Water 2016 Information Request
T.GARANTİ BANKASI A.Ş.

Module: Introduction

Page: W0. Introduction

W0.1
Introduction

Please give a general description and introduction to your organization.

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of US$ 103.1 billion as of March 31, 2016. Garanti Bank has a market capitalization of TL 34.6 billion (USD 12.2 billion) as of the end of 1Q16 and is the most valuable company in Turkey. With an actual free float ratio of 50.02% and TL 17.3 billion floating market capitalization, Garanti also has the highest free float in BIST 100.
Garanti is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage, and asset management besides international subsidiaries in the Netherlands, Russia and Romania.
As of March 31, 2016, Garanti provides a wide range of financial services to more than 14 million customers with its 19.8 thousand employees through an extensive distribution network of 972 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai 4,540 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure. Garanti is controlled by two powerful entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğuş Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.02% in Borsa Istanbul as of March 31, 2016. Moving forward to maintain sustainable growth by creating value to all its stakeholders, Garanti builds its strategy on the principles of always approaching its customers in a "transparent", "clear" and "responsible" manner, improving customer experience continuously by offering products and services that are tailored to their needs. Its competent and dynamic human resources, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector. With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its custom-tailored solutions and wide product variety play a key role in reaching US$ 81.3 billion cash and non-cash loans. The high asset quality attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

Garanti Bank established the Sustainability Committee in 2010 with the aim of coordinating the work undertaken in the area of sustainability. Operating under the Board of Directors, the Sustainability Committee is chaired by one of the Board members. In 2012, The Bank established a full-time Sustainability Team, responsible for the coordination of all sustainability-related activities at Garanti Bank, under the Project and Acquisition Finance Department. The Sustainability Team regularly reports to the Sustainability Committee, works in cooperation with the Bank's other units during the implementation of the decisions taken by the Committee. In addition to its Sustainability Committee and Sustainability Team, the Bank has formed 7 working groups. In 2014, Garanti's new Sustainability Policy and Strategy were approved by the Sustainability Committee. In 2015, the CEO and the Chief Credit Risk Officer joined the Committee as permanent members. Garanti Bank defines Sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in. During the reporting year, Garanti conducted a materiality analysis for its Sustainability Report in accordance with the new Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines to comprehensive option. "Climate Change" and "Water Scarcity" turned out to be some of the most material issues for both the Bank and its stakeholders. Therefore, the Bank decided to support the CDP Water Program. The Program was launched in Turkey with Garanti as the main sponsor in 2015.

W0.2
Reporting year

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

Period for which data is reported
Thu 01 Jan 2015 - Thu 31 Dec 2015

W0.3
Reporting boundary

Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported.

Companies, entities or groups over which operational control is exercised

W0.4
Exclusions

Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

No

Further Information

Module: Current State

Page: W1. Context

W1.1
Please rate the importance (current and future) of water quality and water quantity to the success of your organization

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Sufficient amounts of good quality freshwater available for use is important for employee health. In order to provide good quality drinking water Garanti implemented a reverse osmosis treatment plant in its Zincirlikuyu Head Office building. Additionally, each department has its own ozone based mini water-treatment system in their kitchens.
	Neutral	Not very important	

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of recycled, brackish and/or produced water available for use			As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. However, as a best practice Garanti collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. But the amount of recycled water is not monitored.

W1.2

For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- total volumes	76-100	Garanti Bank collects water data from all of its buildings and branches in Turkey (subsidiaries are excluded). And 2015 water consumption data was verified by a third party company. Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources (surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting year. Garanti aims to keep daily water consumption under control through the use of new faucets with a lower flow rate. The Bank also collects the rainwater from the roof of the head office building, using it in landscape irrigation. Mains water is treated and used as drinking water at the head office building, which is not a widespread practice in Turkey where most drinking water is purchased. This initiative at its head office building eliminates use of plastic bottles and the greenhouse gas emission caused by their delivery.
Water withdrawals- volume by sources	76-100	Only municipal supply is used for all facilities. Facilities disclosed in W5 are all in Istanbul except for Sivas Call Center. Istanbul Metropolitan Municipality withdraws water from Ömerli, Pabuçdere, Sazlıdere, B. Çekmece, Alibey, Terkos, Kazandere, Elmalı, Darlık and Istırancalar Dams. All of them are in Marmara Basin. However it is not practical nor feasible to determine exactly which dam the supply for Garanti facilities comes from. The rest of the facilities (972 branches) are from all over Turkey and it is impractical to share source information. The water demand of City of Sivas is being supplied from water wells located near Tavra Creek and treated water fed from “4 Eylül Dam”
Water discharges- total volumes	76-100	Water is discharged directly to the municipal sewage system.
Water discharges- volume by destination	76-100	Water is discharged directly to the municipal sewage system. There are 13 waste water treatment facilities under Istanbul Metropolitan Municipality. However it is not practical nor feasible to determine which treatment plant the discharged water from Garanti facilities is being sent to and where it is discharged afterwards. The rest of the facilities (972 branches) are from all over Turkey and it is impractical to share discharge information. The city of Sivas The water demand of City of Sivas discharges its water to Kızılırmak River (Red River).
Water discharges- volume by treatment method	76-100	Majority of the water discharges from Garanti facilities are sent to municipal treatment plants. Unfortunately some municipalities do not have treatment plants. However it is impractical to determine for every single one of 972 branches.
Water discharge quality data- quality by standard effluent parameters	Less than 1%	We do not have the information on the discharge quality data since the wastewater is treated at the municipal treatment plants
Water consumption- total volume	76-100	Water consumption at Garanti Facilities consists of drinking, cooking, cleaning purposes, lavatories, and HVAC systems.
Facilities providing fully-functioning WASH services for all workers	76-100	Garanti Bank provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and it is used for drinking and cooking purposes.

W1.2a

Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	No fresh surface water withdrawal.
Brackish surface water/seawater	0	Not applicable	No brackish surface water/seawater withdrawal
Rainwater	0	About the same	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.
Groundwater - renewable	0	Not applicable	No groundwater – renewable withdrawal
Groundwater - non-renewable	0	Not applicable	No groundwater – non-renewable withdrawal
Produced/process water	0	Not applicable	No produced/processed water withdrawal
Municipal supply	269.78	Much lower	In 2014, Garanti Bank’s total water withdrawal was 381 megaliters/year. In 2015, it decreased to 269.78 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti Bank’s water management process and water withdrawal* values are publicly available in its Sustainability Report (*In the Sustainability Report water withdrawal is referred to as water consumption).
Wastewater from another organization	0	Not applicable	No wastewater from another organization
Total	269.78	Much lower	Garanti sets targets to lower its water use. With all its efficiency efforts Garanti Bank has significantly lowered its water withdrawal for the facilities within the boundaries of this report. In 2014, Garanti Bank’s total water withdrawal was 381 megaliters/year. In 2015, it decreased to 269.78 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti Bank’s water management process and water withdrawal* values are publicly available in its Sustainability Report (*In the Sustainability Report water withdrawal is referred to as water consumption).

W1.2b

Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	No fresh surface water discharge
Brackish surface water/seawater	0	Not applicable	No brackish surface water/sea water discharge
Groundwater	0	Not applicable	No groundwater discharge
Municipal/industrial wastewater treatment plant	243.83	Not applicable	Garanti Bank estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation & cleanup) is 5-7 liters per person per day. We assume 5 liters per person per day water consumption for our employees. http://www.searo.who.int/LinkFiles/List_of_Guidelines_for_Health_Emergency_Minimum_water_quantity.pdf • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Bank's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • 5 L/FTE/day x 19,962 FTE x 260 days/year = 25,950,600 L/year = 25.95 megaliters/year • Water discharge is 269.78 megaliters/year – 25.95 megaliters/year = 243.83 megaliters/year
Wastewater for another organization	0	Not applicable	No wastewater from another organization
Total	243.83	Not applicable	Last year Garanti Bank set its reporting boundary as facilities with more than 700 employees. This year we expanded the boundary as all facilities.

W1.2c

Water consumption: for the reporting year, please provide total water consumption data, across your operations

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
25.95	This is our first year of measurement	Last year Garanti Bank set its reporting boundary as facilities with more than 700 employees. This year we expanded the boundary as all facilities. This is our first year of estimation for all the facilities. Garanti Bank estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation & cleanup) is 5-7 liters per person per day. We assume 5 liters per person per day water consumption for our employees. http://www.searo.who.int/LinkFiles/List_of_Guidelines_for_Health_Emergency_Minimum_water_quantity.pdf • 5 L/FTE/day x 19,962 FTE x 260 days/year = 25,950,600 L/year = 25.95 megaliters/year • Water discharge is 269.78 megaliters/year – 25.95 megaliters/year = 243.83 megaliters/year

W1.3

Do you request your suppliers to report on their water use, risks and/or management?

No

W1.3b

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management

Primary reason	Please explain
Reporting implementation in progress	We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti is also managing its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified Environmental Management System. By the end of 2016, Garanti targets supplier contracts representing 50% of total procurement is targeted to include specific provisions regarding compliance with Garanti Bank's EMS. Once this target is realized and a certain level of awareness among the entire supply chain is achieved, Garanti will consider requesting regular reporting for water-related data from its suppliers. Moreover, the companies in our supply chain (cargo, accommodation, transportation, etc..) are not in water intense sectors.

W1.4

Has your organization experienced any detrimental impacts related to water in the reporting year?

Yes

W1.4a

Please describe the detrimental impacts experienced by your organization related to water in the reporting year

Country	River basin	Impact indicator	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
Turkey	Other: Due to the wide variety of	Phys-Climate Change	Reduction in revenue	Due to extreme weather events, such as floods,	A few months	In 2015, total damages that borrowers	Greater due diligence	Garanti Bank undertakes an Environmental and Social risk assessment during the due

Country	River basin	Impact indicator	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
	projects financed by Garanti, selection of a single river basin is inapplicable.			construction equipment of some infrastructure projects such as port, motorway and hydropower plants were effected.		faced due to these impact was approximately US$800,000. The losses were compensated by insurance companies.		diligence phase of greenfield projects with an investment amount more than US$ 20 million*. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E&S risks. *This threshold was valid between 2012 and 2016, including reporting period. In order to better manage these risks, In 2016, Garanti lowered this limit to 10 million USD.
Turkey	Other: Due to the wide variety of projects financed by Garanti, selection of a single river basin is inapplicable.	Phys-Seasonal supply variability/inter annual variability	Plant/production disruption leading to reduced output	Access to fresh water resources is critical for a variety of sectors which utilize water as a main ingredient or for other purposes such as cooling water.	1-3 years	Due to inherent uncertainty, Garanti Bank has not estimated the potential financial impact of those risks in all sectors.	Greater due diligence	Garanti Bank undertakes an Environmental and Social risk assessment during the due diligence phase of greenfield projects with an investment amount more than US$ 20 million*. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E&S risks. Water-related criteria in the assessment process are as follows: • Selection of location & project area (If a project is located in a RAMSAR area, it is immediately rejected regardless of the size) • Current characteristics of water prior to the project • Impact on ground water • Impact on surface water • Water quality and quantity after the project • Alternative water supply sources With this process, Garanti is able to support its customers to manage their water-related risks. For instance, Garanti Bank asked from a thermal power plant project, during the loan assessment, that cooling water should be obtained from seawater through desalinization, since the Bank has identified during its Environmental and Social Risk Assessment Process that the flow rate of the water in the river basin would be insufficient during summer. If the customer didn't accept to install a desalinization plant which was included as a requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations. *lowered from US$ 20 million to US$ 10 million in 2016.

Further Information

Attachments

https://www.cdp.net/sites/2016/29/21129/Water 2016/Shared Documents/Attachments/Water2016/W1.Context/024-2016 Garanti Inclusion assurance report.pdf
https://www.cdp.net/sites/2016/29/21129/Water 2016/Shared Documents/Attachments/Water2016/W1.Context/GARANTI_SUSTAINABILITY_2015_low_final.pdf

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

Please select the options that best describe your procedures with regard to assessing water risks

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations	All facilities	Garanti Bank believes that the main water risks related to the company lie with the downstream impacts arising from financing activities, rather than supply chain or the Bank's own facilities. "Direct operations" was selected since there wasn't an option for downstream impacts in the drop-down menu. With our holistic approach to managing water-related risks and opportunities, Garanti was the only Turkish bank and one of only two banks worldwide to be included as a case study in the UN components' report "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Adaptation-2015.pdf

W2.3

Please state how frequently you undertake water risk assessments, what geographical scale and how far into the future you consider risks for each assessment

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Country	3 to 6 years	Garanti undertakes an E&S risk assessment during due diligence of greenfield projects with an investment amount over US$ 20 million*. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E&S risks. *In 2016 Garanti lowered the investment amount for due diligence to US$ 10 million.

W2.4

Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?

Yes, evaluated over the next 5 years

W2.4a

Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy?

As per its Sustainability Strategy, Garanti Bank defines activities that potentially have a significant impact on the business performance, environment and society as “strategic priorities”. As a “strategic priority”, Garanti Bank focuses on customers through sustainable finance by setting a) environmental and social risk processes across the Bank and its local and international subsidiaries to minimize the negative impact of lending and investment activities, and b) by developing products and services that help catalyze the transition towards a more sustainable economy. Both a) and b) are covering Garanti Bank’s efforts to mitigate the long term risks and capture mid to long-term opportunities which are associated to environmental issues such as climate change and water. Not mitigating these risks could result in increased NPL values and issues regarding reputational risks. Garanti’s sustainability strategy is embedded into its growth strategy. This approach helps Garanti to maintain its competitive position in the market and strengthen its business.

a) In order to manage our indirect water footprint, we ensure, request and monitor that appropriate measures are taken to minimize environmental impacts and to reduce the consumption of water and other resources, ensure recycling is undertaken and that negative impacts on water quality are minimized based on our Environmental and Social Risk Assessment Process (ESIAP). Issues that are considered as part of the ESIAP are as follows: • Proper site selection considering sensitive and protected areas (For instance, projects located in RAMSAR areas are not financed by Garanti Bank) • Current characteristics of water • Impact on ground and surface water • Effluent water quality
b) Garanti Bank offered a new credit line called “Agricultural Irrigation Systems Loans” in the first quarter of 2015. The agricultural sector, in which wild irrigation is still the dominating type of irrigation, is responsible for approximately 70% of total water consumption. By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation.

W2.5

Please state the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
Internal company knowledge	Based on its Environmental and Social Loan Policies, Garanti does not finance projects and activities that are in RAMSAR zones, without any monetary limitations or undertaking further E&S impact assessment. Tis policy covers 100% of loans provided by the Bank. Furthermore, Garanti undertakes an E&S risk assessment during due diligence of greenfield projects with an investment amount over US$ 20 million*. During this assessment, Garanti Bank supports its customers to better manage their water-related risks, along with all the other E&S risks. *In 2016 Garanti lowered the investment amount for due diligence to US$ 10 million. Garanti uses its own Environmental and Social Impact Assessment Process (ESIAP), which is compliant with international best standards and practices, for water risks assessments. Water-related criteria of ESIAP are as follows: • Proper site selection considering sensitive and protected areas (For instance, projects located in RAMSAR areas are not financed by Garanti Bank) • Current characteristics of water • Impact on ground and surface water • Effluent water quality For details of our E&S Risk Management please refer to our 2015 Sustainability Report pages 86-97 and 145-149 http://www.garanti.com.tr/en/our_company/sustainability/developments/reports.page?gbid2=202122

W2.6

Which of the following contextual issues are always factored into your organization's water risk assessments?

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	The parameters below are assessed under ESIAP: • Proper site selection considering sensitive areas (For instance, projects located in RAMSAR areas are not financed by Garanti Bank) • Current characteristics of water • Effluent water quality • Impact on ground and surface water quality and quantity For example, during one of motorway projects we financed, the route was deviated due to a drinking water resource on the route at Asian side of Istanbul, as a result of ESIA studies.
Current water regulatory frameworks and tariffs at a local level	Relevant, included	Changes in the regulatory framework related to environment are closely monitored and ESIAP is updated accordingly where necessary. During 2015, the ESIAP was updated based on the current regulatory changes including EIA regulation and water related legislation, and continued to be applied while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders. For example, communique on online wastewater monitoring systems was published in 2015 and added into the legislative issues in the environmental management plans to be complied by the Borrower.
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	During ESIAP, the project location and current stakeholder views are taken into account and public reactions and their reasons etc. are investigated prior to the project. If there is a huge level of stakeholder conflict, the project is whether directly rejected or applicable actions are taken to avoid conflicts. For example, detailed stakeholder engagement plans including public participation meetings, disclosure project reports and complaint mechanisms were requested from the Borrowers and were later put into action. These requirements are added to the loan agreement, as part of the environmental and social action plan or as a separate document/covenant. Therefore, currently, there is no stakeholder conflict concerning water resources at a local level.
Current implications of water on your key commodities/raw materials	Relevant, included	Being one of the major material issues for the Bank, current implications of water is assessed for projects that we finance. Currently the water quantity and quality for the projects that we finance are sufficient and satisfactory according to the Bank’s ESIAP. For each project, the impact on water sources and other water-related risks are assessed in detail. Additional measures may be required from the clients if necessary.
Current status of ecosystems and habitats at a local level	Relevant, included	Garanti Bank requires in depth ecosystem assessment reports during ESIAP for the projects. Available reports are reviewed and investigated by ESIAP questions that whether current status of the ecosystem and habitat characteristics is assessed or not. If there is no necessary study related to the ecosystem and habitats, client is required to conduct additional study for the baseline ecosystem /habitat or ESIA including detailed ecosystem /habitats section. For example, following issues were detected in some projects and necessary studies were requested; • Insufficient EIA reports with insufficient ecosystem assessment study • Insufficient environmental water released to riverbed • Insufficient water at downstream- impacts to farmers • Endemic fishes or other aquatic species • Impacts on wildlife including bird migration routes
Current river basin management plans	Relevant, included	Garanti Bank takes river basin management into consideration with specific questions through its risk assessment processes. However currently there is a significant data gap for river basins in Turkey. National and local authorities have

Issues	Choose option	Please explain
		embarked on a project to study the river basins with all various stakeholders and fill this data gap with accurate river basin information and management and the studies are ongoing.
Current access to fully-functioning WASH services for all employees	Relevant, included	For more information regarding Garanti Bank's fully functioning WASH services for its employees please refer to question W1.2. Social impacts of the projects including occupational and community health and safety are assessed in detail in ESIAP as well. There are specific questions addressing socio-economy, human health, transportation and traffic issues. Water supply, sanitation and hygiene development are requested as an item of environmental management plans which are requested as part of loan agreements.
Estimates of future changes in water availability at a local level	Relevant, included	Future changes in water availability at local level are estimated before funding the projects. For example in one of the planned HEPPs, Garanti requested a climate model for the location of the project in order to estimate impacts of climate change on water flows and as a conclusion, to estimate availability of water during operation. Two different compatible universities determined by the Garanti Bank were assigned for modeling study, and depending on the result, the client decided not to move forward with the project. Cumulative impact assessments are also requested for the projects including hydroelectricity and thermal power plants, even though they're not required by local regulations. In a thermal power plant project, for the continuity of natural life in the riverbed in the vicinity of the project site, Garanti requested an additional investment to supply cooling water from the sea rather than the riverbed to protect and the flora & fauna in the riverbed.
Estimates of future potential regulatory changes at a local level	Relevant, included	Potential regulatory changes and trends are closely and regularly followed up by Energy Team and Sustainability Team of the Project Finance Department and necessary actions are taken in the decision making.
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	Prior to financing, detailed social impact assessment is conducted as part of our ESIAP and potential stakeholder conflicts at a local level is investigated. Public engagement meetings are organized by the environmental consultant for each project under assessment during ESIA period prior to initiation the project. During these meetings consultant gather information about the expectations of the local people and report it to Garanti.
Estimates of future implications of water on your key commodities/raw materials	Relevant, included	Being one of the major material issues for the Bank, future implications of water is assessed for projects that we finance. If the project does not meet the Bank's standards within the scope ESIAP, additional measures are required from the client. If these requirements are not met, the project is rejected.
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	By detailed environmental due diligence as part of our ESIAP, future potential changes in the status of ecosystem and habitat is estimated. For example, if there is habitat or ecosystem degradation, quantity is calculated. If tree cutting is inevitable during the course of a project, amount of land is calculated and necessary offsetting actions are taken. For example, to mitigate impacts of deforestation, planting and care of 4-5 trees for every tree that is cut down are requested from borrowers.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, included	Before financing the project, Project Finance Department conducts scenario analysis of availability of sufficient quantity and quality of water at a local level, and decisions are taken based on the result of these analysis. For instance, during one of environmental and social due diligence process for a hydro power project in the southwest of Turkey, we identified future risks regarding the river flow. There was especially one risk that would affect their financial performance significantly. It was the adverse impacts of climate change on the river flow. So after this initial due diligence, we decided to work with 2 universities to identify the actual impact of climate change on this project by scenario analyses and identified that there will be 8% decrease in precipitation. Also nearly 1 degree increase in the temperature and we found that the flow will decrease around 15% in the dam basin. Finally, we identified that this means nearly 15% decrease in the electricity production. So this was a major shift in the cash flow that the borrower initially calculated. At the end, together with all the other risks that Garanti identified, the borrower decided to move forward with a geothermal investment rather than the hydro. We were able to prove the financial impact of environmental risks and this changed their investment decision.
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, not yet included	Currently not being evaluated due to the uncertainty and lack of data from governmental bodies.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, included	Before financing, current and possible stakeholder conflicts are reviewed as part of detailed social due diligence, and necessary actions are taken. After financing the project, Garanti Bank monitor the project and stakeholder views and potential scenarios are taken into account and proceeded accordingly.
Scenario analysis of implications of water on your key commodities/raw materials	Relevant, included	Being one of the major material issues for the Bank, future implications of water is assessed for both direct operations and projects that we finance. If the project does not meet the Bank's standards within the scope ESIAP, additional measures are required from the client. If these requirements are not met, the project is rejected.
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Relevant, included	Scenario analysis of potential changes in the status of ecosystems and habitats at a local level are conducted with the ecosystem assessment reports and modelling studies before financing ,as part of ESIAP.
Other	Relevant, included	Due to varying impacts on water sources Garanti developed specific provisions for each sector. Some of these sectorial principles related to water are stated as below; HEPPs •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology •Alternative technical designs •Preventive measures for flow direction, flow rate & drainage changes, excavation in the water source, dredging & sediment accumulation •Periodical environmental water release monitoring during operations Thermal PP •Discharge of cooling and process water (wastewater & thermal discharge) •Cumulative impact studies for thermal discharge •Minimizing the impact on the ecosystem •Alternative water supply methods Geothermal PP •Reinjection is required for groundwater preservation Mining Projects •Water management strategies •Reduction measures, recycling/re-use •Prevention of acid rock drainage Other Projects •Effluent water discharge management •Best Available Technologies (BAT) for treatment facilities •Efficient usage, recycling/re-use

W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

Stakeholder	Choose option	Please explain
Customers	Relevant, included	Garanti conducts ESIAM for greenfield projects over US$ 20 million*. Not only do we assess the water related issues and risks of the project, but we also work hand in hand with our customers to raise their awareness on water-related issues. (*lowered to US$ 10 million in 2016.) Garanti held a workshop on Management of Environmental and Social Risks in the Energy and Infrastructure Sectors on October 9, 2015 for its 22 customers in the energy and infrastructure sectors In addition to Garanti, executives from EBRD, an expert on responsible investment, an academic from Boğaziçi University and 2 representatives from an international consultancy firm gave presentations during the training. In the scope of the training, customers were informed on local and international regulations on E&S issues, best practices on these issues, good and bad examples on the issue of sustainability and the environmental and social standards of banks.
Employees	Relevant, included	Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Therefore, Garanti takes every chance to build capacity on water risks among its employees. For instance, internal memos and informative emails are shared periodically with the entire staff to draw attention to not only water but environmental issues and the Bank's efforts for minimizing its impacts on the environment. Garanti Bank also provides in-class and distance learning training programmes for loan officers related to the implementation of its ESIAP.
Investors	Relevant, included	The Bank responds to CDP Water as well as ESG rating agencies to provide a better understanding of its water management to the investors. Moreover, Garanti's Sustainability Team cooperates with its Investor Relations team to respond investor's particular requests on water management
Local communities	Relevant, included	

Stakeholder	Choose option	Please explain
		When Garanti Bank runs a project through its ESIAP, one of the most important stakeholder is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment.
NGOs	Relevant, included	Garanti always works hand in hand with NGOs for both its direct and indirect impacts. During our materiality analysis we engaged with many NGOs to learn their perspective and studies about water risks. Garanti is the main sponsor of CDP Turkey Water Program and is also a member of Water Advisory Council founded by CDP Turkey. Also, Garanti attends water related workshops and seminars hold by NGOs as speaker and share its policies and experiences. Our EVP responsible for Project Finance & Sustainability was a panelist at WWF Turkey Water Panel in April 2016
Other water users at a local level	Relevant, included	Garanti Bank's ESIAP makes sure that water usage rights of downstream communities are protected.
Regulators	Relevant, 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 & Business Association, or directly while drafting the regulations, time to time. If we are consulted, we always give our opinion for the draft regulations. We also attend seminars or workshops organized by regulatory bodies. An issue related to water monitoring stations; water monitoring stations for dams and hydroelectric power plants are supervised by State Hydraulic Works. The Bank does not have direct contact or responsibility to involve in this process. However, Garanti follows the results of the monitoring data by regulators & client. Turkey's new Water Law is expected to come into force in 2016. Garanti states its suggestions via Water Advisory Council founded by CDP Turkey to the public authorities and policy makers.
River basin management authorities	Relevant, included	River basin management is a new issue in Turkey and currently regulated by the public authorities. Same as above mentioned, Garanti Bank has not direct contact nor have responsibility to get involved in this process. Nevertheless, Garanti requires that the project or client has no conflict River basin management authorities.
Statutory special interest groups at a local level	Relevant, included	Statutory special interest groups are also considered in the social due diligence for the projects and stakeholder engagement plans.
Suppliers	Not relevant, explanation provided	We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti Bank has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti is also managing its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified Environmental Management System. By the end of 2016, Garanti targets supplier contracts representing 50% of total procurement is targeted to include specific provisions regarding compliance with Garanti Bank's EMS.
Water utilities/suppliers 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		

Further Information

Module: Implications

Page: W3. Water Risks

W3.1

Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes, direct operations only

W3.2

Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk

Garanti Bank defines;
(1) the negative impact of water-related risks on the financial or non-financial performance (such as reputation) of the projects with an investment amount of more than US$ 20 million*. (*lowered to US$ 10 million from US$ 20 million in 2016) , and
(2) loss of revenues due to service interruption originating from a water-related disaster such as flooding regardless of the duration of interruption as substantive changes in our business. The management method for both risks are explained below: (1) The ratio of financing provided to projects prone to water-related risks in 2015 is 41% in our project finance portfolio. Accordingly, Garanti Bank has a robust Environmental and Social Risk Management Process in place that allows us to minimize the risks associated to water along with other environmental and social risks.

W3.2a

Please provide the number of facilities* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure and the proportion this represents of total operations company-wide

Country	River basin	Number of facilities exposed to water risk	Proportion of total operations (%)	Comment
Turkey	Other: Project finance clients and Garanti offices in Turkey. Therefore it is not possible to give exact river basin information.	6	41-50	Garanti financed 6 projects prone to water-related risk (power, infrastructure, &industrial facilities) in 2015. The ratio of financing provided to these projects is 41% in projects financed in 2015. Which was 51% for the previous year. In order to manage the potential risks associated to environment including water risks, Garanti has a robust environmental and social risk assessment in place.

W3.2b

Please provide the proportion of financial value that could be affected at river basin level associated with the facilities listed in W3.2a

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected within the river basin	Comment
Turkey	Other: Project finance clients and Garanti offices in Turkey. Therefore it is not possible to give exact river basin information.	Other: % of total loans	41-50	In 2015, Garanti provided US$ 1.451 billion in funds to projects prone to water-related risks.

W3.2c

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
Turkey	Other: All Garanti offices in Turkey. Therefore it is not possible to give exact river basin information.	Physical-Flooding	Property damage	Water-related disasters such as flooding could result in service interruption, which translates into loss of revenues.	Current-up to 1 year	Probable	Low	Develop flood emergency plans	Low	Garanti Bank's Business Continuity Management Plan cover all of the following in case of natural disaster or significant hazard: ensuring continuity in customer service, fulfilling legal obligations, minimizing financial losses, providing employee security and safeguarding of information assets. To date, 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 2015 was TRY 596 per annum).
Turkey	Other: Due to the wide variety of the projects financed by Garanti, selection of a single river basin is inapplicable	Physical-Drought	Other: Negative impact on financial performance	Changes in precipitation patterns due to climate change result in reduced electricity production in our hydropower plant portfolio.	1-3 years	Probable	High	Greater due diligence	Low	Garanti Bank undertakes Environmental and Social Impact Assessment Model risk assessment during the due of projects with an investment amount more than US$ 20 million. (lowered to US$ 10 million in 2016) During this assessment, Garanti Bank supports its client to better manage their water-related risks, along with all the other E&S risks. Regarding E &S risks at power and infrastructure sectors, we conducted a workshop for our clients in 2015. Approximate cost of this training was US$ 5,000
Turkey	Other: Due to the wide variety of the projects financed by Garanti, selection of	Physical-Seasonal supply variability/Inter annual variability Other:	Plant/production disruption leading to reduced output	Access to fresh water resources is critical for a variety of sectors which utilize water	1-3 years	Probable	Medium	Greater due diligence	Low	Garanti Bank undertakes an Environmental and Social risk assessment during due diligence for

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
	a single river basin is inapplicable	Decrease in financial performance		as a main ingredient or for other purposes such as cooling water.						greenfield projects with an investment amount more than US$ 20 million. Water-related criteria in the assessment process are as follows: • Selection of location & project area (If a project is located in a RAMSAR area, it is immediately rejected regardless of the size) • Current characteristics of water prior to the project • Impact on ground water • Impact on surface water • Water quality and quantity after the project • Alternative water supply sources With this process, Garanti is able to support its customers to better manage their water-related risks. For instance, Garanti Bank asked from a thermal power plant project, during the loan assessment, that cooling water should be obtained from seawater through desalinization, since Garanti Bank has identified during its Environmental and Social Risk Assessment process that the flow rate of the water in the river basin would be insufficient during summer. If the customer didn't accept to install a desalinization plant which was a requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations. To date, our primary cost has been training of key staff for the implementation

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										of ESIAP (the cost of all trainings –both in-class and distant learning- per employee in 2015 was TRY 596 per annum).
Turkey	Other: Due to the wide variety of the projects financed by Garanti, selection of a single river basin is inapplicable	Regulatory-Unclear and/or unstable regulations on water allocation and wastewater discharge	Fines/ penalties	Projects that are financed by Garanti may get fines/penalties based on regulation updates.	1-3 years	Probable	Medium	Other: Regular follow up on international standards and updating the ESIAP accordingly.	Low	Garanti makes sure that its ESIAP fully covers national regulations and standards and is always up to date. Our model goes beyond these standards and it is based on international standards and best practices. Therefore the Bank takes proactive action to eliminate such risks. Committed to continuous improvement, In 2016, Garanti expanded the scope of its Environmental and Social Impact Assessment Process by lowering its limit for detailed assessment to US$ 10 million from US$ 20 million investment amount. We engage with NGOs and public bodies to support and improve the Water Law that is being expected to come into force in 2016.
Turkey	Other: Due to the wide variety of the projects financed by Garanti, selection of a single river basin is inapplicable	Reputational-Negative media coverage	Brand damage	Reputational damage due to controversial issues could result in early withdrawal of time deposits worth TRY 150 million.	1-3 years	Probable	Medium	Greater due diligence Other: Regular follow up on international standards and updating the ESIAP accordingly.	Low	Through our extensive ESIAP, we ensure that none of the projects financed by Garanti has any disruptive outcomes for the environment. We request the customer to take further actions where necessary. For instance, in a thermal power plant project, for the continuity of natural life in the riverbed in the vicinity of the project site, Garanti requested an additional investment to supply cooling water from the sea rather than the riverbed from the

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										borrower. Furthermore, through its support for CDP Water, Garanti Bank aimed to help increase building the capacity of private sector in Turkey, especially large corporates, about the business risks associated to water. In 2015, its first year, 15 companies responded to the program.

W3.2f

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason	Please explain
Risks exist, but no substantive impact anticipated	Supply chain (Upstream impacts) does not hold any significant environmental risks for banking sector. Our supply chain consists of service companies such as catering and cleaning. Any water-related risks that could arise regarding these companies would not affect Garanti Bank's financial performance or its ability to provide its products and services for its customers. Garanti addresses these issues each year under Supply Chain Management in its Sustainability Report prepared in accordance with GRI G4 Comprehensive Option. Our main risks and impacts lie in our financing activities. Therefore, it more feasible for us to focus on our downstream impacts. Nevertheless, we have already started to manage our upstream impacts, through asking for compliance to our Environmental Management System from our suppliers.

Further Information

Page: W4. Water Opportunities

W4.1

Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?

Yes

W4.1a

Please describe the opportunities water presents to your organization and your strategies to realize them

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
Company-wide	Improved water efficiency	Garanti continuously tries to improve the efficiency of the water consumption related to its operations. This immediately results in cost savings.	Current-up to 1 year	Garanti has reduced its water consumption by 30% compared to the previous year's withdrawal. (from 381 megaliters in 2014 to 269.78 megaliters in 2015) Measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches. In this context, Garanti Bank aims to keep daily water consumption under control through the use of new faucets with a lower flow rate. The Bank also treats and collects the rainwater from the roof of the head office building, using it in landscape irrigation. Furthermore, 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. As a result, the Bank's initiative at its head office building eliminates use of plastic bottles and the GHG emissions caused by their transport. In addition to the above, flushes have 3 or 6 liters options available in new branches. Reduction in water consumption from flushing is targeted with this arrangement.
Turkey	Climate change adaptation	In October 2015 Garanti Bank published its Climate Change Action Plan in order to support Turkey's battle against climate change and support its transition to a low carbon economy.	1-3 years	Climate Change Action Plan which represented our support of this subject in four main areas; i) carbon pricing and prioritizing renewable energy investments; ii) helping to decrease deforestation; iii) helping to manage water risks associated with climate change adaptation and design and iv) implementation of green office standards. http://www.garantiinvestorrelations.com/en/corporate-governance/detay/Climate-Change-Position-Statement-Action-Plan/854/3630/0 In 2015 Garanti became the first bank in Turkey to ratify the Caring for Climate (C4C) statement. With our holistic approach to managing water-related risks and opportunities, Garanti is the only Turkish bank and one of only two banks worldwide to be included as a case study in the UN components' report "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Adaptation-2015.pdf
Turkey	Collective Action	The 2030 Agenda for Sustainable Development, including the UN Sustainable Development Goals, was agreed by over 150 world leaders.	1-3 years	These global goals comprise a total of 169 targets under 17 main topics such as poverty, hunger, environment, gender equality and justice and helped us ensure our activities and existing commitments are in line with the global agenda. SDG 6: Clean Water & Sanitation and SDG 14: Life Below Water are related directly to water. As an industry leader in sustainability, Garanti Bank closely follows such developments and seeks opportunities to implement and adapt to its strategy. SDG 15: Life on Land is also parallel to Garanti's Agricultural Irrigation Systems Loan which aims to promote efficient irrigation systems.
Turkey				

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
	Climate change adaptation	For the countrywide activities, environmental measures undertaken after the ESIAP provide significant advantage in climate change adaptation.	Current-up to 1 year	Garanti Bank's ESIAP enables the Bank identify the current and future risks associated to water of the projects financed, thus take all necessary actions to avoid negative impacts of climate change.
Turkey	Competitive advantage	Garanti is undertaking an advisory role to its clients with its comprehensive environmental and social risk assessment model.	Current-up to 1 year	Garanti Bank's ESIAP enables the Bank identify the current and the future risks associated to water of the projects financed, thus take all necessary actions to avoid negative impacts. This not only lowers the Bank's financial risks, but also lowers the customers financial and non-financial risks; resulting in customer satisfaction and stronger customer relationship.
Turkey	Sales of new products/services	Garanti launched a new product called Agricultural Irrıgation Systems Loan in Q1 2015 for efficient water irrigation systems such as drip irrigation and sprinkler systems. With this new product, Garanti aims to expand its customer portfolio by reaching out to farmers and also contributing to Turkey's efforts to fight against climate change and drought. This credit allows farmers to purchase and implement efficient irrigation systems with advantageous interest rates and payment options.	1-3 years	For the Agricultural Irrigation Systems Loan, Garanti is working with Water Users Association and Irrıgation Cooperatives. Main target customers are farmers and companies who own farms and plantations in South East Anatolian, Central Anatolian, Aegean and South Aegean regions of Turkey. Turkey will face severe water scarcity in the near future due to climate change. On top of that, the agricultural sector, which is responsible for 70% of total water consumption, mainly utilizes "wild" irrigation. The loan aims to promote efficient irrigation systems. By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and microsprinkler irrigation. To date approximately TL 33 million lending have been provided under this loan. Additionally, through this loan, Turkey's largest solar powered irrigation system was financed in 2015.
Turkey	Other: Raising awareness	CDP Turkey Water Program sponsorship	Current-up to 1 year	As the main sponsor of the CDP Water Program in Turkey, the Bank helped increase the awareness of many large corporations through its support of this initiative. 50 companies from the top 100 companies in the BIST were invited to respond to the Program. These 50 companies were determined by applying a sectoral filter regarding water usage related risks and were subsequently invited to two workshops on the subject at SALT Galata before they prepared their responses. In its first year 15 companies responded the program. Results of the CDP Water Program in Turkey and globally were also announced in a press conference held at Salt Galata. Garanti continues to be the main sponsor in 2016.

Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
Facility 1	Turkey	Other: Marmara Basin	Zincirlikuyu Head Office	33.99	Higher	Here Garanti provides facility level water accounting for its own facilities and operations rather than the risks identified in its lending activities. Last year water withdrawal for this building was 27.38 megaliters. 24% increase in withdrawal is due to the increase in the full time employees. Although there is an increase in this building the total water withdrawal of Garanti Bank decreased by 30% in 2015 compared to 2014.
Facility 2	Turkey	Other: Marmara Basin	Learning and Development Center	6.43	Higher	Last year water withdrawal for this building was 5.92 megaliters. 9% increase in withdrawal is due to the increase in the full time employees Although there is an increase in this building the total water withdrawal of

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
						Garanti Bank has decreased by 30% in 2015 compared to 2014
Facility 3	Turkey	Other: Marmara Basin	Günesli Operation Center	35.40	Lower	Last year water withdrawal for this building was 40.54 megaliters.13% decrease in 2015 compared to 2014
Facility 4	Turkey	Kizilirmak	Sivas Call Center	2.77	This is our first year of measurement	This is our first year to share water accounting for this facility. Garanti Bank decreased its total water withdrawal by 30% in 2015 compared to 2014
Facility 5	Turkey	Other: Marmara Basin	Etiler Service Building	1.36	This is our first year of measurement	This is our first year to share water accounting for this facility. Garanti Bank decreased its total water withdrawal by 30% in 2015 compared to 2014
Facility 6	Turkey	Other: Marmara Basin	Taksim Service Building	0.95	This is our first year of measurement	This is our first year to share water accounting for this facility. Garanti Bank decreased its total water withdrawal by 30% in 2015 compared to 2014
Facility 7	Turkey	Other: Due to the number of branches and buildings it is impractical to provide basin information	Branches and other buildings	188.89	This is our first year of measurement	Other buildings and all branches in Turkey (972 branches) This is our first year to share water accounting for these facilities. Garanti Bank decreased its total water withdrawal by 30% in 2015 compared to 2014

Further Information

Attachments

https://www.cdp.net/sites/2016/29/21129/Water 2016/Shared Documents/Attachments/Water2016/W5.FacilityLevelWaterAccounting (I)/GARANTI_SUSTAINABILITY_2015_low_final.pdf

Page: W5. Facility Level Water Accounting (II)

W5.1a

Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
Facility 1	0	0	0	0	0	0	33.99	0	Only municipal water withdrawal and rainwater use (rainwater use cannot be measured due to reasons explained in question W1.2a).
Facility 2	0	0	0	0	0	0	6.43	0	Only municipal water withdrawal.
Facility 3	0	0	0	0	0	0	35.40	0	Only municipal water withdrawal.
Facility 4	0	0	0	0	0	0	2.77	0	Only municipal water withdrawal.
Facility 5	0	0	0	0	0	0	1.36	0	Only municipal water withdrawal.
Facility 6	0	0	0	0	0	0	0.95	0	Only municipal water withdrawal.
Facility 7	0	0	0	0	0	0	188.89	0	Only municipal water withdrawal.

W5.2

Water discharge: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
Facility 1	31.45	Higher	Higher due to the increase in full time employees. Due to a change in the calculation methodology, last year's discharge value is restated as 25.12 megaliters/year.
Facility 2	5.39	About the same	For consumption and discharge calculations, maximum capacity (800 people), is taken into consideration. Due to fluctuating level of occupancy in this building, the water consumption value is not comparable with the other buildings within the reporting boundary. Due to a change in the calculation methodology, last year's discharge value is restated as 4.88 megaliters/year.
Facility 3	30.66	Lower	Lower despite the increase in full time employees. Due to a change in the calculation methodology, last year's discharge value is restated as 36.19 megaliters/year.
Facility 4	1.94	This is our first year of measurement	This is our first year of measurement
Facility 5	1.17	This is our first year of measurement	This is our first year of measurement
Facility 6	0.8	This is our first year of measurement	This is our first year of measurement
Facility 7	171.14	This is our first year of measurement	This is our first year of measurement

W5.2a

Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2

Facility reference number	Fresh surface water	Municipal/industrial wastewater treatment plant	Seawater	Groundwater	Wastewater for another organization	Comment
Facility 1	0	31.45	0	0	0	Only municipal water discharge
Facility 2	0	5.39	0	0	0	Only municipal water discharge
Facility 3	0	30.66	0	0	0	Only municipal water discharge
Facility 4	0	1.94	0	0	0	Only municipal water discharge
Facility 5	0	1.17	0	0	0	Only municipal water discharge
Facility 6	0	0.8	0	0	0	Only municipal water discharge
Facility 7	0	171.14	0	0	0	Only municipal water discharge

W5.3

Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain
Facility 1	2.54	Higher	Higher due to the increase in full time employees. Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to a change in the calculation methodology, last year's consumption value is restated as 2.26 megaliters/year.
Facility 2	1.04	About the same	Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to a change in the calculation methodology, last year's consumption value is restated as 1.04 megaliters/year.
Facility 3	4.74	Higher	Higher due to the increase in full time employees. Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to a change in the calculation methodology, last year's consumption value is restated as 4.35 megaliters/year.
Facility 4	0.83	This is our first year of measurement	Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to lack of exact employee number data for the previous year, it is not possible to make a comparison.
Facility 5	0.19	This is our first year of measurement	Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to lack of exact employee number data for the previous year, it is not possible to make a comparison.
Facility 6	0.15	This is our first year of measurement	Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to lack of exact employee number data for the previous year, it is not possible to make a comparison.
Facility 7	17.75	This is our first year of measurement	Based on WHO survival allocation 5 liters per person per day water consumption was assumed for our employees. Due to lack of exact employee number data for the previous year, it is not possible to make a comparison.

W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes	76-100	In 2015 Garanti increased the number of facilities covered by its ISO14001 certified Environmental Management System to 1,013, covering 100% of its employees. Garanti collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti's total water withdrawal for all buildings and branches was verified by KPMG within the scope of limited assurance in its 2015 Sustainability Report under assurance standard SAE3410

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- volume by sources	Not verified	All locations use only one source for water withdrawal, which is municipal water supply. Garanti's total water withdrawal for all buildings and branches was verified by KPMG within the scope of limited assurance in its 2015 Sustainability Report under assurance standard SAE3410. The assurance scope does not include the withdrawal source data. For future assurance processes this information will be taken into consideration as well.
Water discharges- total volumes	Not verified	Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.
Water discharges- volume by destination	Not verified	Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.
Water discharges- volume by treatment method	Not verified	Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.
Water discharge quality data- quality by standard effluent parameters	Not verified	Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.
Water consumption- total volume	Not verified	Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.

Further Information

Attachments

https://www.cdp.net/sites/2016/29/21129/Water 2016/Shared Documents/Attachments/Water2016/W5.FacilityLevelWaterAccounting(II)/024-2016 Garanti Inclusion assurance report.pdf
https://www.cdp.net/sites/2016/29/21129/Water 2016/Shared Documents/Attachments/Water2016/W5.FacilityLevelWaterAccounting (II)/GARANTI_SUSTAINABILITY_2015_low_final.pdf

Module: Response

Page: W6. Governance and Strategy

W6.1

Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Board of individuals/Sub-set of the Board or other committee appointed by the Board	Scheduled- quarterly	Garanti Bank believes that the concept of sustainability must be embedded throughout its decision-making mechanisms and business processes to create value for its stakeholders and, as a consequence, has integrated a Sustainability Committee structure with Committee Members representing all major lines of business throughout its organization. The Sustainability Committee, established in 2010 is the highest committee that formally reviews and approves the Bank's activities related to sustainability operates directly under BoD and is chaired by a Board member. Our CEO is also a member of the Committee. The Committee deliberately structured to integrate sustainability concerns and opportunities into all operations, products and services. The Committee meets regularly in order to monitor the progress on and to provide input to all sustainability efforts. Its role is to agree on strategic direction and action plans for the Bank.

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

Please choose the option(s) below that best explain how water has positively influenced your business strategy

Influence of water on business strategy	Please explain
Establishment of sustainability goals	In its Sustainability Policy which was approved by the BoD in 2014, Garanti has committed to; (1)Enhance E&S risk processes across the Bank and our subsidiaries to minimize the negative impact of lending and investment activities: Minimizing environmental impacts includes water as well. Furthermore, in our materiality analysis, water scarcity turned out to be one of the major issues for both Garanti and its stakeholders. Since then, the Bank gave priority to water related issues. (2)Educate customers on Sustainability and become a trusted advisor in supporting and facilitating customers to minimize their own footprint: In order to support its customers as well as other companies in water-intensive sectors in managing their own footprint, Garanti has decided to be the main sponsor for CDP Water program in Turkey. (3)Develop products and services that help catalyze the transition towards a more sustainable economy: Garanti Bank offered a new product called "Agricultural Irrigation Systems Loans" in the first quarter of 2015, in a bid to support efficient irrigation systems. Furthermore, Garanti took some measures to lower its own water consumption by implementing water efficient systems and products, educating employees on efficient water use, improving WASH services and provide good quality of drinking and cooking water by implementing a reverse osmosis treatment plant.
Alignment of public policy positions with water stewardship goals	In October 2015 Garanti Bank published its Climate Change Action Plan in order to support Turkey's battle against climate change and support its transition to a low carbon economy. Climate Change Action Plan which represented our support of this subject in four main areas; i) carbon pricing and prioritizing renewable energy investments; ii) helping to decrease deforestation; iii) implementation of green office standards; iv) helping to manage water risks associated with climate change adaptation and design. In order to manage our indirect water footprint, we ensure, request and monitor that appropriate measures are taken to minimize environmental impacts and to reduce the consumption of water and other resources, ensure recycling is undertaken and that negative impacts on water quality are minimized. https://www.garantiinvestorrelations.com/en/corporate-governance/detay/Climate-Change-Position-Statement-Action-Plan/854/3630/0 In 2015 Garanti became the first bank in Turkey to ratify the Caring for Climate (C4C) statement. With our holistic approach to managing water-related risks and opportunities, Garanti is the only Turkish bank and one of only two banks worldwide to be included as a case study in the UN components' report "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience". https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Adaptation-2015.pdf
Establishment of sustainability goals	Sustainable Development Goals defined by UN comprise a total of 169 targets under 17 main topics such as poverty, hunger, environment, gender equality and justice and helped us ensure our activities and existing commitments are in line with the global agenda. SDG 6: Clean Water & Sanitation and SDG 14: Life Below Water are related directly to water. As an industry leader in sustainability, Garanti Bank closely follows such developments and seeks opportunities to implement and adapt to its strategy. SDG 15: Life on Land is also parallel to Garanti's Agricultural Irrigation Systems Loan which aims to promote efficient irrigation systems.

Influence of water on business strategy	Please explain
Exploration of water valuation practices	The Bank's decisions are based on the risk rating calculated according to its detailed environmental and social impact assessment model. The model enables Garanti Bank to: • determine and evaluate all environmental and social impacts of projects in a systematic way in accordance with ESIAM methods; • ensure projects are sustainable from an environmental and social perspective; • ensure that financed projects and all associated processes and policies pursued by the Bank comply fully with national legislation and regulations; • ensure project owners reduce identified impacts to an acceptable level; • effectively monitor the ESMP prepared by customers (project owners) in order to help monitor and improve their compliance with the Bank's environmental and social policies. Besides the following criteria are being considered in financing greenfield investments: Choice of location and project area, Current properties of water, Impact on ground water, Impact on surface water, Water quality and Sector-based criteria in accordance with our Climate Change Action Plan.
Greater due diligence	Garanti regularly updates its ESIAP according to the new regulations/legislations and international standards. During this detailed and up to date technical due diligence process we work hand in hand with the customer. We not only transfer our know-how on environmental and social risk assessment, but we also act as a consultant for our customers. Hence we build up trust and good relationships with them. In order to better manage these risks Garanti lowered the monetary limit for its E&S Risk Assessment System from US$ 20 million to US$ 10 million in 2016.
Water resource considerations are factored into new product development	To support Turkey's fight against climate change and providing solutions to risks like water scarcity and drought, Garanti Bank offered a new product called "Agricultural Irrigation Systems Loans" in the first quarter of 2015. the agricultural sector, which is responsible for 70% of total water consumption, mainly utilizes "wild" irrigation. The loan aims to promote efficient irrigation systems. By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and microsprinkler irrigation. To date approximately TL 33 million lending have been provided under this loan. Additionally, through this loan, Turkey's largest solar powered irrigation system was financed in 2015.

W6.2b

Please choose the option(s) below that best explains how water has negatively influenced your business strategy

Influence of water on business strategy	Please explain
Other: Please see the comment box	Based on its Environmental and Social Loan Policies, Garanti does not finance projects and activities that are in RAMSAR zones, without any monetary limitations or undertaking further E&S impact assessment. Furthermore, if the Project location is found to be in close proximity to residential areas sensitive wetlands, protected areas and the like, relocation of the Project may be requested. Any project may be rejected due to failing at meeting the ESIA criteria of the Bank. However, we do not consider rejection of those loan requests as negative influence to our business strategy. On the contrary, in the long-run we believe that avoiding these high-risk projects will have a positive influence on our long term business performance.

W6.3

Does your organization have a water policy that sets out clear goals and guidelines for action?

Yes

W6.3a

Please select the content that best describes your water policy (tick all that apply)

Content	Please explain why this content is included
Publicly available Company-wide Performance standards for direct operations Performance standards for supplier, procurement and contracting best practice Commitment to customer education Incorporated within group environmental, sustainabiilty or EHS policy Acknowledges the human right to water, sanitation and hygiene	Garanti Bank's environmental policy which covers water-related issues applies to all operations. Garanti Bank provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. Furthermore, 100% of the loans are subjected to our ESLP (Environmental and Social Loan Policies), in which all major water risks are captured, such as avoidance of RAMSAR areas. In order to support its customers as well as other companies in water-intensive sectors in managing their own footprint, Garanti has expanded its E&S risk management process for project finance and started to raise awareness on water risks. As a result the Bank decided to be the main sponsor for CDP Water in Turkey. Garanti Bank's water management process and water withdrawal* values are publicly available in its Sustainability Report (defined as water consumption). Garanti Bank believes that the main water risks related to the company lie with the downstream impacts arising from financing activities. Garanti also manages its water related risks in supply chain by asking its suppliers to comply with its ISO14001 certified EMS that covers 100% of its facilities in Turkey. In October 2015 Garanti published its Climate Change Action Plan in which one of the commitments is helping to manage water risks associated with climate change adaptation and design.

W6.4

How does your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) during the most recent reporting year compare to the previous reporting year?

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
0	-0.05	CAPEX: Since all those measures taken to reduce water consumption and increase water efficiency are embedded in the process of construction of the building, it is not possible to calculate these investments as a separate item. OPEX: Water OPEX 2015 is less than water OPEX 2014 due to our efforts to lower our water withdrawal and consumption.

Further Information

Page: W7. Compliance

W7.1

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

No

Further Information

Page: W8. Targets and Initiatives

W8.1

Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, goals only

W8.1b

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

Goal	Motivation	Description of goal	Progress
Providing access to WASH in workplace	Recommended sector best practice	Garanti Bank provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services.	The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and used for drinking and cooking purposes Implementation of such an expensive treatment plant in an office building is not a widespread practice in Turkey where most drinking water is purchased. As a result, the Bank's initiative at its head office building eliminates use of plastic bottles and the greenhouse gas emission caused by their delivery. Garanti will continue its efforts to provide access to WASH in the workplace.
Educate customers to help them minimize product impacts	Shared value	Garanti raises awareness and provides trainings for its customers in a variety of topics.	Garanti Bank is transferring its know-how on environmental and social assessment to all clients that went through ESIAM. Garanti aims to intensify its efforts to build capacity among its customers in the upcoming years. Garanti held a workshop on Management of Environmental and Social Risks in the Energy and Infrastructure Sectors on October 9, 2015 for its 22 customers in the energy and infrastructure sectors In addition to Garanti, executives from EBRD, an expert on responsible investment, an academic from Boğaziçi University and 2 representatives from an international consultancy firm gave presentations during the training. In the scope of the training, customers were informed on local and international regulations on E&S issues, best practices on these issues, good and bad examples on the issue of sustainability and the environmental and social standards of banks.
Engagement with suppliers to help them improve water stewardship	Shared value	Garanti aims to raise awareness on water risks and environmental & social impact assessment among its suppliers as well.	In 2012, Garanti Bank started to include a requirement for compliance to Garanti Bank's Environmental Management System ("EMS") in supplier contracts. New catering and cleaning services contracts thus became compliant in 2012. In 2013, suppliers operating in sectors with a relatively higher footprint and constituting a substantial component (44%) of the Bank's total procurement were requested to provide information on how they manage their environmental impact. After reviewing their suppliers' respective management strategies, the Bank communicated its criteria for suppliers' environmental performance and compliance methods through a variety of platforms such as one-to-one meetings and teleconferences. As a result of this process, supplier contracts representing 6.4% of total procurement were revised to include specific provisions regarding compliance with Garanti Bank's EMS by the end of 2014. In order to expand the scope, Garanti will continue to work comprehensively on its supply chain's environmental management in the following years.
Engagement with public policy makers to advance sustainable water policies and management	Water stewardship	Garanti engages with policy makers in various platforms to advance sustainable water policies and management.	Garanti Bank is a member of Turkish Industry & Business Association (TUSIAD) Climate and Environment Working Group, BCSD Turkey, Turkish Banking Association, Water Advisory Council founded by CDP Turkey, etc. Garanti engages with policy makers through these platforms and contributes to new regulations and laws regarding water.
Sustainable agriculture	Risk mitigation	To support Turkey's fight against climate change and to provide solutions to risks like drought, Garanti Bank offered "Agricultural Irrigation Systems Loan" in the first quarter of 2015. The agricultural sector, in which "wild" irrigation is still the dominating type of irrigation, is responsible for 70% of total water consumption. By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation.	Through this loan Garanti financed Turkey's largest solar powered irrigation system with 800 m2 solar panels and 65 kWp installed power in the first quarter of 2015. With this investment, irrigation and crop diversity of 450 decares of large land was sustained. Solar power is an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. As a signatory of UN Global Compact, Garanti committed to encourage the development and diffusion of environmentally friendly technologies. Therefore we will continue to support innovative and efficient technologies.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	Garanti Bank requires in depth ecosystem assessment reports during ESIAP for the projects. Available reports related to the project are reviewed and investigated by ESIAP questions that whether current status of the ecosystem and habitat characteristics is assessed or not. If there is no necessary study related to the ecosystem and habitats, client is required to conduct additional study for the baseline ecosystem /habitat or ESIA including detailed ecosystem /habitats section.	Following issues were detected in some projects during due diligence and necessary actions 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 Through our detailed ESIAP, we make sure that the environmental and social impacts of the projects that we finance are minimized.

Further Information

Module: Linkages/Tradeoff

Page: W9. Managing trade-offs between water and other environmental issues

W9.1

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a

Please describe the linkages or trade-offs and the related management policy or action

Environmental issues	Linkage or trade-off	Policy or action
Reverse Osmosis treatment plant implementation at Zincirlikuyu Head Office	Trade-off	Garanti Bank is providing fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant in the headquarters building in 2014. This treatment plant provides good quality drinking water and used for drinking and cooking purposes. At the same time, it increases electricity consumption of the building and GHG emissions accordingly. However, overall GHG emissions of the building did not increase due to other energy efficiency measures.
Agricultural Irrigation Systems Loan	Linkage	By offering this loan, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation. A solar powered system can be implemented by using this loan, which would be an innovative solution for high electricity costs in agricultural irrigation without affecting soil and water resources. This would result in lowering the GHG emissions associated to electricity consumption, as well as reduced water consumption.

Further Information

Module: Sign Off

Page: Sign Off

W10.1

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

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

W10.2

Please select if your organization would like CDP to transfer your publicly disclosed response strategy from questions W1.4a, W3.2c and W3.2d to the CEO Water Mandate Water Action Hub.

Yes

Further Information