> Besides that, in this year's Integrated Annual Report, Garanti BBVA, for the first time, shared its Impact Report with the stakeholders in line with the UNEP FI Principles for Responsible Banking. <https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2020/pdf/garanti-bbva-integrated-annual-report-2020.pdf>

**W4.3**

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

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

**W4.3a**

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

**Type of opportunity**

Resilience

**Primary water-related opportunity**

Increased resilience to impacts of climate change

**Company-specific description & strategy to realize opportunity**

By proactively addressing climate change and other social and environmental concerns, we can exceed stakeholder expectations and enhance our reputation. Ability to meet these expectations could result in an increased level of collaboration with international financial institutions as well as increased investor support and customer loyalty.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

4981703809

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

During 2020, Garanti BBVA secured funds worth USD 700 million (TRY 4,981,703,809) in this scope from international finance institutions. This amount accounts for 52% of the total financing the Bank secured in 2020. In July 2020, Garanti BBVA intermediated green bond issuance worth TL 100.5 million of a client. This was the first green bond issue in terms of Turkish Lira. Turkey's largest Sustainability-Linked Loan in which Garanti BBVA participated as a Sustainability Agent signed with an energy company in September 2020 was another major deal. In this facility worth EUR 650 million, the margin of the loan was tied to predetermined environmental and social criteria. Another groundbreaking major deal introduced in the world by Garanti BBVA was the Sustainability-Linked Syndicated Loan. Having rolled over the syndicated loan it received from international markets under its foreign borrowing program, Garanti BBVA signed two new loan agreements participated by the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) and obtained funds totaling approximately USD 700 million from overseas markets. This syndication signed by Garanti BBVA is the first ESG-linked syndication loan obtained by any bank in the world tied to a bank's sustainability criteria. The Bank is working to motivate its customers to employ sustainable finance mechanisms in their borrowings and to adopt sustainable business models. Garanti BBVA's track record on the management of environmental and social issues, as well as its capability to tailor existing products according to SDGs play an important role in benefiting from IFI funding.

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**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

In 2020, Garanti BBVA's total water withdrawal was 260 megaliters/year. Garanti BBVA's water consumption target for 2020 is arranged around proper hygiene precautions risen due to the pandemic. Since, hand washing was one of the main precaution to avoid of the virus spreading, our ongoing branches during the pandemic still use water compared to higher amounts. The water consumption target was decided as 2% of decrease from the base year (2015) consumption (269.780 m3) in line with Garanti BBVA's Global Eco Efficiency Plan, which corresponds to 264.384 m3. Therefore, we have met the target requirements for 2020. The reason for the base year selection was CDP Water Program started to be implemented in Turkey back in 2015, and as Garanti BBVA we have also started to monitor and report our water consumption in a better way after 2015. In 2020, Garanti BBVA has published an updated Global Eco Efficiency Plan including the water consumption target considering the global trends around the water scarcity. According to the new plan, Garanti BBVA aims to reduce water consumption per square meter

**Estimated timeframe for realization**

4 to 6 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

43840

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

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

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**W5. Facility-level water accounting**

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**W5.1**

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

**Facility reference number**

Facility 1

**Facility name (optional)**

Zincirlikuyu Head Office

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
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**Latitude**

41

**Longitude**

29

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

18.12

**Comparison of total withdrawals with previous reporting year**

Much lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

18.12

**Total water discharges at this facility (megaliters/year)**

17.86

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

17.86

**Total water consumption at this facility (megaliters/year)**

0.26

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

According to WRI Aqueduct Water Risk Atlas, Marmara Basin is a extremely high/high water-stressed area. Only municipal water withdrawal and rainwater use (The rainwater collection system at HQ is used for landscape irrigation and car wash. There is a 70 m3 tank. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. Therefore in the summer time when the precipitation is low, the landscape irrigation is done by the waste water (approx. 20 m3) from the cooling tower. There is only municipal water discharge. Finally, rainwater is collected and used for landscape irrigation. However, the amount of recycled water cannot be monitored. The water withdrawal value is decreased by 52.4% compared to the previous year . There are two main reasons for this decrease, the first one is due to the water efficiency measures taken by the Sustainable Finance Team. Another reason is due to the pandemic and remote working in Facility 1. After the transition to remote working, 93% of workers who worked on the headquarters started to work from their homes. Remote working capacity of diffrnt facilites can be found in Integrated Annual Report p.92. (<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2020/pdf/garanti-bbva-integrated-annual-report-2020.pdf>)

**Facility reference number**

Facility 2

**Facility name (optional)**

Learning and Development Center

**Country/Area & River basin**

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

**Latitude**

41

**Longitude**

29

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

1.66

**Comparison of total withdrawals with previous reporting year**

Much lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

1.66

**Total water discharges at this facility (megaliters/year)**

1.57

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

1.57

**Total water consumption at this facility (megaliters/year)**

0.09

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

According to WRI Aqueduct Water Risk Atlas, Marmara Basin is a extremely high/high water-stressed area. There is a decrease both in water withdrawal and the consumption where the number of people in the building is constantly decreasing and moving to Pendik Technology Campus. There is only municipal water discharge. As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored. The water withdrawal value is decreased by 68.2% compared to the previous year . There are two main reasons for this decrease, the first one is due to the water efficiency measures taken by the Sustainable Finance Team. Another reason is due to the pandemic and remote working in Facility 2. After the transition to remote working, 50% of branch employees and regional office employees started to work from their homes. Remote working capacity of diffrent facilites can be found in Integrated Annual Report p.92. (<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2020/pdf/garanti-bbva-integrated-annual-report-2020.pdf>)

**Facility reference number**

Facility 3

**Facility name (optional)**

Sivas Call Center

**Country/Area & River basin**

Turkey	Other, please specify (Kizilirmak Basin )
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**Latitude**

39

**Longitude**

37

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

9.91

**Comparison of total withdrawals with previous reporting year**

Lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

9.91

**Total water discharges at this facility (megaliters/year)**

9.91

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

9.91

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

Lower

**Please explain**

According to WRI Aqueduct Water Risk Atlas, Kızılırmak Basin is a high water-stressed area. As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored. The water withdrawal value is decreased by 15.5% compared to the previous year. There are two main reasons for this decrease, the first one is due to the water efficiency measures taken by the Sustainable Finance Team. Another reason is due to the pandemic and remote working in Facility 3. After the transition to remote working, all customer contact service employees started to work from their homes. Remote working capacity of different facilities can be found in Integrated Annual Report p.92. (<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2020/pdf/garanti-bbva-integrated-annual-report-2020.pdf>)

**Facility reference number**

Facility 4

**Facility name (optional)**

Pendik Technology Campus

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
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**Latitude**

41

**Longitude**

29

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

60.92

**Comparison of total withdrawals with previous reporting year**

Much higher

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

60.92

**Total water discharges at this facility (megaliters/year)**

59.66

**Comparison of total discharges with previous reporting year**

Much higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

59.66

**Total water consumption at this facility (megaliters/year)**

1.26

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

According to WRI Aqueduct Water Risk Atlas, Marmara Basin is a extremely high/high water-stressed area. There is an increase both water withdrawal, water discharge and water consumption. The reason for this increase is that in 2019 Pendik Technology Campus became fully operational. Our Technology Campus in Güneşli was closed and all personnel moved to Pendik. Thus, by the end of 2020, the number of employees increased nearly threefold. After the transition to remote working, 80% of the operation center employees started to work from their homes. Remote working capacity of different facilities can be found in Integrated Annual Report p.92. (<https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2020/pdf/garanti-bbva-integrated-annual-report-2020.pdf>) However, the water withdrawal value increased by 68% compared to the previous year due to the hygiene measures taken within the scope of Covid19. There is only municipal water discharge. As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. Pendik Technology Campus also includes all our subsidiaries, some of which are not in the within the scope of the Bank's operational boundaries. Since it is not feasible to distinguish the water related figures of these subsidiaries, they are included in our calculations.

**Facility reference number**

Facility 5

**Facility name (optional)**

Branches and other buildings

**Country/Area & River basin**

Turkey	Other, please specify (All river basins in Turkey)
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**Latitude**

41

**Longitude**

29

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

169.78

**Comparison of total withdrawals with previous reporting year**

About the same

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

169.78

**Total water discharges at this facility (megaliters/year)**

157.97

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

157.97

**Total water consumption at this facility (megaliters/year)**

11.8

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

According to WRI Aqueduct Water Risk Atlas, Turkey is a high water-stressed country. As our branches and buildings are all over Turkey, we put all river basins in Turkey for basin selection. Last year water withdrawal for all branches and remaining buildings (other than the ones mentioned above) was 167.80 megaliters. There is only municipal water discharge. As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. The amount of recycled water is not monitored. The water withdrawal value increased by 1.2% compared to the previous year. The reason why there is no change in water withdrawal between 2019 and 2020, is mainly branch consumptions of water due to hygienic concerns during the pandemic. Consumption due to hygiene reasons continued as expected since the Bank's branches cannot be fully remote working during the 2020.

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W5.1a

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

**Water withdrawals – total volumes**

**% verified**

76-100

**What standard and methodology was used?**

In 2019, Garanti BBVA maintained 100% coverage for its ISO14001 certified Environmental Management System for its Turkey operations which makes up for almost all of its employees. Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in 2018 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 206-210 <https://surdurulebilirlik.garantibbva.com.tr/media/1455/garanti-bbva-integrated-annual-report-2019.pdf>

**Water withdrawals – volume by source**

**% verified**

76-100

**What standard and methodology was used?**

In 2019, Garanti BBVA maintained roughly 100% coverage for its ISO14001 certified Environmental Management System covering nearly all of its employees. Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in 2018 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 206-210 <https://surdurulebilirlik.garantibbva.com.tr/media/1455/garanti-bbva-integrated-annual-report-2019.pdf>

**Water withdrawals – quality**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharges – total volumes**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharges – volume by destination**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharges – volume by treatment method**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharge quality – quality by standard effluent parameters**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water discharge quality – temperature**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water consumption – total volume**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

**Water recycled/reused**

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Garanti BBVA has an holistic approach for integrated water management to better manage the risks and opportunities arising from both direct and indirect impacts. While trying to minimize its own water consumption through its Environmental Policy, Sustainability Policy and Environmental Management System; the Bank manages its indirect impacts through its E&S Loan Policies, E&S Impact Assessment System (ESIAP), Sector Norms and its Climate Change Action Plan. The Bank's business dependency and business impact on water arises from the lending activities. Therefore, the Bank has a sophisticated E&S risk management framework for entire activities, hence the scope is selected as company-wide. Our goal is to minimize our direct & indirect environmental impacts, including water-related. The Bank undertakes an E&S risk assessment during due diligence of greenfield projects under the scope of its relevant frameworks. Garanti BBVA monitors, reports and publicly discloses its performance in various platforms. The Bank's indicators has been verified by an independent third party within the scope of limited assurance. In addition, our E&S Risk Management System including the ESIAP and model aligned with international practices such as the Equator Principles and IFIs' performance standards, is intended to inform corporate and commercial customers on best practices in this area. This system requires to conduct assessments in terms of E&S including water related risks in order to establish a risk management plan. Besides, where relevant, the Bank may apply additional Due Diligence processes to check whether the loan request or the existing loan is in compliance with its specific policies and/or commitments, i.e. E/S bond issuance guidelines, etc. As a member of the BBVA Group, the Bank also adopts the Sector Norms including the management of water-related risks released by BBVA in 2018. Sector Norms are regularly updated to tighten the restrictions. For details please refer to the BBVA Sector Norms for the environmental and social due-diligence document. In line with our Human Rights Declaration, the Bank strives to provide a working environment with the best sanitation and hygiene conditions.

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Director on board	The Chair of Responsible Business and Sustainability Committee is a Board Member. The SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sustainability efforts. SC and RBC are deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, whereas RBC meets to oversee the progress on the implementation of the Bank's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. To date The Sustainability Committee approved and initiated several sustainability policies and solutions such as Sustainability Policy & Strategy, Climate Change Action Plan, prioritizing renewable investments, increasing the scope of the Bank's E&S Impact Assessment Model, announcing a science-based target, etc. In 2020, the Sustainability Committee merged with the Responsible Business Committee headed by a Board member, which was established in 2017 to integrate "responsible banking" within the banking services and the Bank's strategic priorities, and to systematically ensure that the Bank puts stakeholders at the center of its decision-making. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. For more information, please see our 2020 Integrated Annual Report, p48 ( <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> ) and our website ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0</a> ).
Chief Executive Officer (CEO)	The President and CEO, who is also a Board Member, is a member of the Sustainability Committee (SC) and the Responsible Business Committee (RBC). SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sustainability efforts. SC and RBC are deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, whereas RBC meets to oversee the progress on the implementation of the Bank's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles. To date, with contribution of CEO, SC approved and initiated several sustainability policies and solutions such as Sustainability Policy & Strategy, Climate Change Action Plan, prioritizing renewable investments, increasing the scope of the Bank's E&S Impact Assessment Model and announcing a SBT. In 2020, SC merged with RBC headed by a Board member, which was established in 2017 to integrate "responsible banking" within bank services and strategic priorities and to systematically ensure that Garanti puts stakeholders at the center of its decision-making. It was resolved that sustainability matters would be addressed and discussed by this committee. For more information, please see our 2020 Integrated Annual Report, p48 ( <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> ) and our website ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0</a> ).
Other, please specify (Responsible Business and Sustainability Committee )	In 2020, the Sustainability Committee merged with the Responsible Business Committee headed by a Board member, which was established in 2017 to integrate "responsible banking" within the banking services and the Bank's strategic priorities, and to systematically ensure that the Bank puts stakeholders at the center of its decision-making. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. Responsible Business and Sustainability Committee ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The RBC meets to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. In addition RBSC formally reviews and approves the Bank's activities related to sustainability (including its env. performance and risk assessment) and meets to review and takes decisions on recommendations raised by the Sustainability Team and Representatives. The Responsible Business and Sustainability Committee approved and initiated several sustainability policies and solutions such as Sustainability Policy & Strategy, Climate Change Action Plan, prioritizing renewable investments, increasing the scope of the Bank's E&S Impact Assessment Model, announcing a science-based target, etc. For more information, please see our 2020 Integrated Annual Report, p48 ( <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> ) and our website ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0</a> ).

**W6.2b**

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Sustainability Committee (SC), established for this purpose in 2010, which formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and to provide input to all sustainability efforts. The SC's composition was amended in 2015. The CEO, who is also Board Member is a permanent member of the SC and the Responsible Business Committee (RBC) as well. The RBC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The committees are deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. Committees' role is to agree on strategic direction and action plans. The SC meets to review and take decisions on recommendations raised by the Sustainable Finance Team and Representatives, whereas the RBC meets to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. Our Sustainability web site presents more information: <a href="https://surdurulebilirlik.garantibbva.com.tr/en">https://surdurulebilirlik.garantibbva.com.tr/en</a> The current memberships of the SC and the RC are as stated in Section "C1.2a". The SC has met a total of 25 times since its inception in 2010 and the RBC has met a total of 4 times since its inception in 2017. In 2018 and 2019, the RBC convened with the attendance of the members of the SC and discussed the related topics. By the end of 2020, Garanti BBVA has around 1,000 Sustainability Representatives, who are responsible for working in coordination with the Sustainable Finance Team to collect data and support the implementation of the decisions taken by the SC within their own departments, from headquarters, regional directorates and branches. In 2020, the Sustainability Committee merged with the Responsible Business Committee headed by a Board member, which was established in 2017 to integrate "responsible banking" within the banking services and the Bank's strategic priorities, and to systematically ensure that the Bank puts stakeholders at the center of its decision-making. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. For more information, please see our 2020 Integrated Annual Report, p48 ( <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> ) and our website ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Responsible-Business-and-Sustainability-Committee/1093/5366/0</a> ).

**W6.3**

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

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

Other, please specify (Responsible Business and Sustainability Committee )

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders and, as a consequence, has integrated a Sustainability Committee(SC) structure and a Responsible Business Committee(RBC) with Committee Members representing relevant lines of business and departments throughout its organization and with BoD/CEO level ownership. SC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, whereas RBC meets to oversee the progress on the implementation of the Bank's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent,clear,responsible) principles in customer experience, etc.

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

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

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

Executive Vice President (EVP) of Corporate and Investment Banking (CIB) is the member and the Secretary General of the Sustainability Committee (SC). The SC formally reviews and approves the bank activities related to sustainability and is chaired by the Board Member. The SC meets regularly in order to monitor the progress of and to provide input to all sustainability efforts. The SC is deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. In addition to the role in SC, EVP of CIB is responsible for the Sustainable Finance Team, established in 2012 to implement the decisions of the aforementioned SC. Furthermore, she is also the Chair of the of Turkish Business Council for Sustainable Development (BCSD Turkey) and Vice Chair of UN GCN Turkey. She also received the Environmental Finance Sustainable Investment award, in the category of Investment Leader of the Year in 2020 for her leadership.

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

Environment/Sustainability manager

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

Garanti BBVA established a full time Sustainable Finance Team(SFT) which comprises of 6 full- time members. Normally, SFT was created as Sustainability Team within the Project Finance Department in 2012. In 2019, both the name of department and team were changed. Now, SFT is responsible for embedding sustainable finance priorities into core business within the Investment Banking and Finance Department. SFT is also responsible for the daily coordination of the efforts undertaken under the main heading of sustainability in the Bank. Reporting regularly in the Committee meetings, the SFT presents the sustainability progress made to the Committee. Additionally, the significant development in the sustainability agenda is reported to the Committee members by the Team, or the Team receives approval regarding the process requiring approval from the Committee.

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

Facilities manager

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

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

Other, please specify (Sustainability Representatives)

**Responsibility**

Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Not reported to board

**Please explain**

Regularly reporting to the Sustainability Committee(SC), the Sustainable Finance Team (SFT) Works in cooperation with other units of the Garanti BBVA in the process of putting the decisions into practice. Following the progress each week, the Team ensures the consolidation and assessment of sustainability data throughout the Garanti BBVA within the scope of the Bank's objectives, and coordinates the gathering of information and data from other units. To date, there are almost 1,000 Sustainability Representatives in charge of working in coordination with the SFT in order to gather data and support the application of the decisions made by the SC in the units or branches where they work. We also commenced to use a new online data collection and monitoring system in 2019 to better manage resource consumption i.e. power, water, etc... In 2019 Sustainability Representatives of the bank became responsible of data entrance to the system.

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## W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	

## W6.5

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

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

## W6.5a

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

In addition to its E&S Loan Policies, ESIAP and Sector Norms, Garanti BBVA released its Climate Change Action Plan in 2015 to support Turkey's transition to a low carbon economy. The Bank aims to spread good practice among Turkish finance sector and private sector to build

capacity. To achieve this goal the bank has several memberships in local and international platforms while the Corporate and Investment Banking EVP is the Chair of BCSD Turkey, the Vice Chair of UNGC Network Turkey also the co-chair of Sustainable Finance Working Group.

We closely engage with policy-makers through these platforms and contribute to new regulations and laws regarding water. BCSD Turkey released Turkey Water Report to share a clear roadmap and recommendation for integrated water management for government's consideration, which led to 13 policies/position papers. We have led the creation of the Sustainable Finance Declaration which was created by the UN GCN Turkey, adopted by 8 Turkish banks representing 39% of the Turkish banking sector in asset size. We are also the main sponsor of CDP Turkey and launched CDP Water Program in 2015 to motivate private sector take action. We have been the only bank from Turkey among the 30 founding members of UNEP FI Principles for Responsible Banking (PRfB). Principles were signed through a launch with 6 banks from Turkey including us in 2019. In our 2020 Integrated Annual Report, we shared our first Impact Report within the scope of the UNEP FI PRfB.

## W6.6

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

- Yes (you may attach the report - this is optional)
- Garanti BBVA-Integrated Annual Report-2020.pdf

## W7. Business strategy

### W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Our long term objectives on water-related issues are reflected on our strategic pillars on three main pillars: (A) 1. Positively influence customers, decision-makers and other players in the sector being the leading bank in sustainability; continue to make effective use of our social role to raise increased awareness of this matter; 2. Observe climate change-related risks and opp.; integrate them into our business processes 3. Increase our sustainable products diversity offered to customers, which are inspired by 'UN SDGs'. (B) 4. Constantly improve our bus. model and processes with operational and env. efficiency point of view while pursuing cost and revenue synergies; 5. Ensure effective risk mngmnt through world-class integrated mngmnt of financial and non-financial risks. (C) 6. Aligned with our values, form teams possessing team spirit, acting with shared wisdom, thinking big, socially responsible and result- oriented. We supported our clients in 81 projects that we financed in increasing the env. perf. incl. water efficiency, protection of water ecosystems, protection of groundwater and surfacewater. We also embed water-related questions in our KYC processes (i.e. waste water, env. fatalities such as groundwater contamination). We also incentivize our clients to act more responsibly. For instance, we provide sustainability-linked and green loans to our clients, through which we link environmental and social KPIs (incl. water issues) to the margin of the loans.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	In order to realize our long term objectives: (1) We manage water risks in loan portfolio through ESIAP & Sector Norms & KYC processes (incl. issues on water efficiency, protection of water ecosystems, protection of groundwater and surfacewater, waste water discharge, env. fatalities such as groundwater contamination) and env. provisions in our loan/service agreements. (2) Moreover, Garanti BBVA has 43 sustainable products and credit lines, including loans for efficient irrigation systems and green/sustainability-linked (incl. water criteria) loans. (3) In line with the BBVA Group, Garanti BBVA has Sustainable Finance Standards that explains which products and solutions are considered to be sustainable. This will play a key role in achieving our long term objective of financing SDGs and supporting our clients in improving their sustainability performance. (4) Garanti BBVA has all the hard and soft controls in place incl. lines of defense. The Bank constantly invests in HR to increase its capacity of managing sustainability-related risks/opp. For instance there is a Team of 6 people incl. 3 env. eng. experienced in E&S risks/opp. incl. water. Moreover, Garanti BBVA has Env. Eff. and Env. Mngmnt teams who are responsible for implementation of ISO14001. Almost 1,000 Sust.Representatives are responsible for supporting these teams in achieving env.-related goals and are incentivized through monetary and recognition mechanisms.
Financial planning	Yes, water-related issues are integrated	11-15	Garanti BBVA is constantly investing in its HR in order to realize its strategic objectives. For instance, we have a dedicated team of 6 people who are in charge of managing water-related direct and indirect impacts alongside with the other ESG issues. Moreover, Garanti BBVA has Env. Eff. and Env. Mngmnt teams who are responsible for implementation of ISO14001. Almost 1,000 Sust.Representatives are responsible for supporting these teams in achieving env.-related goals and are incentivized through monetary and recognition mechanisms. The Bank also allocated a certain budget to support water-related organizations (such as WWF and CDP Turkey) or events held by sustainability business platforms. The Bank also invests in eco-friendly offices such as those that are LEED certified. In addition, Garanti BBVA allocates a certain budget for the margin decrease offered through Sustainability-linked and Green loans in which the margin is linked to the env. performance of the borrower. All these activities are budgeted as part of annual planning. As of March 31, 2021, BBVA originated a total of €59 billion in financing for sustainable projects, more than half of the €100 billion it pledged to fight climate change and promote inclusive growth from 2018 to 2025. The volume of financing channeled by BBVA in sustainable transactions grew at a rate that was 44 percent higher than expected.

**W7.2**

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

**Row 1**

**Water-related CAPEX (+/- % change)**

-100

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

100

**Water-related OPEX (+/- % change)**

12.1

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

7.4

**Please explain**

In 2019, mechanical cost for the products which provide efficiency was TRY 600,000. During the reporting period, there were no CAPEX expenses due to the global pandemic. According to the Garanti BBVA's updated Global Eco-efficiency plan, the bank has allocated an investment budget for the works to be carried out within the scope of its water withdrawal reduction targets for 2021. Despite water withdrawal has remained about the same compared to 2019 the water-related operational expenses increased by 12.1% due to water expenses. Through extrapolating 2021 water withdrawal data, we estimate approx. 7.4% increase in water expenses in 2021 YE compared to 2020. As stated in its Climate Change Action Plan, Garanti BBVA is committed to implementing green office standards and continuously striving to increase its water efficiency of its facilities.

**W7.3**

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

	Use of climate-related scenario analysis	Comment
Row 1	Yes	The Oliver Wyman tool proposes scenario analysis for use in sectors that are of particular relevance to BBVA's portfolio and that are associated with possible climate-related transition risks. This methodology (from TCFD pilot) aims to narrow down the almost infinite number of variables that can arise around climate change (CC) using an analysis based on predictions from different models and provides different changes in the markets used for each scenario. As a reference, BBVA used the outcomes given in the IEA's SDS, which is the closest to 1.5°C target. Difficulty lies in objectively converting those changes to financial indicators. Use of risk pathways is therefore recommended as a way to study how these changes would affect specific indicators that are relateable to businesses. The 4 pathways used are: Increase in cost of direct emissions, Increase in cost of indirect emissions, Increase in capital costs associated with a transition to low-carbon economy and variations in revenues.

**W7.3a**

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

Yes

## W7.3b

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

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	IEA Sustainable Development Scenario	In general, climate change impacts include those that are related to water-related issues such as severe drought, infrastructure damages due to floods or disruption of/increased costs in supply chain (for instance in food&beverages sector due to reduced crop yield). Such events may impact negatively both our office operations in terms of OPEX (risks relevant for 3-10 years) and the repayment capacity of loans (relevant for 0-3, 3-10, or 10-30 years). For instance in recent years we have identified a significant reduction in the revenues of our HEPP portfolio due to severe drought in certain regions of Turkey (relevant for 0-3 years as we already started to see the significant impacts on our portfolio). On the other hand, infrastructure is one of the key sectors that Garanti BBVA is financing and flood-related damages would impact the repayment capacity of such loans through creating service interruptions and increasing cost over-runs relevant for 3-10 years).	In order to tackle both impacts Garanti BBVA is (1) integrating water-related issues into its risk management processes through a variety of risk management tools; (2) incentivizing its clients through margin decrease in improving their env. performance incl. water-related aspects (e.g. products such as green/sustainability-linked loans) and (3) undertaking water efficiency measures to bring down the water-related OPEX. As a transactional level example to risk management in (1), we identified a 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin during the assessment of one of the loan requests. This affected significantly the cash flow of the project, leading to cancellation of the investment. As an example to (3), Garanti BBVA's water related operational expenses decreased by 1.44% and water withdrawal decreased by 9% between 2018 and 2020 thanks to efficiency measures. Garanti BBVA is constantly investing in its HR in order to efficiently undertake such measures. For instance, we have a dedicated team of 6 who are in charge of managing water-related direct and indirect impacts alongside with the other ESG issues. Moreover, Garanti BBVA has Env. Eff. and Env. Mngmnt teams who are responsible for implementation of ISO14001. Almost 1,000 Sust.Representatives are resp. for supporting these teams in achieving env. related goals (incl. water) and are incentivized through monetary and recognition mechanisms.

## W7.4

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

#### Row 1

#### Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

#### Please explain

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

## W8. Targets

### W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Brand/product specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	In order to support Turkey's transition to a low carbon economy Garanti BBVA published its Climate Change Action Plan Statement in 2015. Garanti BBVA focuses its activities on combating climate change on four main areas: (1)putting a price on carbon, prioritization of renewable energy investments, (2)reducing deforestation, (3)management of water risks related to climate change, and (4)establishing green office standards. According to the initial pledge, Garanti BBVA would mobilize EUR 100 billion by 2025 to fight climate change and drive sustainable development. Since 2018, Garanti BBVA contributed EUR 50.2 billion in total to the Pledge 2025. In 2020 achieved half of the objective foreseen for the 2018-2025 period, one year ahead of schedule. Therefore, BBVA is to channel €200 billion in sustainable funding through 2025, doubling the initial €100-billion target announced in February 2018. Garanti BBVA also adopted Sector Norms for energy, mining, agriculture, and infrastructure sectors with this pledge and its new SDG Bond Framework. For its targets and goals regarding its indirect impacts, the Bank has in-house experts that conducts periodic site visits in line with its ESIAP. These efforts are also publicly disclosed and verified by a third party in its integrated annual report. In order to manage and monitor its direct impacts, Garanti BBVA has an extensive ISO14001 EMS for almost 100% of its facilities in Turkey. The Bank closely monitors its environmental performance, targets and goals in each branch and building through a dedicated team and receives annual independent audit for its ISO14001 certification. Garanti BBVA publicly discloses its water consumption (verified by an independent third party within the scope of limited assurance). In order to better manage its environmental performance and set realistic and more ambitious targets, Garanti BBVA established an online data collection system. Sustainability Representatives at each service location uses the platform to enter all relevant resource consumptions, targets regarding these consumption figures and other environmental concerns.

### W8.1a

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

#### Target reference number

Target 1

#### Category of target

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

#### Level

Business activity

**Primary motivation**

Risk mitigation

**Description of target**

We believe that the most of material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed E&S risk assessment framework since 2012. In line with the global trends and best practices, our 2020 target was to further expanding the scope of our risk assessment system. A decision was adopted to apply advanced E&S criteria to all project finance deals without any exceptions in December 2020, hence coverage reached 100%. For more info: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/>

**Quantitative metric**

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

**Baseline year**

2017

**Start year**

2020

**Target year**

2020

**% of target achieved**

100

**Please explain**

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

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**Target reference number**

Target 2

**Category of target**

Water withdrawals

**Level**

Company-wide

**Primary motivation**

Reduced environmental impact

**Description of target**

Even though water consumption is not a material issue for Garanti BBVA and its operations, Garanti BBVA closely monitors and publicly shares its resource efficiency including water-related impacts. Garanti BBVA has released an updated Global Eco-Efficiency Plan, including water withdrawal reduction targets for 2021-2025, publicly. The Bank sets reduction targets (%) for the withdrawal value compared to the previous year and monitors the achievements. The measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches. For more information please see the Garanti BBVA's Global Eco-Efficiency Plan (2021-25) [https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website\\_07092021.pdf](https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website_07092021.pdf)

**Quantitative metric**

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

**Baseline year**

2019

**Start year**

2021

**Target year**

2025

**% of target achieved**

0

**Please explain**

Garanti BBVA's water consumption target for 2020 is arranged around proper hygiene precautions risen due to the pandemic. Since, hand washing was one of the main precaution to avoid of the virus spreading, our ongoing branches during the pandemic still use water compared to higher amounts. The water withdrawal target was decided as 2% of decrease from the base year (2015) consumption (269.780 m3) in line with Garanti BBVA's Global Eco Efficiency Plan, which corresponds to 264.384 m3. The year end consumption was 260.380 m3. Therefore, we have met the target requirements for 2020. According to the new efficiency plan, the target is reducing water withdrawal per square meter by 3% between 2021-2025. In order to achieve this target the Bank invests its time and money to raise awareness, build capacity and utilizing new technologies to reduce our resource consumption including water consumption.

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**Target reference number**

Target 3

**Category of target**

Water withdrawals

**Level**

Company-wide

**Primary motivation**

Reduced environmental impact

**Description of target**

Even though water consumption is not a material issue for Garanti BBVA and its operations, Garanti BBVA closely monitors and publicly shares its resource efficiency including water-related impacts. Garanti BBVA has released an updated Global Eco-Efficiency Plan, including water withdrawal reduction targets for 2021-2025, publicly. The Bank sets reduction targets (%) for the withdrawal value compared to the previous year and monitors the achievements. The measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches. For more information please see the Garanti BBVA's Global Eco-Efficiency Plan (2021-25) [https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website\\_07092021.pdf](https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website_07092021.pdf)

**Quantitative metric**

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

**Baseline year**

2019

**Start year**

2021

**Target year**

2025

**% of target achieved**

0

**Please explain**

Even though water consumption is not a material issue for Garanti BBVA and its operations, Garanti BBVA was published the Global Eco-efficiency Plan, which also includes its water-related targets considering the global trends around the water scarcity. The measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches. Garanti BBVA's water withdrawal in 2020 remained at the same level compared to the previous reporting period due to the pandemic. Since, hand washing was one of the main precaution to avoid of the virus spreading, our ongoing branches during the pandemic still use water compared to higher amounts. According to the new efficiency plan, the target is reducing water withdrawal per employee by 16% between 2021-2025. In order to achieve this target the Bank invests its time and money to raise awareness, build capacity and utilizing new technologies to reduce our resource consumption including water consumption.

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W8.1b

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

**Goal**

Engaging with customers to help them minimize product impacts

**Level**

Business activity

**Motivation**

Reduced environmental impact

**Description of goal**

As part of BBVA Group, Garanti BBVA contributes to BBVA Pledge 2025. BBVA pledged to mobilize EUR 200 billion in green finance, sustainable infrastructures, social entrepreneurship and financial inclusion through 2025, which also includes water-related use of proceeds under several financing mechanisms to support managing water-related risks. The bank also committed to mitigate its own environmental and social risks and minimize potentially negative impacts, both direct and indirect.

**Baseline year**

2018

**Start year**

2018

**End year**

2025

**Progress**

As part of BBVA Group, Garanti BBVA takes its part in contributing to the Pledge through a variety of initiatives and innovative solutions to tackle climate and water related issues. According to the initial pledge, Garanti BBVA would mobilize EUR 100 billion by 2025 to fight climate change and drive sustainable development. Since 2018, Garanti BBVA contributed EUR 50.2 billion in total to the Pledge 2025. In 2020 achieved half of the objective foreseen for the 2018-2025 period, one year ahead of schedule. Therefore, BBVA is to channel €200 billion in sustainable funding through 2025, doubling the initial €100-billion target announced in February 2018. As Garanti BBVA, we have contributed EUR 1.3 billion in total as of end of 2020 for the Pledge 2025 declared by our main shareholder the BBVA Group in 2018.

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**Goal**

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

**Level**

Country level

**Motivation**

Water stewardship

**Description of goal**

As a pioneer in sustainable finance, Garanti BBVA aims to mainstream its good practices and high standards in Turkish finance sector and private sector. In order to achieve this goal Garanti BBVA has several memberships in local and international platforms and leads various initiatives to raise awareness and build capacity. Garanti BBVA is the Chair of BCSD Turkey, the Board Member of UNGC Network Turkey, the Vice Chair of Turkish Industry and Business Association (TUSIAD) Climate and Environment Working Group, etc. Garanti BBVA is the main sponsor of CDP Turkey and launched CDP Water Program in Turkey in 2015 to raise awareness among private sector and motivate them to take action. Garanti BBVA closely engages with policy-makers through these platforms and contributes to water-related regulations. In 2020, we continue to advise our customers to grow their businesses in a sustainable manner in our daily communication and initiatives tailored to their needs. We strive to drive positive change through 44 engagement platforms and 28 memberships. Our engagement activities led to 13 policies/position papers that are issued to contribute SDGs including SDG-6: Clean Water and Sanitation, SDG-12:Resp.Consumption and Production, SDG-13:Climate Change and SDG-17:Partnership.

**Baseline year**

2015

**Start year**

2015

**End year**

2020

**Progress**

We invite our customers to respond to CDP Programs and organize workshops in collaboration with CDP Turkey. In 2015 only 15 companies in Turkey responded to CDP Water Program, in 2020 this number increased to 36. Garanti BBVA also led the efforts for the development of Sustainable Finance Declaration as the Chair of Sustainable Finance Working Group of UNGC Network Turkey. The Declaration aims at integrating the environmental and social risks, including the compliance with RAMSAR (Wet lands) Convention, in lending activities.

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**W9. Verification**

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**W9.1**

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

Yes

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**W9.1a**

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

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	"Total water consumption by volume" and "Total water consumption by source"	ISAE 3000	Includes total water consumption mainly coming from municipality by Garanti BBVA's operations Turkey. Here the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources. Reported following the guidance in GRI G4-EN8 Total water withdrawal by source in the Appendix A.3: Environmental Performance Data of 2020 Integrated Annual Report, p562 Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2020 Integrated Annual Report under assurance standard ISAE 3000 in pages 247-249 <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a>
W3 Procedures	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2020; -Number of rejected projects in 2020; -Risk rating of the assessed projects in 2020; -Number of project site visits conducted during 2020. These KPIs and E&S Governance are reported in the 2020 Integrated Annual Report, p160 (1st part of KPI/Performance Table), p116-131, p247-249 and p558-560 Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2020 Integrated Annual Report under assurance standard ISAE 3000 in pages 247-249 <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> "
W4 Risks and opportunities	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2020; -Number of rejected projects in 2020; -Risk rating of the assessed projects in 2020; -Number of project site visits conducted during 2020. These KPIs and E&S Governance are reported in the 2020 Integrated Annual Report, p160 (1st part of KPI/Performance Table), p116-131, p247-249 and p558-560 Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2020 Integrated Annual Report under assurance standard ISAE 3000 in pages 247-249 <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> "
W6 Governance	Sustainability Governance	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2020; -Number of rejected projects in 2020; -Risk rating of the assessed projects in 2020; -Number of project site visits conducted during 2020. These KPIs and E&S Governance are reported in the 2020 Integrated Annual Report, p160 (1st part of KPI/Performance Table), p116-131, p247-249 and p558-560 Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2020 Integrated Annual Report under assurance standard ISAE 3000 in pages 247-249 <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> "
W8 Targets	Environmental and Social Impact Assessment Process	ISAE 3000	"The following KPIs have been verified within the scope of third party assurance (limited assurance): E&S Impact Assessment Process related to projects financed by Garanti BBVA: -Number of assessed projects in 2020; -Number of rejected projects in 2020; -Risk rating of the assessed projects in 2020; -Number of project site visits conducted during 2020. These KPIs and E&S Governance are reported in the 2020 Integrated Annual Report, p160 (1st part of KPI/Performance Table), p116-131, p247-249 and p558-560 Garanti BBVA's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2020 Integrated Annual Report under assurance standard ISAE 3000 in pages 247-249 <a href="https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/">https://www.garantibbvainvestorrelations.com/en/integrated-annual-report/</a> "

**W10. Sign off**

**W-FI**

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

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

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

**W10.1**

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

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

**W10.2**

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

Yes

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

**Please confirm below**

I have read and accept the applicable Terms

