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$ 107.2 billion as of December 31, 2014.

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 December 31, 2014, Garanti provides a wide range of financial services to more than 13 million customers with more than 19 thousand employees through an extensive distribution network of 994 domestic branches; 6 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,152 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure. Garanti is jointly controlled by two powerful entities, Doğuş Holding Co. and Banco Bilbao Vizcaya Argentaria S.A. (BBVA), under the principle of equal partnership. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 49.95% in Borsa Istanbul as of December 31, 2014.

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. 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.

In order to manage the indirect water footprint originating from its loan portfolio, Garanti Bank ensures that negative impacts on water quality and quantity are minimized by the borrowers, through its Environmental and Social Impact Assessment Process.

Furthermore, Garanti offered the “Agricultural Irrigation Systems Loan” in Q1 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.

Although the most significant risks and opportunities associated to water are in the Bank’s loan portfolio, Garanti is also striving to reduce consumption and improve performance in its offices and branches throughout Turkey. During the reporting year, Garanti Bank’s Environmental Management System has continued to grow and has reached a total of 605 centers certified with ISO 14001, which covers nearly %70 of the Bank’s employees. With this result, Garanti is still the first bank that operates an Environmental Management System in such a large area and context in Turkey.

In 2014, Garanti was also granted the "CDP 2014 Turkey Climate Disclosure Leadership” award by getting the highest score among the 42 companies evaluated in “Carbon Disclosure Leadership Index”, became the first Turkish bank to be awarded with the Green Office Diploma for its Headquarters by WWF-Turkey and was awarded by the European Bank for Reconstruction and Development (EBRD) with the "Sustainability Award for Environmental and Social Performance".

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
Wed 01 Jan 2014 - Wed 31 Dec 2014

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.

Other: The reporting boundary is defined as the facilities that have more than 700 employees in Turkey.

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

W0.4a

Exclusions

Please report the exclusions in the following table

Exclusion	Please explain why you have made the exclusion

Further Information

Garanti Bank collects water data from all of its buildings and branches. However, the Bank included only the following facilities that have more than 700 employees within the reporting boundary: • Zincirlikuyu Head Office • Learning and Development Center* • Güneşli Operation Center *The total number of full time employees working at Learning and Education Center is 86. However, the maximum daily capacity of the building when all the classrooms are full is 800. Therefore, it is included in the boundary.

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.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Have not evaluated	No use of recycled, brackish and/or produced water.

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). However, our answers cover only the facilities within the reporting boundary. Garanti Bank 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. 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 greenhouse gas emission caused by their delivery.
Water withdrawals-	76-100	Only municipal supply is used for all facilities. Istanbul Metropolitan Municipality withdraws water from

Water aspect	% of sites/facilities/operations	Please explain
volume by sources		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.
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.
Water discharges- volume by treatment method	76-100	All water discharges from Garanti facilities are sent to municipal treatment plants.
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 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	73.83	Much lower	This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems.
Wastewater from another organization	0	Not applicable	No wastewater from another organization
Total	73.83	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.

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 treatment plant	66.17	This is our first year of measurement	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 5,892 FTE x 260 days/year = 7,659,600 L/year = 7.66 megaliters/year • Water discharge is 73.83 megaliters/year – 7.66 megaliters/year = 66.17 megaliters/year
Total	66.17	This is our first year of measurement	Due to lack of exact employee number data for the previous years, it is not possible to make a comparison.

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
7.66	This is our first year of measurement	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. 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 practical nor feasible to measure. • 5 L/FTE/day x 5,892 FTE x 260 days/year = 7,659,600 L/year = 7.66 megaliters/year

W1.3

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

No

W1.3a

Please provide the proportion of suppliers you request to report on their water use, risks and/or management and the proportion of your procurement spend this represents

Proportion of suppliers %	Total procurement spend %	Rationale for this coverage

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.

W1.4

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

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 projects financed by Garanti, selection of a single river basin is inapplicable.	Phys-Drought	Reduction in revenue	Changes in precipitation patterns due to climate change result in reduced electricity production in our hydropower plant portfolio.	1-3 years	Garanti has identified that the total electricity production of its hydroelectricity power plant portfolio decreased by approx. 30% during the reporting year, compared to 2013.	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. For instance, in one of the loan requests, we were able to identify that the electricity production of the hydropower plant project will decrease as much as 15% by 2030 due to climate change, based on an assessment conducted by universities. Accordingly, the customer has decided to invest in another project instead of the hydropower plant.
Turkey	Other: Due to the wide variety of projects financed by Garanti, selection of a single river	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	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 due diligence for greenfield projects with an investment amount more than US$ 20 million.

Country	River basin	Impact indicator	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
	basin is inapplicable.			other purposes such as cooling water.				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

Country	River basin	Impact indicator	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
								requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations.

W1.4b

Please choose the option below that best explains why you do not know if your organization experienced any detrimental impacts related to water in the reporting year and any plans you have to investigate this in the future

Primary reason	Future plans

Further Information

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.

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 2014, Garanti was awarded by European Bank for Reconstruction and Development (EBRD) with the "Sustainability Award for Environmental and Social Performance" for its comprehensive environmental social risk assessment system.

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 having potentially a significant impact on the business performance, environment and society as “strategic priorities”. As a “strategic priority” Garanti Bank focuses on customers through sustainable finance by setting a) environmental and social risk processes across the Bank and its local and international subsidiaries to minimize the negative impact of lending and investment activities, and b) by developing products and services that help catalyze the transition towards a more sustainable economy. 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. 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.

W2.4b

What is the main reason for not having evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy, and are there any plans in place to do so in the future?

Main reason	Current plans	Timeframe until evaluation	Comment

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	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

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

Issues	Choose option	Please explain
		characteristics of water • Impact on ground and surface water • Effluent water quality
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 2014, 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; under the new Environmental Impact Assessment regulation that was published on 25 November 2014, significant changes that can impact our assessments were identified and applied to the system, including water related sectors.
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 programs and plans such as community participation meetings, publishing of project reports and complaint mechanisms were requested from an investor 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.
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 both direct operations and 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 are 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
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 embarked on a project to study the river basins with all various stakeholders and fill this data gap with accurate river basin information.
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 are assessed in detail in ESIAP as well. There are specific questions addressing socio-economy, human health, transportation and traffic issues. However "fully-functioning WASH services for all employees" is not yet a specific question within our ESIAP.

Issues	Choose option	Please explain
Estimates of future changes in water availability at a local level	Relevant, included	Future changes in water availability at local level is estimated before funding the projects. For example in one of the planned HEPPs, Garanti requested a climate model for that specific region in order to estimate availability of water during operation. Two universities were assigned for modelling study by the client, and depending on the result, the client decided not to move forward with the project. Cumulative impact assessments are also requested for many projects including wind, 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 are very closely followed up by Energy Team and Sustainability Team of Project and Acquisition Finance Department and necessary trends are taken into consideration in to decision making procedures.
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.
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 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.
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 there is tree cutting in 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 and Acquisition 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.
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, included	Currently not being evaluated due to 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	Not evaluated	Not evaluated yet.
Scenario analysis of potential changes	Relevant,	Before financing, current and possible stakeholder conflicts are reviewed as part of detailed social due

Issues	Choose option	Please explain
in the status of ecosystems and habitats at a local level	included	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.
Other	Relevant, included	Due to varying effects on water sources Garanti developed specific provisions for each sector: 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 env. water flow rate monitoring during operations Thermal PP •Discharge of cooling and process water •Cumulative impact studies for discharge •Minimizing the impact on the ecosystem •Alternative methods to obtain water 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.
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 to provide a better understanding of its water management to the investors.

Stakeholder	Choose option	Please explain
Local communities	Relevant, included	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.
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. And also, 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 ensures that the project or client has no conflict with local authorities.
River basin management authorities	Relevant, included	River basin management is a new issue in Turkey and planned to be regulated by the local authorities. Same as above mentioned, Garanti Bank has not direct contact nor have responsibility to get involved in this process. Nevertheless, Garanti ensures that the project or client has no conflict with local authority.
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 reviewed.
Other		

W2.8

Please choose the option that best explains why your organisation does not undertake a water-related risk assessment

Primary reason	Please explain

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 greenfield projects with an investment amount of more than US$ 20 million, 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 2014 is 51% 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.

As the first step of this process, 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.

If the loan request includes the realization of a greenfield project with an investment amount more than US$ 20 million, Garanti subjects the project to a more in-depth analysis, i.e. our E&S Impact Assessment Model (ESIAM).

The current threshold for monetary limit allows us to make an in-depth analysis of all significant water-related risks in our loan portfolio. However, the Sustainability Team reviews the entire assessment process including the monetary threshold on an annual basis and suggests changes during the Sustainability Committee meetings held quarterly when necessary.

(2) 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.

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 of total operations this represents

Country	River basin	Number of facilites	Proportion of total operations exposed to risk within river basin (%)	Comment
Turkey	Other: Project finance clients and Garanti offices in Turkey. Therefore it is not possible to give exact river basin information.	6	51-60	Garanti financed 6 prjects prone to water-related risk (energy&industrial facilities) in 2014. The ratio of financing provided to these projects is 51% in projects financed in 2014. 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	Not known	Other: % of total loans	51-60	In 2014, Garanti provided USD1.4 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	Not known	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

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
										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 is approx. TRY 600 per annum).
Turkey	Other: Due to the wide	Physical-Drought	Other: Negative impact on	Changes in precipitation	1-3 years	Probable	Medium	Greater due diligence	Low	Garanti Bank undertakes an

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
	variety of projects financed by Garanti, selection of a single river basin is inapplicable.		financial performance	patterns due to climate change result in reduced electricity production in our hydropower plant portfolio. For instance, Garanti has identified that the total electricity production of its hydroelectricity power plant portfolio decreased by approx. 30% during the reporting year, compared to 2013.						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. For instance, in one of the loan requests, we were able to identify that the electricity production of the hydropower plant project will decrease as much as

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
										15% by 2030 due to climate change, based on an assessment conducted by universities. Accordingly, the customer has decided to invest in another project instead of the hydropower plant project. To date, our primary cost has been training of key staff for the implementation of ESIAP (the cost of all trainings –both in-class and distant learning- per employee is approx. TRY 600 per annum).
Turkey	Other: Due to the wide variety of	Physical-Seasonal supply	Plant/production disruption leading to	Access to fresh water resources is	1-3 years	Probable	Medium	Greater due diligence	Low	Garanti Bank undertakes an Environmental

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
	projects financed by Garanti, selection of a single river basin is inapplicable.	variability/Inter annual variability Other: Decrease in financial performance	reduced output	critical for a variety of sectors which utilize water as a main ingredient or for other purposes such as cooling water.						and Social risk assessment during due diligence for 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

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
										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

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
										the flow rate of the water in the river basin would be insufficient during summer. If the customer didn't accept to install a desalinization plant which was a requirement under the loan agreement, climate change might negatively affect available fresh water supply in the future, hampering plant operations. To date, our primary cost has been training of key staff for the implementation of ESIAP (the cost of all trainings –both

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
										in-class and distant learning- per employee is approx. TRY 600 per annum).
Turkey	Other: Due to the wide variety of 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. To date, our primary cost has been training of key staff for the implementation of ESIAP (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
										cost of all trainings –both in-class and distant learning- per employee is approx. TRY 600 per annum).
Turkey	Other: Due to the wide variety of projects financed by Garanti, selection of a single river basin is inapplicable.	Reputational-Negative media coverage	Brand damage	Reputational damage due to contraversial 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

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
										the project site, Garanti requested an additional investment to supply cooling water from the sea rather than the riverbed from the borrower. To date, our primary cost has been training of key staff for the implementation of ESIAP (the cost of all trainings –both in-class and distant learning- per employee is approx. TRY 600 per annum). Furthermore, through its support for CDP Water, Garanti Bank aimed to help increase building 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
										capacity of private sector in Turkey, especially large corporates, about the business risks associated to water.

W3.2d

Please list the inherent water risks that could generate a substantive change in your business operations, revenue or expenditure, the potential impact to your supply chain 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

W3.2e

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

Primary reason	Please explain

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 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.

W3.2g

Please choose the option that best explains why you do not know if your organization is exposed to water risks that could generate a substantive change in your business operations, revenue or expenditure and discuss any future plans you have to assess this

Primary reason	Future plans

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 14% compared to the previous year's withdrawal (the figüre is provided for the reporting boundary only).
Turkey	Climate change adaptation	For the country-wide 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 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 for efficient water irrigation systems such as drip irrigation and sprinkler systems.	4-6 years	For the Agricultural Irrigation Systems Loan, Garanti is working with Water Users Association and Irrıgation Cooperatives. Main target customers are

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
		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.		farmers and companies who own farms and plantations in South East Anatolian, Central Anatolian, Aegean and South Aegean regions of Turkey.

W4.1b

Please choose the option that best explains why water does not present your organization with any opportunities that have the potential to provide substantive benefit

Primary reason	Please explain

W4.1c

Please choose the option that best explains why you do not know if water presents your organization with any opportunities that have the potential to provide substantive benefit

Primary reason	Please explain

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 the change if substantive
Facility 1	Turkey	Other: Marmara Basin	Zincirlikuyu Head Office	27.38	Much lower	Garanti Bank 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. 30% decrease in water withdrawal has been achieved through measures taken at Zincirlikuyu Head Office.
Facility 2	Turkey	Other: Marmara Basin	Learning and Development Center	5.92	Higher	4% increase in water withdrawal compared to the previous year.
Facility 3	Turkey	Other: Marmara Basin	Güneşli Operation Center	40.54	Lower	2% decrease in water withdrawal compared to the previous year.

Further Information

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	27.38	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	5.92	0	Only municipal water withdrawal.
Facility 3	0	0	0	0	0	0	40.54	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 the change if substantive
Facility 1	18.66	This is our first year of measurement	Due to lack of exact employee number data for the previous years, it is not possible to make a comparison.
Facility 2	1.92	This is our first year of measurement	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 lack of exact employee number data for the previous years, it is not possible to make a comparison.
Facility 3	23.80	This is our first year of measurement	Due to lack of exact employee number data for the previous years, it is not possible to make a comparison.

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 Treatment Plant	Seawater	Groundwater	Comment
Facility 1	0	18.66	0	0	Only municipal water discharge
Facility 2	0	1.92	0	0	Only municipal water discharge
Facility 3	0	23.80	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 the change if substantive
Facility 1	8.72	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 years, it is not possible to make a comparison.
Facility 2	4.00	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. 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 lack of exact employee number data for the previous years, it is not possible to make a comparison.
Facility 3	16.74	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 years, 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	Not verified	Garanti Bank has increased the number of service points included under EMS to more than 600 in 2014. Garanti will continue to effectively apply its Environmental Management System, expand its scope and set new targets in the coming years. This will include improving the data collection, reporting process and getting verification for water withdrawal.
Water withdrawals- volume	Not verified	Only municipal supply is used for all facilities. Istanbul Metropolitan Municipality withdraws water from Ömerli,

Water aspect	% verification	What standard and methodology was used?
by sources		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. Therefore it would be impractical to verify the withdrawal source.
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	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. Therefore it would be impracticle to get verification for water discharge by destination.
Water discharges- volume by treatment method	Not verified	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. Therefore it would be impractical to get verification for the treatment method.
Water discharge quality data- quality by standard effluent parameters	Not verified	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. Therefore it would be impractical to get verification for water discharge quality data – quality by standard effluent parameters.
Water consumption- total volume	Not verified	Garanti Bank has increased the number of service points included under EMS to more than 600 in 2014. Garanti will continue to effectively apply its Environmental Management System, expand its scope and set new targets in the coming years. This will include improving the data collection, reporting process and getting verification for water consumption.

Further Information

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
Individual/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 organisation. 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. 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

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.
Exploration of environmental impact	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.
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.
Water resource considerations are factored into new product development	To support Turkey’s fight against climate change and providing solutions to risks like drought, Garanti Bank offered a new product 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 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.

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.

W6.2c

Please choose the option that best explains why your organization does not integrate water management into its business strategy and discuss any future plans to do so

Primary reason	Please explain

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 (*In the Sustainability Report water withdrawal is referred to as water consumption). Garanti Bank believes that the main water risks related to the company lie with the downstream impacts arising from financing activities. 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.

W6.4

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

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
	-0.07	CAPEX: Since all those measures taken for water consumption reduction and 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 2014 is less than water OPEX 2013 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

W7.1a

Please describe the penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations and your plans for resolving them

Facility name	Incident	Incident description	Frequency of occurrence in reporting year	Financial impact	Currency	Incident resolution

W7.1b

What proportion of your total facilities/operations are associated with the incidents listed in W7.1a

W7.1c

Please indicate the total financial impacts of all incidents reported in W7.1a as a proportion of total operating expenditure (OPEX) for the reporting year. Please also provide a comparison of this proportion compared to the previous reporting year

Impact as % of OPEX	Comparison to last year

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

W8.1a

Please complete the following table with information on company wide quantitative targets (ongoing or reached completion during the reporting period) and an indication of progress made

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value

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 aims to raise awareness on water risks and environmental & social impact assessment. Therefore we organize awareness raising events and workshops for both the real and finance sector in Turkey.	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.
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

Goal	Motivation	Description of goal	Progress
			expand the scope, Garanti will continue to work comprehensively on its supply chain's environmental management in the following years.
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 are 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.

W8.1c

Please explain why you do not have any water-related targets or goals and discuss any plans to develop these in the future

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, the overall electricity consumption of the Head Office decreased by 14% compared to the previous year. Therefore, 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
Ebru Dildar Edin	Executive Vice President responsible for Project & Acquisition Finance and Sustainability	Other: Executive Director, reporting directly to the CEO

W10.2

Addressing water risks effectively, in many instances, requires collective action. CDP would like to support you in finding potential partners that are also working to tackle water challenges in the river basins you report against. Please select if your organization would like CDP to transfer your publicly disclosed risk and impact drivers and response strategy data from questions W1.4a, W3.2b, W3.2c, W4.1a and W8.1b to the United Nations Global Compact Water Action Hub.

Yes

Further Information

CDP