

W0. Introduction

W0.1

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

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of more than TL 423 bn (USD 75.4 bn) as of March 31, 2019. Garanti has been adding value to the Turkish economy with the synergy created with its majority shareholder BBVA since 2010. As of June 2019, the Bank continues its operations as Garanti BBVA.

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

As of March 31, 2019, Garanti BBVA provides a wide range of financial services to its close to 16.7 million customers with 18,295 employees through an extensive distribution network of 922 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 3 international representative offices in Düsseldorf and Shanghai. Garanti BBVA offers an omni-channel convenience with seamless experience across all channels with 5,197 ATMs, an award winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

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

Implementing an advanced corporate governance model that promotes the Bank's core values, Garanti BBVA has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share. Its shares publicly traded in Turkey, and its depositary receipts in the UK and the USA, Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of March 31, 2019.

Garanti BBVA's constantly improving business model is driven by its strategic priorities focused on responsible and sustainable development, customer experience, employee happiness, digitalization, optimal capital utilization and efficiency. Its custom-tailored solutions and wide product variety play a key role in reaching TL 323.2 bn (USD 57.6 bn) loans and non-cash loans. Garanti BBVA's capital generative, disciplined and sustainable growth strategy that strictly adheres to solid asset quality enables the Bank to move forward strongly. Its effective risk management through world-class integrated management of financial and non-financial risks and organizational agility in capturing new opportunities result in sustainable value creation for all its stakeholders.

Building on its core values, the Bank defines "Sustainability" as a commitment to build a strong and successful business for the future, while minimizing negative E&S impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in. Garanti further strengthens its sustainable banking approach through community investment programs in a variety of topics ranging from sports to education, arts to nature and informing the business world.

Since 2014, the Bank has been qualified for BIST Sustainability Index and BIST Corporate Governance Index and continues to be the only bank from Turkey listed in the Dow Jones Sustainability TM Emerging Markets Index, after being qualified in 2015. This year (2018) marks the fourth consecutive year of index inclusion with valuation on topics such as ethics, governance, financing activities, E&S performance throughout the value chain, risk management, climate change mitigation, transparency, supply chain, human and employee rights.

By the end of 2018, Garanti maintained its 100% coverage for ISO14001 certification at all service points in Turkey, following the audits conducted by an independent consultant. As a result, Garanti is still the first and only bank that operates an EMS in such a large area and context in Turkey. Being the first Bank with such a comprehensive EMS in Turkey, Garanti has reached a certain level of maturity about its knowledge and capabilities on GHG monitoring and data management. This was verified through a limited assurance from a third party that Garanti has received in 2018.

W0.2

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

	Start date	End date
Reporting year	January 1 2018	December 31 2018

W0.3

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

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Sufficient amounts of good quality freshwater available for use is important for employee health. In order to provide good quality drinking water Garanti BBVA implemented a reverse osmosis treatment plant in its Zincirlikuyu Head Office building. The water quality parameters stated by the local regulation have been monitored regularly and the analyses reports have been shared with all employees. Additionally, each department has its own ozone based mini water-treatment system in their kitchens
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	Garanti BBVA collects water data from all of its buildings and branches in Turkey (subsidiaries are excluded). 2018 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 BBVA aims to keep daily water consumption under control through the use of new faucets with a lower flow rate. The Bank also collects the rainwater from the roof of the head office building, using it in landscape irrigation. Mains water is treated and used as drinking water at the head office building, which is not a widespread practice in Turkey where most drinking water is purchased. This initiative at its head office building eliminates use of plastic bottles and the greenhouse gas emission caused by their delivery.
Water withdrawals – volumes from water stressed areas	76-99	Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. In our operations, only municipal supply is used for all facilities. Water and Sewerage Administration entities across Turkey discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and water quality. These information could be obtained for all our operation facilities from these reports. Since the water withdrawal is not a primary input in our operations we do not track this information regularly. It should be noted that there is a certain limitation for water withdrawal from basins and all basins are secured within the scope of Regulation on Protection of Basins used for Domestic and Drinking Water Purposes. In addition, we quantify and monitor water withdrawals systematically volumes based on the billing data.
Water withdrawals – volumes by source	76-99	In our operations, only municipal supply is used for all facilities. Water and Sewerage Administration entities across Turkey discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and water quality. These information could be obtained for all our operation facilities from these reports. Since the water withdrawal is not a primary input in our operations we do not track this information regularly. It should be noted that there is a certain limitation for water withdrawal from basins and all basins are secured within the scope of Regulation on Protection of Basins used for Domestic and Drinking Water Purposes. In addition, we quantify and monitor water withdrawals systematically volumes based on the billing data.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sectors]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>

	% of sites/facilities/operations	Please explain
Water withdrawals quality	76-99	The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is annually reporting and monitoring the water quality which could be easily accessed through their official websites. In our operations, only municipal supply is used for all facilities and information regarding to the quality is monitored by using these annual reports. Besides since we implemented a reverse osmosis treatment plant in our Zincirlikuyu Head Office, the water quality parameters stated by the local regulation have been monitored regularly and the analyses reports have been shared with all employees.
Water discharges – total volumes	76-99	Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water quality which could be easily accessed through their official websites. Within our organization total water withdrawal data is based on the billing data.
Water discharges – volumes by destination	76-99	Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water discharges to relevant treatment plants which could be easily accessed through their official websites.
Water discharges – volumes by treatment method	76-99	Majority of the water discharges from Garanti BBVA facilities are sent to the municipal treatment plants. According to Turkish Statistical Institute Report, waste water treatment systems consist of 56% biological, 23% natural, 15% advanced and 6% physical treatment systems based on the 2016 year end data provided by the Ministry of Env and Urbanization. The 89.7% of people is living in the provinces which has proper sewage systems. Unfortunately some municipalities do not have advanced waste water treatment plants in Turkey. However, in most of the operational locations the water bills paid by Garanti BBVA includes the water withdrawal quantity and wastewater treatment fee for discharge. In this context water withdrawal equals to water discharge by volume.
Water discharge quality – by standard effluent parameters	100%	The municipality is responsible for the monitoring of the discharge quality of the potable water used. The quality parameters of discharged wastewater have been monitored based on the Regulation on Management of Urban Wastewater Treatment. If one of the discharge quality parameters doesn't comply with regulatory standards, Garanti BBVA will be subjected to fines.
Water discharge quality – temperature	100%	The municipality is responsible for the monitoring of the discharge quality of the potable water used. Since there has been no water usage for industrial purposes, no hot water discharge that may cause thermal pollution by the Bank's activities. The municipality sewage system has been used for wastewater discharge and the quality of discharged wastewater has been monitored by the related authority based on the Regulation on Management of Urban Wastewater Treatment. If one of the discharge quality parameters doesn't comply with regulatory standards, Garanti BBVA will be subjected to fines.
Water consumption – total volume	76-99	Water consumption at Garanti BBVA Facilities consists of amount of water used for domestic purposes including (drinking, cooking, cleaning, lavatories and HVAC).
Water recycled/reused	Less than 1%	As a financial institution, recycled, brackish and/or produced water do not have a significant impact on our financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. The amount of recycled water is less than 1%.
The provision of fully-functioning, safely managed WASH services to all workers	76-99	Garanti BBVA provides fully functioning WASH services for all employees and a full time OHS Team and Construction Department to supervise the quality of these services. Garanti BBVA implemented a reverse osmosis treatment plant in the head quarter building in 2014. This treatment plant has provided good quality water used for drinking and cooking purposes since 2014.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	284	Lower	In 2018, Garanti BBVA's total amount of water withdrawal was 284 megaliters/year. Water is used for drinking, cooking, cleaning purposes and is used in lavatories and HVAC systems. The Bank's water management process and water withdrawal values are publicly available in its 2018 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). According to the all efficiency measures taken by the Sustainability, Environmental Management and Energy Efficiency teams, the water withdrawal decreased 1% compared to the previous year. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA implemented a new online data collection system in 2018.
Total discharges	249.62	Lower	Garanti BBVA estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/ • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Garanti BBVA's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • 7.5 L/FTE/day x 18,338 FTE x 250 days/year = 34,383,750 L/year = 34.38 megaliters/year • Water discharge is 284.00 megaliters/year – 34.38 megaliters/year = 249.62 megaliters/year
Total consumption	34.38	Lower	Garanti BBVA estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. http://www.who.int/water_sanitation_health/emergencies/qa/emergencies_qa5/en/ • Bottled water consumption for drinking purposes is not included in the calculations since it is not feasible to calculate how many bottles are consumed and the source of the bottled water is different from the Garanti BBVA's withdrawal source. • Water consumption for cleaning is not included since it is not possible to measure. • 7.5 L/FTE/day x 18,338 FTE x 250 days/year = 34,383,750 L/year = 34.38 megaliters/year

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	0	About the same	Other, please specify (The Water and Sewerage Administration bodies are publicly disclosing the water withdrawal data from their websites.)	Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. In our operations, only municipal supply is used in our all facilities. Water and Sewerage Administration entities across Turkey discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and water quality. This information could be obtained for all of our operation facilities. Since the water withdrawal is not a primary input in our operations we do not track this information regularly. In addition, we quantify water withdrawals volumes based on the billing data.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	2.84	About the same	The rainwater collection system at our HQ (Zincirlikuyu Office) is used for landscape irrigation purpose. There is a water tank with the volume of 70 m3. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. During the dry seasons (summer), the landscape irrigation is done by using waste water supplied from the cooling tower (approx.20m3) to prevent additional water consumption. The amount of recycled water is less than then %1.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	No brackish surface water/seawater withdrawal
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater – renewable withdrawal
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater – non-renewable withdrawal
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	No produced water withdrawal
Third party sources	Relevant	284	Lower	The water consumed by Garanti BBVA is provided by municipalities, which in Turkey source their water mainly from dams fed by open river and reservoirs. Garanti BBVA sets targets to lower its water consumption. Garanti BBVA has decreased its total water withdrawal by %1 for the facilities within the boundaries compared to the previous year. In 2018, the Bank's total amount of water withdrawal was 284 megaliters/year. This water is used for domestic purposes such as drinking, cooking, cleaning and used in lavatories and HVAC systems. The Bank's water management process and water withdrawal* values are publicly available in its 2018 Integrated Annual Report (*In the Integrated Annual Report water withdrawal is referred to as water consumption) and verified within the scope of limited assurance provided by an independent third party.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	No fresh surface water discharge
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No brackish surface water/sea water discharge
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	No groundwater discharge
Third-party destinations	Relevant	249.62	Lower	Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating, monitoring and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water quality which could be easily accessed through their official websites. Garanti BBVA estimates the discharge and the consumption volumes under these assumptions: • According to WHO minimum survival allocation (drinking and food preparation and cleanup) is 7.5 liters per person per day. We assume 7.5 liters per person per day water consumption for our employees. • • 7.5 L/FTE/day x 18,338 FTE x 250 days/year = 34,383,750 L/year = 34.38 megaliters/year • Water discharge is 284.00megaliters/year – 34.38 megaliters/year = 249.62 megaliters/year

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	Less than 1%	About the same	As a financial institution, recycled, brackish and/or produced water do not have a significant impact on our financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its HQ (Zincirlikuyu Office) for landscape irrigation purpose. The amount of recycled water is less than 1%.

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

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

Row 1

% of suppliers by number

76-100%

% of total procurement spend

Unknown

Rationale for this coverage

We believe that the most material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. Nevertheless, Garanti BBVA is also managing its water related risks in supply chain by asking almost all of its suppliers to comply with Code of Conduct for Suppliers (which includes ISO14001) through an additional protocol; and this is how we raise their awareness. In the coming years, we are planning to have more detailed compliance criteria from suppliers, and working on a new Procurement Policy which will be issued by the end of 2019. Moving forward, Garanti BBVA may also consider requesting regular reporting for water-related data from its suppliers.

Impact of the engagement and measures of success

Garanti BBVA will continue to undertake numerous efforts aimed at reducing water use at new and existing facilities. In new facilities, Garanti BBVA intends to build to industry leading standards for energy and water efficiency. For example, Garanti BBVA's new Pendik Technology Campus is built to meet LEED certification. Additionally three of our buildings have LEED certificate and one call center complies with the LEED standards and its certification process is on-going.

Comment

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

https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf

W1.4b

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

Type of engagement

Onboarding & compliance

Details of engagement

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

% of suppliers by number

76-100

% of total procurement spend

Unknown

Rationale for the coverage of your engagement

In February 2018, Garanti BBVA shared its Code of Conduct for Suppliers, which requires full compliance with Garanti BBVA's Environmental Policy and EMS. It is also publicly available in the Bank's website: https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf. The Code includes the following environmental expectations. Environmental Provisions stated in the Code of Conduct include: -Protection of the environment, sustainability and the aspiration to "eco-efficiency" are priorities for Garanti, which has developed an Environment Policy and has subscribed to the principal international commitments on this issue: the UNGC, UNEP-FI and the CDP; -In your professional activities, behave responsibly in regard to the conservation of the environment.

Impact of the engagement and measures of success

Garanti BBVA published Code of Conduct for Suppliers in February, 2018. In order to embedded the code of conduct into all the procurement activities, Garanti BBVA has updated its Procurement Policy in 2018.

Comment

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

https://surdurulebilirlik.garantibbva.com.tr/media/1405/garanti_bank_code_of_conduct_for_suppliers-ib.pdf

W1.4c

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

We believe that the most of material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed Environmental and Social Impact Assessment Process since 2012. As a member of the BBVA Group, the Bank also adopts the Sector Norms including the management of water related risks released by BBVA in 2018. The scope of these two sets of standards and processes are defined based on the Bank's exposure and the level of environmental risk. Based on this prioritization, we decide the level of engagement and actions to be taken.

W2. Business impacts

W2.1

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

Yes

W2.1a

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

impact.

Country/Region

Turkey

River basin

Other, please specify (Seyhan Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. For instance 12-month electricity generation of a hydropower plant in Seyhan Basin was realized 31% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

5000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Dogu Akdeniz Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of a hydropower plant in Doğu Akdeniz Basin was realized 20% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

10000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Buyuk Menderes Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of the a hydropower plant in Buyuk Menderes Basin was realized 29% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

5000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Bati Karadeniz Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of a hydropower plant in Bati Karadeniz Basin was realized 21% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

45000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Kizilirmak Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of an hydropower plant in Kizilirmak Basin was realized 7% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

1000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Firat-Dicle Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of an hydropower plant in Firat-Dicle Basin was realized 9% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

12000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

Country/Region

Turkey

River basin

Other, please specify (Seyhan Basin)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Reduced revenues from lower sales/output

Description of impact

Due to a variety of factors, in certain areas of Turkey, hydropower plants' generation capacities were affected in 2018. We believe the reduction in production capacity is also associated to drought. 12-month electricity generation of a hydropower plant in Seyhan Basin was realized 2% lower compared to 2017.

Primary response

Greater due diligence

Total financial impact

4000000

Description of response

Garanti BBVA undertakes an E/S risk assessment during the due diligence phase of projects that fall under the scope of its E/S risk management framework. Since the beginning of 2019, Garanti updated the scope of application on E/S procedures and removed the investment amount restriction for project finance. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks.

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>6 years

Type of tools and methods used

Enterprise Risk Management

International methodologies

Databases

Other

Tools and methods used

Internal company methods

External consultants

National-specific tools or standards

Other, please specify (ISO 14001, LEED)

Comment

Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Garanti BBVA takes every chance to build capacity on water risks among its employees. Internal memos and informative emails are shared periodically with relevant staff to draw attention to not only water but environmental issues and Garanti BBVA's efforts for minimizing its impacts on the environment. Garanti BBVA also provides in-class and distance learning training programs. Garanti BBVA will manage its direct environmental footprint by using its own online Environmental Management Database. This new online tool will enable us to manage our water footprint more systematically.

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Not defined

How far into the future are risks considered?

>6 years

Type of tools and methods used

Enterprise Risk Management

International methodologies

Other

Tools and methods used

Environmental Impact Assessment

Internal company methods

National-specific tools or standards

Other, please specify (ISO 14001)

Comment

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

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Other

Tools and methods used

Environmental Impact Assessment
Internal company methods
External consultants
National-specific tools or standards
Other, please specify (IFC PS, EBRD PR)

Comment

We believe our main water risks lie with the downstream impacts arising from financing activities, rather than supply chain or the Garanti BBVA's own facilities. Garanti BBVA applies its Environmental and Social Loan Policies to all loans and E/S Risk Management Framework to those which fall under a defined scope. This system complies with international standards and sector best practices. In 2018, a total of 8 of projects with a loan amount of USD 281 mn were subjected to our ESIAM. For more information (Due Diligence for non-financial performance in KYC procedures and ESIAP):

<https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/>

W3.3b

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

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The parameters below are assessed under ESIAP: • Proper site selection considering sensitive areas (For instance, projects located in RAMSAR wetland areas are not financed by Garanti BBVA) • Current characteristics of water • Effluent water quality • Impact on ground and surface water quality and quantity For example, 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 requested within the scope of international standards based on our ESIAP.
Water quality at a basin/catchment level	Relevant, always included	Current characteristics of water, effluent water quality and impact on ground and surface water quality are factored into our organization's water risk assessments. For example, during one of motorway projects we financed, the route was deviated due to a drinking water resource on the route at Asian side of Istanbul, as a result of ESIA studies requested within the scope of international standards based on our ESIAP.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	During ESIAP, the project location and current stakeholder views are taken into account and public reactions and their reasons etc. are investigated prior to the project. If there is a huge level of stakeholder conflict, the project is whether directly rejected or applicable actions are taken to avoid conflicts. For example, detailed stakeholder engagement plans including public participation meetings, disclosure project reports and complaint mechanisms were requested from the Borrowers and were later put into action. These requirements are added to the loan agreement, as part of the environmental and social action plan or as a separate document/covenant. Therefore, currently, there is no stakeholder conflict concerning water resources at a local level. Additionally, Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards.
Implications of water on your key commodities/raw materials	Relevant, always included	Being one of the major material issues for Garanti BBVA, 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 Garanti BBVA's ESIAP and our shareholder BBVA's sector norms. For each project, the impact on water sources and other water-related risks are assessed in detail. Additional measures may be required from the clients if necessary. In 2018, a total of 8 of projects with a loan amount of USD 281 mn were subjected to our ESIAM. Through detailed action plans based on these due diligences, E&S impacts were minimized. Additionally, our Climate Change Action Plan published in October 2015 focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards.
Water-related regulatory frameworks	Relevant, always included	Changes in the regulatory framework related to environment are closely monitored and ESIAP is updated accordingly where necessary. Annually, the ESIAP was updated based on the current regulatory changes including, EIA regulation and water related legislation, and continued to be applied while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders. For example, our majority shareholder BBVA's sector norms are published in February 2018 and we have updated ESIAP accordingly. Detailed water management framework of Garanti BBVA can be found here: https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/
Status of ecosystems and habitats	Relevant, always included	Garanti BBVA requires in depth ecosystem assessment reports within the scope of ESIAP for the projects. Available reports are reviewed and investigated through questions to understand whether current status of the ecosystem and habitat characteristics is assessed or not according to the requirements of ESIAP. If there is no necessary study related to the ecosystem and habitats, client is required to conduct additional study for the baseline ecosystem /habitat or ESIA (in line with international standards) including detailed ecosystem /habitats section. For example, following issues were detected in some projects and necessary studies were requested; • Insufficient EIA reports with insufficient ecosystem assessment study • Insufficient environmental water released to riverbed • Insufficient water at downstream- impacts to farmers • Endemic fishes or other aquatic species • Impacts on wildlife including bird migration routes. For more details, case studies page in our website: https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Garanti BBVA provides fully functioning WASH services for all employees and a full time OHS team and Construction Department to supervise the quality of these services. The Bank implemented a reverse osmosis treatment plant at HQ (Zincirlikuyu Office) in 2014. This treatment plant provides good quality drinking water used for domestic purpose (drinking, cooking, cleaning etc.). In addition, in the project finance level where there are more possible underlying social risks, social impacts of the projects including occupational and community health and safety are assessed in detail within the scope of ESIAP as well based on the international standards such as EPs, IFC Performance Stds. 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 Env&Social Action Plans which are requested as part of our loan agreements.
Other contextual issues, please specify	Relevant, always included	Due to varying impacts on water sources Garanti BBVA developed specific provisions for each sector. Some of these sectorial principles related to water are stated as below; HEPPs •Sufficient environmental flow water amount •Basin water rights and sufficient environmental flow to sustain the basin ecosystem and preserve river hydrology •Alternative technical designs •Preventive measures for flow direction, flow rate and drainage changes, excavation in the water source, dredging and sediment accumulation •Periodical environmental water release monitoring •Discharge of cooling and process water (wastewater and discharged water that may cause thermal pollution) •Cumulative impact studies •Minimizing the impact on the ecosystem •Alternative water supply methods; in Geothermal PP projects: •Reinjection is required for groundwater preservation; in Mining Projects: •Water management strategies •Reduction measures, recycling/re-use •Prevention of acid rock drainage; and in other projects: •Effluent water discharge management •Best Available Technologies (BAT) for treatment facilities •Efficient usage, recycling/re-use. Besides, as a member of the BBVA Group, Garanti BBVA also adopts the Sector Norms for E&S due diligence released by BBVA in 2018. For more details, please visit our web site: https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/ and for Sector Norms, please visit: https://www.bbva.com/en/statement-bbva-sector-norms/

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

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Garanti BBVA is implementing an E/S Risk management framework for lending operations. Additionally, where relevant, Garanti BBVA may apply additional Due Diligence(DD) processes to check whether the loan request or the existing loan is in compliance with its specific policies and/or commitments, i.e.sustainable, E&S bond issuance guidelines, etc. Not only do we assess the water related issues and risks of the projects/borrowers, but we also work hand in hand with our clients to raise their awareness on water-related issues. For instance, Garanti BBVA held the Sustainability and Risk Management Workshop once again in 2018. The Bank's E/S experts alongside with external experts from various sectors incl. insurance made presentations including the implications of UNEP FI's Principles on Responsible Banking on real sector, innovative ESG practices, new trends in transparency and non-financial reporting and COP 24 evaluations to corporate customers in the energy&infrastructure industries, consultants and NGOs.
Employees	Relevant, always included	Our employees' support and knowledge on environmental issues are key to our success in sustainability-related initiatives. Therefore, Garanti BBVA takes every chance to build capacity on water risks among its employees. For instance, internal memos and informative emails are shared periodically with the relevant staff to draw attention to not only water but environmental issues and the Garanti BBVA's efforts for minimizing its impacts on the environment. Garanti BBVA also provides in-class and distance learning training programmes for loan officers related to the implementation of its ESLP and ESIAP.
Investors	Relevant, always included	Garanti BBVA responds to CDP Water as well as ESG rating agencies to provide a better understanding of its water management to the investors. Moreover, Garanti BBVA's Sustainability Team cooperates with its Investor Relations team to respond investors' particular requests on water management. Furthermore, Garanti BBVA's sustainability website is one of the platform where the Bank discloses its policies, procedures, general approach, E&S risk management methods and case studies: https://surdurulebilirlik.garantibbva.com.tr/en
Local communities	Relevant, always included	When Garanti BBVA runs a project through its ESIAP, one of the most important stakeholders is always the local community. Local communities are consulted as part of stakeholder engagement processes of environmental and social impact assessment. Where relevant, a Stakeholder Engagement Plan (SEP) is prepared to describe the mechanisms by which local communities and other stakeholders are informed about the Project and which gives an opportunity to provide comments and input to the Project development. For more details, please visit case studies page in our website: https://www.garantibbvainvestorrelations.com/en/sustainability/detail/Environmental-and-Social-Impact-Assessment-Case-Studies/1684/7723/0
NGOs	Not relevant, included	Garanti BBVA always works hand in hand with NGOs for both its direct and indirect impacts. During our materiality analysis we engaged with many NGOs to learn their perspective and studies about water risks. Garanti BBVA is the main sponsor of CDP Turkey. Also, Garanti BBVA attends water related workshops and seminars hold by NGOs as speaker and share its policies and experiences. Garanti BBVA participates in local and international organizations that allows widespread, high-leverage engagement of the business community with numerous national and international organizations, including governments and policymaking bodies. In addition to its long-lasting active participation in several platforms, Garanti BBVA become a member of the Core Group to define UNEP FI Responsible Banking Principles. Garanti BBVA also became the Chair of the Turkish Business Council for Sustainable Development (BCSD Turkey), and joined the Steering Committee of Carbon Pricing Leadership Coalition (CPLC). By focusing on the responsible and sustainable development, Garanti is actively contributing to 14 of 17 Sustainable Development Goals.
Other water users at a basin/catchment level	Relevant, always included	Garanti BBVA's ESIAP makes sure that water usage rights of downstream communities are protected.
Regulators	Relevant, always included	Regulators are consulted by Ministry of Environment and Urbanization during the local EIA processes. Another factor, regulators asks the banks via Turkish Banks Association or Turkish Industry and Business Association, or directly while drafting the regulations, time to time. 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. Garanti BBVA does not have direct contact or responsibility to involve in this process. However, Garanti BBVA follows the results of the monitoring data by regulators and client. Turkey's new Water Law is expected to come into force in the upcoming years. Garanti BBVA states its suggestions via Water Advisory Council founded by CDP Turkey to the public authorities and policy makers.
River basin management authorities	Relevant, always included	River basin management is a new issue in Turkey and currently regulated by the public authorities. Same as above mentioned, Garanti BBVA has not direct contact nor have responsibility to get involved in this process. Nevertheless, Garanti BBVA requires that the project or client has no conflict River basin management authorities.
Statutory special interest groups at a local level	Relevant, always included	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. Nevertheless, Garanti BBVA is also managing its water related risks in supply chain by asking its suppliers to comply with its Code of Conduct which includes environmental criteria. Garanti BBVA shared its Code of Conduct for Suppliers with a message stating that their full commitment and compliance is expected.
Water utilities at a local level	Not relevant, explanation provided	Water utilities and suppliers of the projects are determined by project sponsors and stated by EIA of the projects and necessary agreements and/or contracts/permits are ensured.
Other stakeholder, please specify	Please select	

W3.3d

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

Garanti BBVA believes that the main water risks related to the company lie with the downstream impacts arising from financing activities, rather than Garanti BBVA's own facilities. Garanti BBVA published its CC Action Plan to support Turkey's transition to a low-carbon economy. The Plan focused on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. Additionally, Garanti BBVA undertakes an E&S risk assessment framework. During this assessment, Garanti BBVA supports its customers to better manage their water-related risks, along with all the other E/S risks. Garanti BBVA uses its own ESIAP which is compliant with international best standards and practices, for water risk assessments which are as follows: • Proper site selection considering sensitive and protected areas (RAMSAR) • Current characteristics of water • Impact on ground and surface water • Effluent water quality. In addition, due to varying impacts on water sources Garanti developed specific provisions for each sector. Some of these sectorial principles related to water are stated as below; HEPPs • Sufficient environmental flow water amount • Basin water rights and sufficient environmental flow to sustain the basin ecosystem & preserve river hydrology • Alternative technical designs • Preventive measures for flow direction & drainage changes, excavation in the water source, dredging • Periodical environmental water release monitoring during operations Thermal PP • Discharge of cooling and process water • Cumulative impact studies for thermal discharge • Minimizing the impact on the ecosystem • Alternative water supply methods Geothermal PP • Reinjection is required for groundwater preservation Mining Projects • Water management strategies • Reduction measures, recycling/re-use • Prevention of acid rock drainage • Effluent water discharge management • BAT for treatment facilities • Efficient usage, recycling/re-use

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

"Garanti BBVA defines; (1) the negative impact of water-related risks on the financial or non-financial performance (such as reputation) of the projects which fall under the scope of its E/S risk assessment framework, and (2) loss of revenues due to service interruption originating from a water-related disaster such as flooding regardless of the duration of interruption as substantive changes in our business. The management method for both risks are explained below: The ratio of financing provided to projects prone to water-related risks in 2018 is 64% in our 2018 project finance portfolio. Garanti BBVA has a robust E/S risk assessment framework in place that allows us to minimize the risks associated to water along with other environmental and social risks. "

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	8	51-75	Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Hydrology title: http://geodata.ormansu.gov.tr/index.html?lang=en - Garanti financed 8 projects prone to water-related risk (power and infrastructure) in 2018. The ratio of financing provided with E&S impact assessment to the total project finance commitment under Garanti BBVA'S project finance definition in 2018 is 64%. In order to manage the potential risks associated to environment including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti BBVA is fully committed to minimize and manage water-related risks in its project finance. Since the beginning of 2019, Garanti updated the scope of application on E&S procedures and removed the investment amount restriction for project finance. Therefore, Garanti Bankası apply to all project finance, irrespective of their cost that meet the definition established in the Asset and Project Finance Admission and Monitoring Procedure.

W4.1c

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

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin, Buyuk Menderes Basin, Bati Akdeniz Basin)

Number of facilities exposed to water risk

8

% company-wide facilities this represents

51-75

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

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

% company's total global revenue that could be affected

51-75

Comment

"Basin information of Turkey can be found in this official link by the Ministry of Forestry and Water Affairs under Hydrology title: <http://geodata.ormansu.gov.tr/index.html?lang=en> Garanti BBVA financed 8 projects prone to water-related risk (power and infrastructure facilities) in 2018. The ratio of financing provided to these projects to the total project finance commitment under the Garanti BBVA's project finance definition in 2018 is 64% (USD 281 mn). In order to manage the potential risks associated to environment including water risks, Garanti BBVA has a robust environmental and social risk assessment in place. As stated in our Climate Change Action Plan, Garanti is fully committed to minimize and manage water-related risks in its project finance.

W4.2

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

Country/Region

Turkey

River basin

Other, please specify (All Garanti offices)

Type of risk

Physical

Primary risk driver

Severe weather events

Primary potential impact

Other, please specify (Property Damage)

Company-specific description

As predicted in the World Economic Forum Global Risk Report 2018, major global risks arose from climate-related events. 2018 marked another record breaking year for extreme weather events in Turkey. According to the most recent report released by the Turkish State Meteorological Service, In 2018 among the natural disasters with meteorological characteristics, heavy rainfall / flood (39%), storm (28%) and hail disaster (16%) is in the first place. The concerning trend since 2000 shows that there is a 4-event increase per year. Garanti BBVA has wide spread branch operations in many regions of Turkey including those which are vulnerable to extreme weather events.

Timeframe

Current up to 1 year

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

21060000

Potential financial impact figure - maximum (currency)

21060000

Explanation of financial impact

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

Primary response to risk

Other, please specify (Develop a business continuity and disaster recovery plan)

Description of response

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

Cost of response

0

Explanation of cost of response

Our primary cost have been training of all employees related to Business Continuity and Disaster Recovery Plan (the cost of all trainings –both in-class and distant learning- per employee in 2018 was TRY 851 per annum). As these roles have been built into existing responsibilities, there is no additional cost compared to business as usual.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Type of risk

Physical

Primary risk driver

Other, please specify (Increase in unit price of water)

Primary potential impact

Increased operating costs

Company-specific description

In 2018, Garanti BBVA's total water withdrawal was 284 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti BBVA's water management process and water withdrawal values are publicly available in its 2018 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). Due to the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal decreased by 1% compared to the previous year. However due to the increase in unit price of water, the water expense is increased by 16%. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA will implemented a new online data collection system in August, 2019.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

465482

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Due to the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal decreased by 1% compared to the previous year, however water expenses increased by roughly 16% due to the increase in unit water prices in Turkey.

Primary response to risk

Improve monitoring

Description of response

Garanti BBVA has dedicated Sustainability and Environment and Energy Efficiency teams that are responsible for Garanti BBVA's environmental performance and ISO14001 compliance in all branches, buildings and personnel. Garanti aims to better monitor water consumption, target realization, and the progress on water efficiency investments through its new online data collection system that will be launched in August, 2019. This leads to better management of our resources.

Cost of response

111000

Explanation of cost of response

Garanti BBVA is currently working on an online monitoring system that costs TRY 111,000 to better monitor the data collection. The test implementation for this online database has been completed successfully and it will be launched in August 2019.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Type of risk

Technology

Primary risk driver

Unsuccessful investment in new technologies

Primary potential impact

Impact on company assets

Company-specific description

As a country in the drought zone, Turkey will experience severe droughts and heatwaves in addition to extreme precipitation and floods. Turkey is among the countries that will be extremely water-stressed by 2040. If projections come true, with the expected population growth to 100 million people, Turkey will be among the water poor countries by 2030. In order to cope with the climate change and water stress, Garanti BBVA has been the first bank in Turkey to create "paperless banking" operating environment and first bank in the world with ID scanning facilities in branches. Since April 2015, tablet computers have been used by employees. This strategy eliminates the use of water-intense resources, i.e. paper.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17950000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Our A4 paper consumption decreased by 359 tonnes between 2017-2018. This caused almost TRY 3.6 mio annual saving. If the average tablet life time is assumed 5 years, the total saving will be TRY 17,9 mio.

Primary response to risk

Increase investment in new technology

Description of response

2006, Garanti BBVA has been the first bank in Turkey to create "paperless banking" operating environment and first bank in the world with ID scanning facilities in branches. Since April 2015, tablet computers have been used by employees. By the end of 2018, 18,851 employees were working at Garanti and around 11,000 of 18,851 employees used tablet computers.

Cost of response

11000000

Explanation of cost of response

Average price of tablet is around TRY 1,000 and number of employees with tablet is 11,000. The total cost of table is 11,000 x 1,000 = 11,000,000

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Increased operating costs

Company-specific description

Increased Operating Costs (e.g. decrease in production of hydroelectric plants due to drought): A possible increase in electricity prices due to lower production of HEPPs because of extreme drought can impact Garanti BBVA's operating costs negatively.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-low

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

766140

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Our estimation assumes 1% increase electricity price due to low production of HEPPs.

Primary response to risk

Increase investment in new technology

Description of response

To insulate from price increases, Garanti Bank has invested roughly TRY 50 mn in energy efficiency across its operations in 2018. The life of the LED and AC investments is assumed to be at least 20 years.

Cost of response

50442651

Explanation of cost of response

This management cost (TRY 50.4 mn) includes replacement of AC units in 480 branches with more efficient ones and installation of efficient LED lighting systems in 630 branches. In 2017, the total investment amount was TRY 7.1 mn for replacement of lighting systems in 151 branches and AC in 75 branches. The life of the LED and AC devices is assumed to be more than 20 years.

W4.2a

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

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Closure of company operations

Company-specific description

As predicted in the World Economic Forum Global Risk Report 2018, major global risks arose from climate-related events. 2018

marked another record breaking year for extreme weather events in Turkey. According to the most recent report released by the Turkish State Meteorological Service, In 2018 among the natural disasters with meteorological characteristics, heavy rainfall / flood (39%), storm (28%) and hail disaster (16%) is in the first place. The concerning trend since 2000 shows that there is a 4-event increase per year. Garanti BBVA has wide spread project finance portfolio all around Turkey. Especially infrastructure projects are vulnerable to extreme weather events such as hail and floods. Projects in our portfolio in 2018 did not report damages or disruptions in construction due to flood or hail.

Timeframe

Current - up to 1 year

Magnitude of potential financial impact

Unknown

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

348316248

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Garanti BBVA has 9 infrastructure projects in its PF loan portfolio. In case of flood or hail these, the operations of those projects could be interrupted due to a road collapse. This would lead a cost overrun where re-construction expense of a 1 km road is around USD 8 mio. 1 km road collapse in each of 9 projects would result in approximately USD 348 mio of cost overrun. Total financial impact: $9 \times 8.000.000 \times 4,84 = 348.316.248$ (2018 USD/TRY=4,84)

Primary response to risk

Other, please specify (Build capacity among clients and implement E/S risk management framework)

Description of response

Garanti BBVA supports its client to better manage their water-related risks, along with all the other E/S risks through. We conducted a Sustainability and Risk Management workshop in 2018 for our clients regarding E/S risks at power and infrastructure sectors.

Cost of response

300000

Explanation of cost of response

Garanti BBVA has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2018. Therefore the total cost of management is TRY 300 thousand.

Country/Region

Turkey

River basin

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

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

2018 was according to the Ministry of Forest and Water Management, driest year in last 44 years. Turkey in general received less rain than expected normals with very few exceptions. According to the data from General Directorate of Meteorology(MGM), Eastern Anatolia, South Eastern Anatolia and Central Anatolia were in in general 'Severely Dry'. Changes in precipitation patterns due to climate change result in reduced electricity production in our hydropower plant portfolio. Functioning hydropower plants are expected to be under this risk of reduced production due drought.

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

82000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

There had been a total decrease of TRY 82 mn in revenues of our hydropower plant portfolio. Although this may not be associated directly to drought, it gives an indication of magnitude of such an impact.

Primary response to risk

Other, please specify (Promote greater due diligence among our clients)

Description of response

Garanti BBVA supports its client to better manage their water-related risks, along with all the other E/S risks through. We conducted a Sustainability and Risk Management workshop in 2018 for our clients regarding E/S risks at power and infrastructure sectors.

Cost of response

300000

Explanation of cost of response

Garanti BBVA has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Besides, Garanti organizes workshops to make sure customers are informed about the possible measures. Approximate cost of the workshop was TRY 15 thousand in 2018. Therefore the total cost of management is TRY 300 thousand.

Country/Region

Turkey

River basin

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

Stage of value chain

Use phase

Type of risk

Reputation & markets

Primary risk driver

Community opposition (Reputation: Reduced revenue from decreased demand for goods/services)

Primary potential impact

Company brand damage

Company-specific description

Stakeholders increasingly expect companies, especially banks, to proactively address climate change issues such as importance of

our fresh water resources. Failure to meet these expectations could damage reputation resulting in a loss of investor support and customer loyalty, among other challenges. Garanti BBVA implements an E&S Impact Assessment Process in line with international best practices to help drive improvement across its loan portfolio. In order to respond stakeholder demand on climate change action, Garanti BBVA published its Climate Change Action Plan Statement in 2015. Garanti focuses its activities on combating climate change on four main areas: putting a price on carbon and prioritization of renewable energy investments, reducing deforestation, management of water risks related to climate change, and establishing green office standards. Additionally, Garanti BBVA's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. According to this pledge BBVA will mobilize EUR 100 billion by 2025 to fight climate change and drive sustainable development. BBVA also released new sector norms for energy, mining, agriculture, and infrastructure sectors with this pledge.

Timeframe

4 - 6 years

Magnitude of potential financial impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

798000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Reputational damage due to controversial issues could result in disruption of the funds entailing ESG criteria utilized from IFIs. In 2018, the total funds with such criteria utilized from IFIs are TRY 798 million.

Primary response to risk

Other, please specify (Engage with NGOs/special interest groups)

Description of response

Besides the company level efforts mentioned in the description, Garanti BBVA works with peers to enhance the business practices on sustainable banking. As the Chair of Sustainable Banking and Finance Working Group of UNGC Network Turkey, Garanti BBVA led the efforts to develop the Declaration on Sustainable Finance. The signatory banks commit to a set of criteria for E&S risk management in their lending activities. The Declaration was launched in 2017 during the V. Sustainable Finance Forum organized by BCSD Turkey, of which Garanti is also one of the main sponsors. In 2018, the scope of the Declaration was updated by decreasing the limit of investment amount from US\$ 50 mn to US\$ 20 mn. The 'Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and the South Aegean Development Agency (GEKA) in May 2018, aims to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Main stakeholders of the project are textile manufacturers, global textile brands, and financial institutions. Within the scope of the project, clean production trainings, technical and financial support will be given to raise awareness of water and energy efficiency projects. Garanti BBVA is the finance partner of the project, and supports manufacturers within the scope with favorable loan options through discounted interest rates.

Cost of response

561727

Explanation of cost of response

The cost for management includes the total cost of memberships to sustainable business platforms, sponsorships to sustainability-related events or studies. In 2018, Garanti BBVA contributed TRY 561.7 thousand to the efforts aimed at raising awareness and know-how transfer to a variety of stakeholders including public bodies, policy makers, private companies, universities and NGOs for sustainable development.

Country/Region

Turkey

River basin

Other, please specify (A single basin is inapplicable)

Stage of value chain

Use phase

Type of risk

Regulatory

Primary risk driver

Regulatory uncertainty

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

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

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

206250000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

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

Primary response to risk

Other, please specify (Follow up on international standards)

Description of response

Garanti BBVA has developed a comprehensive approach to analyze each project against specific E/S criteria. The Bank runs its E&S Impact Assessment (ESIA) Process and requests an E&S Action Plan in order to assess and monitor the customer's legal liabilities due to environmental regulations. This plan is also included in the loan agreement. By the end of 2018, Garanti BBVA assessed 59 projects within the scope of its ESIA Process and supported its customers to realize their investments in line with the legal framework on environmental issues and even beyond, i.e. international standards. Our requirement on compliance to international best standards also makes the Bank's borrowers to get prepared for stricter legal framework and eliminates the future non-compliance risks.

Cost of response

303250

Explanation of cost of response

Garanti BBVA has invested roughly TRY 285 thousand on formation and implementation of Environmental and Social Impact Assessment Model by cooperating with consultants. Additionally, our E&S experts have conducted regular site visits to monitor the implementation of the E&S Action Plan items. In 2018, four power plants were visited by our experts and it costed around TRY 3,250. Besides, Garanti BBVA organized five workshops within the scope of Sustainability and Risk Management, where stakeholders including customers and non-governmental organizations were informed on the most current topics related to sustainable business models, such as innovative environmental, social and governance practices in Turkey, green financing options, risks stemming from digitalization, new trends in relation to transparency and non-financial reporting and environmental risk perception in the insurance industry. The cost of the workshop was TRY 15 thousand in 2018. Therefore the total cost of management was TRY 303,250.

W4.3

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

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

W4.3a

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

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

In October 2015 Garanti BBVA published its Climate Change Action Plan in order to support Turkey's battle against climate change and support its transition to a low carbon economy. Climate Change Action Plan which represented our support of this subject in four main areas; i) carbon pricing and prioritizing renewable energy investments; ii) helping to decrease deforestation; iii) helping to manage water risks associated with climate change adaptation and design and iv) implementation of green office standards. <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/environmental-impact-of-our-operations/climate-change-management/> Such efforts help Garanti BBVA to insulate from water-related risks.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1359400912

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

In 2018, Garanti BBVA subjected 8 projects to its detailed E/S risk management framework to manage and minimize their E/S risks including water-related risks. These 8 projects have a total loan amount of USD 281 mn. This indicator is also verified by a third party in our 2018 Integrated Annual Report (page 198)

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

In 2018, Garanti BBVA's total water withdrawal was 284 megaliters/year. This water is used for drinking, cooking, cleaning purposes, lavatories, and HVAC systems. Garanti BBVA's water management process and water withdrawal values are publicly available in its 2018 Integrated Annual Report (*In the Report water withdrawal is referred to as water consumption). Due to the efficiency measures taken by the Sustainability Team and Environmental Management and Energy Efficiency teams, the water withdrawal decreased by 1% compared to the previous year. However due to the increase in unit price of water, the water expenses are increased by 16%. In order to closely monitor the consumption in all locations and increase its environmental performance, Garanti BBVA will implement a new online data collection system in 2019.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

465482

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

There is an opportunity to insulate from such cost increases through more investments on water efficiency.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

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

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

68281351

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Our target is to reveal a model that will be an example to Turkey by mediating the transition to Clean Production in the textile sector, however, protecting the sectoral competition as well as providing the economic sustainability. The protection of internationally important Bafa Lake and Büyük Menderes Delta can only be achieved this way. With the investment that will reach to 12 million Euro, it is possible to provide savings of water, energy, and chemicals up to 20%. It is predicted that the payback of the investment that will be made, in a duration of 1 to 3 years.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

Through the green project finance loan and green corporate loan introduced in the reporting period, Garanti encourages borrowing

companies to improve their sustainability performance throughout the term of the loan. Following the USD 10 million-loan extended to Zorlu Energy, the project finance deal in the amount of USD 260 million signed between Akfen Renewable Energy and four domestic and two international banks, in which Garanti participated as the green loan agent, was converted to a green loan. Under the green loan agreements, each one a first in Turkey in their respective avenues, borrower companies may access advantages in terms of loan interest or commission rates provided that they achieve WPP HEPP GTPP SPP Biomass improved performance in environmental, social and corporate governance areas as benchmarked against preset criteria throughout the term of the loan. For more information please visit: <https://surdurulebilirlik.garantibbva.com.tr/sustainability-blog/first-green-loan-of-turkey-from-garanti-bbva-to-zorlu-enerji/>

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1306185930

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

We aim to introduce this structure to more companies and increase the awareness on E/S issues among borrowers, hence contribute to private sector's transition to sustainable business models.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Zincirlikuyu Head Office

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

40.93

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

37.31

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

3.62

Comparison of consumption with previous reporting year

About the same

Please explain

15% increase in withdrawal despite all efficiency measures. In order to closely monitor the environmental performance, an online data collection system will be launched in 2019.

Facility reference number

Facility 2

Facility name (optional)

Learning and Development Center

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

6.04

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

5.82

Comparison of discharges with previous reporting year

Much higher

Total water consumption at this facility (megaliters/year)

0.23

Comparison of consumption with previous reporting year

Much lower

Please explain

Last year water discharge for this building was 4.04 megaliters. There are both increase in water withdrawal and water discharge since its a learning and development center of Garanti BBVA where the number of people in the building is constantly changing.

Facility reference number

Facility 3

Facility name (optional)

Gunesli Operation Center

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

34.9

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

28.06

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

6.84

Comparison of consumption with previous reporting year

Higher

Please explain

Last year water withdrawal for this building was 38.77 megaliters. 10% decrease in withdrawal is due to the change in number of people in the building. Garanti BBVA Technology is moving its operations to another buiding located in Pendik, İstanbul.

Facility reference number

Facility 4

Facility name (optional)

Sivas Call Center

Country/Region

Turkey

River basin

Other, please specify (Kizilirmak Basin)

Latitude

39

Longitude

37

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

11.87

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

10.85

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

1.02

Comparison of consumption with previous reporting year

Lower

Please explain

Both water withdrawal and discharge are about the same. There are 2% decrease in water consumption.

Facility reference number

Facility 5

Facility name (optional)

Pendik Technology Campus

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

29

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

11.26

Comparison of withdrawals with previous reporting year

This is our first year of measurement

Total water discharges at this facility (megaliters/year)

6.36

Comparison of discharges with previous reporting year

This is our first year of measurement

Total water consumption at this facility (megaliters/year)

4.9

Comparison of consumption with previous reporting year

This is our first year of measurement

Please explain

Garanti BBVA's technology center is moving from Güneşli building to new Pendik Technology campus thus this is our first year of measurement.

Facility reference number

Facility 6

Facility name (optional)

Taksim Service Building

Country/Region

Turkey

River basin

Other, please specify (Marmara Basin)

Latitude

41

Longitude

28

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

2.64

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

2.17

Comparison of discharges with previous reporting year

Much higher

Total water consumption at this facility (megaliters/year)

0.47

Comparison of consumption with previous reporting year

Much lower

Please explain

Last year water discharge for this building was 1.18 megaliters. 85% increase in water discharge is both due to decreased number of FTEs at the facility and increase in water withdrawal.

Facility reference number

Facility 7

Facility name (optional)

Branches and other buildings

Country/Region

Turkey

River basin

Other, please specify (Impractical to provide (latitude and longitude of Turkey is given))

Latitude

38

Longitude

35

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

176.36

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

159.05

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

17.31

Comparison of consumption with previous reporting year

Much lower

Please explain

Last year water withdrawal for this building was 192.98 megaliters. 9% decrease in withdrawal is due to efficiency measures. .

W5.1a

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

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

40.93

Comment

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

Facility reference number

Facility 2

Facility name

Learning and Development Center

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

6.04

Comment

Only municipal water withdrawal.

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

34.9

Comment

Only municipal water withdrawal.

Facility reference number

Facility 4

Facility name

Sivas Call Center

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

11.87

Comment

Only municipal water withdrawal.

Facility reference number

Facility 5

Facility name

Pendik Technology Campus

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

11.26

Comment

This is our first year of measurement

Facility reference number

Facility 6

Facility name

Taksim Service Building

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

2.64

Comment

Only municipal water withdrawal.

Facility reference number

Facility 7

Facility name

Branches and other building

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

176.36

Comment

Only municipal water withdrawal.

W5.1b

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

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

37.31

Comment

Only municipal water discharge

Facility reference number

Facility 2

Facility name

Learning and Development Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

5.82

Comment

Only municipal water discharge

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

28.06

Comment

Only municipal water discharge

Facility reference number

Facility 4

Facility name

Sivas Call Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

10.85

Comment

Only municipal water discharge

Facility reference number

Facility 5

Facility name

Pendik Technology Campus

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

6.36

Comment

This is our first year of measurement.

Facility reference number

Facility 6

Facility name

Taksim Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

2.17

Comment

Only municipal water discharge

Facility reference number

Facility 7

Facility name

Branches and other buildings

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

159.05

Comment

Only municipal water discharge

W5.1c

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

Facility reference number

Facility 1

Facility name

Zincirlikuyu Head Office

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 2

Facility name

Learning and development

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 3

Facility name

Gunesli Operation Center

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 4

Facility name

Sivas Call Center

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 5

Facility name

Pendik Technology Campus

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 6

Facility name

Taksim Service Building

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

Facility reference number

Facility 7

Facility name

Branches and other building

% recycled or reused

Not monitored

Comparison with previous reporting year

<Not Applicable>

Please explain

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

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?**Water withdrawals – total volumes****% verified**

76-100

What standard and methodology was used?

In 2018 Garanti BBVA maintained roughly 100% coverage for its ISO14001 certified Environmental Management System covering nearly all of its employees. Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in 2018 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 198
https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf

Water withdrawals – volume by source**% verified**

76-100

What standard and methodology was used?

In 2018 Garanti BBVA maintained roughly 100% coverage for its ISO14001 certified Environmental Management System covering nearly all of its employees. Garanti BBVA collects environmental indicators data for its EMS system from every single building and branch through its Sustainability Representatives. Garanti BBVA's total water withdrawal for all buildings and branches and the volume by sources were verified by KPMG within the scope of limited assurance in 2018 Integrated Annual Report under assurance standard ISAE 3000. Integrated Annual Report page: 198
https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf

Water withdrawals – quality**% verified**

Not verified

What standard and methodology was used?

Currently we do not measure our water withdrawal quality. However, the water quality of the treatment system in the HQ building is regularly monitored and tested. In addition, the urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities. Each administration is annually reporting and monitoring the water quality which could be easily accessed through their official websites. In our operations, only municipal supply is used for all facilities and information regarding to the quality is monitored by using these annual reports.

Water discharges – total volumes**% verified**

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future.: Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities. Each administration is regularly reporting and monitoring the water quality which could be easily accessed through their official websites. Within our organization total water withdrawal data is based on the billing data.

Water discharges – volume by destination**% verified**

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Water is discharged directly to the municipal sewage system. The urban water and sewage administrations in metropolitan cities are responsible for constructing, operating and maintaining the water supply and treatment facilities.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. Majority of the water discharges from Garanti BBVA facilities are sent to municipal treatment plants. Unfortunately some municipalities do not have treatment plants. However, in most of the operational locations the water bills paid by Garanti BBVA includes the water withdrawal quantity and wastewater treatment fee for discharge. In this context water withdrawal equals to water discharge by volume.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. The municipality is responsible for the monitoring of the discharge quality of the potable water used. If the discharge quality is not under in the proper range, Garanti BBVA will be subjected to fines.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our discharge quality since water discharge is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water discharge in the future. The municipality is responsible for the monitoring of the discharge quality of the potable water used. If the discharge quality is not under in the proper range, Garanti BBVA will be subjected to fines.

Water consumption – total volume

% verified

Not verified

What standard and methodology was used?

Currently we do not measure our consumption since water consumption is not substantive for finance sector. However, as our data collection system improves, we may consider measuring and getting verification for our water consumption in the future. Water consumption at Garanti BBVA Facilities consists of drinking, cooking, cleaning purposes, lavatories, and HVAC. As a financial institution, recycled, brackish and/or produced water do not have a significant impact on financial and operational activities. However, as a best practice Garanti BBVA collects rainwater and the wastewater of the cooling tower at its Zincirlikuyu Head Office for landscape irrigation. But the amount of recycled water is less than 1%.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

The rainwater collection system at HQ is used for landscape irrigation and car wash. There is a 70 m3 tank. As long as there's precipitation, the tank fills up. The excess rain water is discharged to the municipal sewage system. There is also a feed from the cooling tower to this tank. Therefore in the summer time when the precipitation is low, the landscape irrigation is done by the waste water (approx. 20 m3) from the cooling tower. However the amount of recycled water is less than 1%.

W6. Governance

W6.1

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

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

W6.1a

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

Row	Scope	Content	Please explain
1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change Other, please specify (Specific policy on lending)	Garanti BBVA has an holistic approach for integrated water management to better manage the risks and opportunities arising from both direct and indirect impacts. While trying to minimize its own water consumption through its Environmental Policy, Sustainability Policy and Environmental Management System; the Bank manages its indirect impacts through its E/S Loan Policies, E/S Impact Assessment System (ESIAP), Sector Norms and its Climate Change Action Plan. The Bank undertakes an E/S risk assessment during due diligence of greenfield projects under the scope of its relevant frameworks. Garanti BBVA monitors, reports and publicly discloses its performance in various platforms. The Bank's indicators has been verified by an independent third party within the scope of limited assurance. In addition, our E/S Risk Management System including the ESIAP and model aligned with international practices such as the Equator Principles and IFIs' performance standards, is intended to inform corporate and commercial customers on best practices in this area. This system requires to conduct assessments in terms of E/S including water related risks in order to establish a risk management plan. Besides, where relevant, the Bank may apply additional Due Diligence processes to check whether the loan request or the existing loan is in compliance with its specific policies and/or commitments, i.e. E/S bond issuance guidelines, etc.

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Director on board	The Chair of The Sustainability Committee(SC) and a member of Responsible Business Committee(RBC). The SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sustainability efforts. The SC and RBC are deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Team and Representatives, whereas RBC meets to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. In 2018, the Responsible Business Committee convened with the attendance of the members of the Sustainability Committee and discussed the related topics. In addition, the Committee ensures the integration of all material aspects and environmental and social factors, products and services, and decision-making mechanisms. For more information, please see our 2018 Integrated Annual Report, pages 142-145 (https://surdurulebilirik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf)
Chief Executive Officer (CEO)	The President and CEO, who is also a Board Member, is the member of the Sustainability Committee (SC) and the Responsible Business Committee (RBC). SC and RBC formally review and approve the activities related to sustainable and responsible banking and meet regularly to monitor the progress to provide input to all sust. efforts. SC and RBC are deliberately structured to integrate sust. concerns (i.e. climate change) and opp. into all operations, products and services. SC meets to review and take decisions on recommendations raised by the Team and Representatives, whereas RBC meets to oversee the progress on the implementation of Garanti BBVA's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc In 2018, the Responsible Business Committee convened with the attendance of the members of the Sustainability Committee and discussed the related topics. In addition, the Committee ensures the integration of all material aspects and environmental and social factors, products and services, and decision-making mechanisms. For more information, please see our 2018 Integrated Annual Report, pages 142-145 (https://surdurulebilirik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf)
Other, please specify (Responsible Business Committee)	The Responsible Business Committee (RBC) was established in 2017. The RBC has met 2 times since inception in 2017. There are two Board Members in the RBC one of them is a Director on the Board and the other is the CEO. The RBC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The RBC meets to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. Garanti BBVA's 2018 Integrated Annual Report, (pages 142 and 145), presents more information about the committees and their roles and responsibilities: https://surdurulebilirik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf .
Other, please specify (Sustainability Committee)	The Sustainability Committee (SC) chaired by a Board Member was established in 2010 and its composition was amended in 2015. The CEO, who is also Board Member is a permanent member of the SC and Responsible Business Committee (RBC) as well. The SC formally reviews and approves the Bank's activities related to sustainability (including its environmental performance and risk assessment) and meets to review and take decisions on recommendations raised by the Sustainability Team and Sustainability Representatives. The SC has met a total of 25 times since its inception in 2010. In 2018, the Responsible Business Committee convened with the attendance of the members of the Sustainability Committee and discussed the related topics. In addition, the Committee ensures the integration of all material aspects and environmental and social factors, products and services, and decision-making mechanisms. Our Sustainability web site presents more information: https://surdurulebilirik.garanti.com.tr/garanti-sustainability-approach/garanti-bank-and-sustainability/sustainability-management/ . Garanti BBVA's 2018 Integrated Annual Report, pages 142 and 145, presents more information about the committees and their responsibilities (https://surdurulebilirik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). rt.pdf.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Sustainability Committee (SC), established for this purpose in 2010, which formally reviews and approves the Garanti BBVA's activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and to provide input to all sustainability efforts. The SC's composition was amended in 2015. The CEO, who is also Board Member is a permanent member of the SC and the Responsible Business Committee (RBC) as well. The RBC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The committees are deliberately structured to integrate sustainability concerns and opportunities into all operations, products and services. Committees' role is to agree on strategic direction and action plans. The SC meets to review and take decisions on recommendations raised by the Sustainability Team and Sustainability Representatives, whereas the RBC meets to oversee the progress on the implementation of Garanti's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. In 2018, the Responsible Business Committee convened with the attendance of the members of the Sustainability Committee and discussed the related topics. In addition, the Committee ensures the integration of all material aspects and environmental and social factors, products and services, and decision-making mechanisms. For more information, please see our 2018 Integrated Annual Report, pages 142-145 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf) Presents more information about the committees and their roles and responsibilities: https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/ownership-in-senior-management/sustainability-committee/

W6.3

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

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

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

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

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

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

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

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

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

Environment/Sustainability manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Garanti BBVA established a full time Sustainability Team(ST) which comprises of 5 full- time members and is responsible for embedding sustainability criteria into core business within the Project Finance Department in 2012. ST is also responsible for the daily coordination of the efforts undertaken under the main heading of sustainability in the Bank. Reporting regularly in the Committee meetings, the ST presents the sustainability progress made to the Committee. Additionally, the significant development in the sustainability agenda is reported to the Committee members by the Team, or the Team receives approval regarding the process requiring approval from the Committee.

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

Facilities manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

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

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

Other, please specify (Sustainability Representatives)

Responsibility

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

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

in the units or branches where they work. We also established a new online monitoring tool in its EMS in 2018 to better manage resource consumption i.e.energy, water. The pilot phase has been completed. In the beginning of August, 2019 Sustainability Representatives of the bank will be responsible of data entrance to the system.

W6.5

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

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

W6.5a

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

In addition to its E/S Loan Policies, ESIAP and Sector Norms, Garanti BBVA released its Climate Change Action Plan in 2015 to support Turkey's transition to a low carbon economy. The Bank aims to spread these good practices in the Turkish finance sector and private sector; and build capacity. To achieve this goal Garanti BBVA has several memberships in local and international platforms. Garanti BBVA's Corporate and Investment Banking EVP is the Chair of BCSD Turkey, the Vice Chair of UNGC Network Turkey. We closely engage with policy-makers through these platforms and contribute to new regulations and laws regarding water. BCSD Turkey released Turkey Water Report to share a clear roadmap and recommendation for integrated water management that the government could take into consideration. Our engagement activities led to 14 policies/position papers that are issued to contribute SDGs. We are also the main sponsor of CDP Turkey and launched CDP Water Program in 2015 to raise awareness among private sector and motivate them to take action. Garanti BBVA has been the only bank from Turkey among the 28 founding members of UNEP FI Principles for Responsible Banking with total assets representing USD 17 tn. The Principles for Responsible Banking which are expected to significantly contribute to UN SDG and Paris Climate Agreement objectives.

W6.6

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

- Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Our long term objectives on water-related issues can be classified in 4 main pillars of our corporate strategy:(1)Customer Exp.: We offer innovative solutions and advise our customers to grow their businesses in sustainable manner. Advising our customers to make their business more resilient to water related risks is integral part of risk management strategy. From an opp.mngmnt perspective, we roll out new financing tools to support green investments/companies.(2)Investing in Human Capital: Bank invests in employees focusing on their development and form teams acting with social responsibility. This approach resulted in better management our operations (i.e.reducing water consumption) and loan portfolio-related climate/water risks (i.e.ESMP incl.mngmnt of water-related risks) or developing innovative products/services.(3)Responsible and Sust. Development: We implement an advanced corporate governance model that promoted our core values (incl.hard and soft controls to better embed sust. into operations). We also act with the principle of accountability and transparency which leads to better management of reputation and implement an effective risk management through world-class integrated management of financial/non-financial risks incl. water-related risks. We create shared value through lending based on impact investment principles.(4)Digital Transformation: Digitalization enables us to offer more resource efficient and productive banking service through digital platforms.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	"Our long term objectives on water-related issues can be classified in 4 main pillars of our corporate strategy: (1) Customer Experience: For instance, we manage water risks in our loan portfolio through ESIAP and sector norms. We organize capacity building events for our corporate customers (e.g. sustainability and risk management workshops, etc.) In 2018, Garanti BBVA executed Turkey's first Green Loan agreement by linking the margin of the loan to borrower's ESG performance. We became the finance partner of the Clean Production in Textile Sector Project', launched by WWF-Turkey to avoid water pollution. (2) Investing in Human Capital: We have a Team of 5 people incl. 3 env. engineers experienced in E/S risks incl. water. We also organize trainings to relevant departments to build internal capacity on both direct and indirect impacts on water. (3) Responsible and Sustainable Development: We manage our customers' water-related risks through a variety of policies and procedures. We offer innovative products to support water management. We partner with CDP to enhance the water-related risk management of our corporate customers through trainings. Also, Garanti BBVA favors wind and solar projects since HEPP projects are more vulnerable to drought risks. (4) Digital Transformation: Garanti BBVA has been the first bank in Turkey to create "paperless banking".
Financial planning	Yes, water-related issues are integrated	11-15	Garanti BBVA has a dedicated team of 5 people who are in charge of managing water-related direct and indirect impacts alongside with the other ESG issues. Moreover, Garanti BBVA has Env.Eff. and Env.Mngmnt teams who are responsible for implementation of ISO14001. Almost 1,000 Sust.Representatives are responsible for supporting these teams in achieving env.-related goals and are incentivized through monetary and recognition mechanisms. The Bank also allocated a certain budget to support water-related organizations and events. These include workshops and reports. All these activities are budgeted as part of annual planning.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

0

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

0

Water-related OPEX (+/- % change)

16

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

0

Please explain

CAPEX: Since all those measures taken to reduce water consumption and increase water efficiency are embedded in the process of construction of the building, it is not possible to calculate these investments as a separate item. OPEX: Water related operational expenses increased compared to 2017 despite all the efficiency measures taken by the Sustainability Team (ST). Due to the efficiency measures taken by the ST and Env. Management and Energy Efficiency teams, the water withdrawal decreased by 1% compared to the previous year, however operational expenses related to the water increased by 16% due to the increase in unit water prices in Turkey. As stated in its Climate Change Action Plan, Garanti BBVA is committed to establishing green office standards and continuously striving to increase its water usage efficiency of its facilities.

W7.3

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

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

W7.3a

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

Yes

W7.3b

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

	Climate-related scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	IEA Sustainable Development Scenario	The Oliver Wyman(OW) tool proposes scenario analysis for use in sectors that are of particular relevance to BBVA's portfolio and that are associated with possible climate-related transition risks. This methodology (from TCFD pilot) aims to narrow down the almost infinite number of variables that can arise around climate change (CC) using an analysis based on predictions from different models and provides different changes in the markets used for each scenario. As a reference, BBVA used the outcomes given in the IEA's SDS, which is the closest to 1.5°C target. Difficulty lies in objectively converting those changes to financial indicators. Use of risk pathways is therefore recommended as a way to study how these changes would affect specific indicators that are relatable to businesses. The 4 pathways used are: Increase in cost of direct emissions, Increase in cost of indirect emissions, Increase in capital costs associated with a transition to low-carbon economy and variations in revenues.	Garanti BBVA became the main finance partner of the Expansion of Cleaner Production in the Textile Sector Project', launched by WWF-Turkey and GEKA aiming to avoid the pollution that has already reached critical levels in the Great Menderes Basin. Garanti BBVA also organizes events to build capacity among all stakeholders (e.g. CDP Water workshops). Garanti BBVA strives to lower its own water consumption by implementing efficiency systems, educating employees on efficient water use, improving WASH services and provide good quality of water by implementing a reverse osmosis treatment plant. Garanti BBVA identifies and manage E/S risks/opp. including those associated to water on loan portfolio level through the Climate Change Action Plan, ESIAP and sector norms. For instance, the norms are defined based on a heatmap, i.e. an intersection of most climate-vulnerable sectors and sectors where the Garanti BBVA has the largest exposure. Garanti favors wind and solar projects since HEPP projects are more vulnerable to drought risks and have more negative impact on the environment and also they have higher construction risks compared to wind and solar projects.

W7.4

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

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

We only use an internal price on carbon. However we help our clients to understand the financial implications of water related risks. For instance, during our E/S risk assessment, we identified a 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin in one of our projects.

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Brand/product specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	In order to support Turkey's transition to a low carbon economy Garanti BBVA published its Climate Change Action Plan Statement in 2015. Garanti BBVA focuses its activities on combating climate change on four main areas: (1) putting a price on carbon, prioritization of renewable energy investments, (2) reducing deforestation, (3) management of water risks related to climate change, and (4) establishing green office standards. Additionally, Garanti BBVA's majority shareholder BBVA, released its Pledge 2025 for climate change and sustainable development. According to the pledge BBVA will mobilize EUR 100 bn by 2025 to fight climate change and drive sustainable development. Garanti BBVA also released new Sector Norms for energy, mining, agriculture, and infrastructure sectors with this pledge and its new SDG Bond Framework. For its targets and goals regarding its indirect impacts, the Bank has in-house experts that conducts periodic site visits and ESIA. These efforts are also publicly disclosed and verified by a third party in its integrated annual report. In order to manage and monitor its direct impacts, Garanti BBVA has an extensive ISO14001 EMS for almost 100% of its facilities in Turkey. The Bank closely monitors its environmental performance in each branch and building through a dedicated team and receives annual independent audit for its ISO14001 certification. Garanti BBVA publicly discloses its water consumption (verified by an independent third party within the scope of limited assurance). In order to better manage its env. performance and set realistic and more ambitious targets, Garanti BBVA established an online data collection system in 2018. This system will be started to use by sustainability representatives in 2019.

W8.1a

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

Target reference number

Target 1

Category of target

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

Level

Business activity

Primary motivation

Risk mitigation

Description of target

We believe that the most of material risks associated to water along the value chain for banking sector are those related to the loan portfolio. Therefore, Garanti BBVA has intensified its efforts to manage indirect water risks, through a detailed E/S risk assessment framework since 2012. In line with the global trends and best practices, our 2018 target was to further expanding the scope of risk assessment system. A decision was adopted to apply advanced E/S criteria to all project finance deals without any exceptions in December 2018, hence coverage reached 100%. For more info: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva->

Quantitative metric

Other, please specify (Expanding the scope of ESIAP)

Baseline year

2017

Start year

2018

Target year

2018

% achieved

100

Please explain

Within the scope of its ESIAP, Garanti BBVA ensures that the projects it finances meet the E/S standards required by legislation and the Bank's policies which are in line with international standards. If necessary, these prescribed measures are taken by the project owner(s) such as internal E/S management plan. Garanti BBVA also attends the site visits which are conducted by independent consultants. Garanti BBVA subjected 69 projects to its ESIAP and rejected 17 projects since the launch of ESIAP. The Bank also set 2018 targets which can be seen in the following link: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/>

Target reference number

Target 2

Category of target

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

Level

Business activity

Primary motivation

Risk mitigation

Description of target

Site visits conducted by the internal experts annually

Quantitative metric

Other, please specify (Minimum 20 site visits in 2018)

Baseline year

2017

Start year

2018

Target year

2018

% achieved

100

Please explain

In 2015, 2016, 2017, and 2018 Garanti BBVA conducted 26, 22, 28 and 37 site visits respectively to ensure the environmental and social action plans including mitigation actions for water-related risks are being implemented by customers. Garanti also set 2018 targets which can be seen in the following link: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/material-issues/environmental-and-social-risk-management/>

Target reference number

Target 3

Category of target

Water consumption

Level

Site/facility

Primary motivation

Cost savings

Description of target

Each location is expected to set resource efficiency targets as part of ISO14001 Environmental Management System. These targets include water consumption where relevant.

Quantitative metric

% reduction in total water consumption

Baseline year

2017

Start year

2018

Target year

2018

% achieved

100

Please explain

A total decrease of 1% was achieved on an aggregated level. It is not feasible nor meaningful to monitor such targets per each location, since these targets were set on a voluntary basis by Bank personnel, set as high-level guiding targets and mostly dependent on employee behavior.

Target reference number

Target 4

Category of target

Monitoring of water use

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Garanti BBVA is currently working on an online monitoring system that costs TRY 111,000 to better track its resource consumption. The test implementation for this online database has been completed successfully in 2018 and it will be launched in August, 2019. With the effective use of online monitoring system in all locations, Garanti BBVA aims to better monitor water consumption, target realization, and the progress on water efficiency investments. Since a robust monitoring system is the first step for better management of resource consumption, we believe this new tool will enable us to identify more efficiency opportunities.

Quantitative metric

Other, please specify (Launching of online monitoring system)

Baseline year

2017

Start year

2018

Target year

2018

% achieved

100

Please explain

The test and development phase of the monitoring system has been completed in 2018. The online data collection tool will be used by Sustainability Representatives in each location.

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

Goal

Engaging with customers to help them minimize product impacts

Level

Business activity

Motivation

Shared value

Description of goal

BBVA is pledging to mobilize EUR100bn in green finance, sustainable infrastructures, social entrepreneurship and financial inclusion through 2025. The bank is also committing to work to mitigate its own environmental and social risks and minimize potentially negative impacts, both direct and indirect. Additionally, BBVA will engage all stakeholders to increase the financial sector's contribution to sustainable development.

Baseline year

2018

Start year

2018

End year

2025

Progress

As part of BBVA Group, Garanti BBVA takes its part in implementing the Pledge through a variety of initiatives explained in other sections.

Goal

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

Level

Country level

Motivation

Water stewardship

Description of goal

In addition to its E/S Loan Policies, E/S Impact Assessment Process, and Sector Norms, Garanti BBVA released its Climate Change Action Plan in 2015 to support Turkey's transition to a low carbon economy. Garanti BBVA aims to spread these good practices in the Turkish finance sector and private sector and build capacity. In order to achieve this goal Garanti BBVA has several memberships in local and international platforms. Garanti BBVA is the Chair of BCSD Turkey, the Vice Chair of UNGC Network Turkey, the Vice Chair of Turkish Industry and Business Association (TUSIAD) Climate and Environment Working Group, etc. Garanti BBVA closely engages with policy-makers through these platforms and contributes to water-related regulations. In 2018, we continue to advise our customers to grow their businesses in a sustainable manner in our daily communication and initiatives tailored to their needs. We strive to drive positive change through 44 engagement platforms and 24 memberships. Our engagement activities led to 14 policies/position papers that are issued to contribute SDGs including SDG-6: Clean Water and Sanitation, SDG-12:Resp.Consumption and Production, SDG-13:Climate Change and SDG-17:Partnership.

Baseline year

2015

Start year

2015

End year

2018

Progress

Garanti BBVA is the main sponsor of CDP Turkey and launched CDP Water Program in Turkey in 2015 to raise awareness among private sector and motivate them to take action. Garanti BBVA also led the efforts for the development of Sustainable Finance Declaration as the Chair of Sustainable Finance Working Group of UNGC Network Turkey. The Declaration aims at integrating the environmental and social risks, including the compliance with RAMSAR (Wet lands) Convention, in lending activities. Our Executive Vice President Responsible for Corporate and Investment Banking at Garanti BBVA, became the Chair of the Board of Directors of Turkish Business Council for Sustainable Development (BCSD Turkey). This is a goal that will continue for many years, therefore "end year" was selected as 2018 since there are no defined deadlines for the goal.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Business activity

Motivation

Water stewardship

Description of goal

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

Baseline year

2018

Start year

2018

End year

2019

Progress

Within the scope of the project, clean production trainings, technical and financial support is given to raise awareness of water and energy efficiency projects. In 2018 and 2019, meetings and workshops were organized in order to raise awareness. Garanti BBVA supports manufacturers within the scope with favorable loan options through discounted interest rates.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Basin level

Motivation

Commitment to the UN Sustainable Development Goals

Description of goal

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

Baseline year

2018

Start year

2018

End year

2025

Progress

Within the scope of the project, clean production trainings, technical and financial support are given to raise awareness of water and energy efficiency projects in 2018 and 2019. Since this is a stewardship project and there is no certain deadlines for cleaning the basin, we selected the "end year" as the target year of BBVA 2025 Pledge. Our activities under this program is fully in line with the commitments made under the Pledge.

W9. Linkages and trade-offs

W9.1

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

Yes

W9.1a

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

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased energy use

Description of linkage/tradeoff

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

Policy or action

Garanti BBVA 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 HQ in 2014. This treatment plant provides good quality drinking water and used for drinking and cooking purposes. At the same time, it increases electricity consumption of the building and GHG emissions accordingly. However, overall GHG emissions of the building did not increase due to other energy efficiency measures.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Increased energy and water efficiency)

Description of linkage/tradeoff

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

Policy or action

Garanti BBVA supports manufacturers through favorable loan options. Garanti BBVA is in collaboration with an energy efficiency company for this project. While engaging with customers in the region for cleaner production, Garanti BBVA supports them with technical experts to optimize their processes with more energy and water efficient options.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

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

Description of linkage/tradeoff

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

Policy or action

The quality of the treated water is regularly analysed and monitored. These analyses are reviewed and approved by Garanti BBVA's OHS Team that also includes a Medical Doctor. Garanti BBVA highly encourages its employees to use these water

fountains for drinking water by giving out cups as birthday gifts.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Risk mitigation)

Description of linkage/tradeoff

Due to their minimal E/S impacts Garanti BBVA prioritizes solar and wind energy projects among other renewable energy projects. This also enables Garanti BBVA to avoid experiencing any water-related risks such as drought-related revenue losses for hydropower plants.

Policy or action

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

W10. Verification

W10.1

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

Yes

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W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	Total water consumption by source	ISAE3000	Includes total water consumption mainly coming from municipality by Garanti BBVA's operations Turkey. Here the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources. Reported following the guidance in GRI G4-EN8 Total water withdrawal by source in the Appendix A.4: Environmental Performance Data of 2018 Integrated Annual Report, p600(https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2017 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200(https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).
W3. Procedures	Env. and Social Impact Assessment	ISAE3000	The following KPIs have been verified within the scope of third party assurance (limited assurance): E/S Impact Assessment Process related to projects financed by Garanti: -Number of assessed projects in 2018; -Number of rejected projects in 2018; -Risk rating of the assessed projects in 2018; -Number of project site visits conducted during 2018. These KPIs and E/S Governance are reported in the 2018 Integrated Annual Report, p93 (3rd part of KPI/Performance Table), p122-129, p198-200 and p600-603 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2018 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).
W4. Risks and opportunities	Env. and Social Impact Assessment	ISAE3000	The following KPIs have been verified within the scope of third party assurance (limited assurance): E/S Impact Assessment Process related to projects financed by Garanti: -Number of assessed projects in 2018; -Number of rejected projects in 2018; -Risk rating of the assessed projects in 2018; -Number of project site visits conducted during 2018. These KPIs and E/S Governance are reported in the 2018 Integrated Annual Report, p93 (3rd part of KPI/Performance Table), p122-129, p198-200 and p600-603 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2018 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).
W6. Governance	Sustainability Governance	ISAE3000	The following KPIs have been verified within the scope of third party assurance (limited assurance): E/S Impact Assessment Process related to projects financed by Garanti: -Number of assessed projects in 2018; -Number of rejected projects in 2018; -Risk rating of the assessed projects in 2018; -Number of project site visits conducted during 2018. These KPIs and E/S Governance are reported in the 2018 Integrated Annual Report, p93 (3rd part of KPI/Performance Table), p122-129, p198-200 and p600-603 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2018 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).
W7. Strategy	Env. and Social Impact Assessment	ISAE3000	The following KPIs have been verified within the scope of third party assurance (limited assurance): E/S Impact Assessment Process related to projects financed by Garanti: -Number of assessed projects in 2018; -Number of rejected projects in 2018; -Risk rating of the assessed projects in 2018; -Number of project site visits conducted during 2018. These KPIs and E/S Governance are reported in the 2018 Integrated Annual Report, p93 (3rd part of KPI/Performance Table), p122-129, p198-200 and p600-603 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2018 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).
W8. Targets	Env. and Social Impact Assessment	ISAE3000	The following KPIs have been verified within the scope of third party assurance (limited assurance): E/S Impact Assessment Process related to projects financed by Garanti: -Number of assessed projects in 2018; -Number of rejected projects in 2018; -Risk rating of the assessed projects in 2018; -Number of project site visits conducted during 2018. These KPIs and E/S Governance are reported in the 2018 Integrated Annual Report, p93 (3rd part of KPI/Performance Table), p122-129, p198-200 and p600-603 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf). Garanti's non financial performance metrics were verified by KPMG within the scope of limited assurance in its 2018 Integrated Annual Report under assurance standard ISAE 3000 in pages 198-200 (https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf).

W11. Sign off

W-FI

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

Green Loan: Through the green project finance loan and green corporate loan introduced in the reporting period, Garanti encourages borrowing companies to improve their sustainability performance throughout the term of the loan. Following the USD 10 million-loan extended to Zorlu Energy, the project finance deal in the amount of USD 260 million signed between Akfen Renewable Energy and four domestic and two international banks, in which Garanti participated as the green loan agent, was converted to a green loan. Under the green loan agreements, each one a first in Turkey in their respective avenues, borrower companies may access advantages in terms of loan interest or commission rates provided that they achieve improved performance in environmental, social and corporate governance areas as benchmarked against preset criteria throughout the term of the loan. For more information please visit: <https://surdurulebilirlik.garantibbva.com.tr/sustainability-blog/first-green-loan-of-turkey-from-garanti-bbva-to-zorlu-enerji/>

Gender Bond: Our efforts in empowering women entrepreneurs are categorized under 4 topics: "providing finance", "encouraging", "training" and "accessing new markets". To date, we have provided TL 5.5 billion financing to women entrepreneurs. In 2018, we launched our Gender Bond for USD 75 million in collaboration with the IFC to support women entrepreneurs. This also marks the first social bond in Emerging Markets. The fund will be disbursed to women entrepreneurs which are expected to meet certain environmental and social criteria.

UNEPFI: Under UNEP FI, 28 banks jointly representing over USD 17 trillion in assets from five continents around the world, where Garanti was the only bank from Turkey, came together to develop the Principles for Responsible Banking. These principles, announced during the UNEP FI Regional Roundtable in Paris on November 26th, will align the banking sector with the SDGs and the Paris Climate Agreement.

2018 Integrated Annual Report: Garanti BBVA presented its second Integrated Annual Report in 2018. The report was prepared based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines of core option, makes a holistic assessment of the financial and non-financial performance of Garanti BBVA in 2018, as well as conveying its forward looking strategy. Our outstanding accomplishments in sustainability are well recognized by international authorities. As we secured our place in the Dow Jones Sustainability Index, FTSE4Good Emerging Index and BIST Sustainability Index. We believe in the power of listening, participating, contributing and shared value. We will continue to grow by adding strength to our power and lead the sector with our sustainable governance model and innovative solutions in 2018. Please visit the link below for our second Integrated Annual Report, where you will find all these developments which have taken place in line with our vision and more. Garanti BBVA 2018 Integrated Annual Report: https://surdurulebilirlik.garantibbva.com.tr/media/1379/gb18_eng-integrated-annual-report.pdf

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

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W11.1

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

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

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms