

Welcome to your CDP Water Security Questionnaire 2021

W0. Introduction

W0.1

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

World War I, the War of Independence and the 1929 World Economic Depression; It drags our country into an environment of severe economic conditions under the pressure of shortage of goods, high cost of living and high interest rates. Being aware of the necessity of a balanced social structure, the young Republic of Turkey adopts the support of small tradesmen and craftsmen and the development of public banking as its targets in this direction. However, in the first years of the republic, the accumulation of capital, the scarcity of production areas, and the economic difficulties experienced due to the inadequacy of the private sector prevented the emergence of credit institutions that encouraged tradesmen, craftsmen and small professions. In order to transfer resources to tradesmen, artisans and small business owners and to start capital accumulation under suitable conditions for a permanent economic development, social balance and protection of social peace, Türkiye Halk Bankası was established within the scope of the "Halk Bank and People's Funds Law" dated 1933 and numbered 2284. passes. On the basis of the establishment of the People's Bank of Turkey, the Great Leader Atatürk said, "It is also very necessary to establish an organization that will easily give cheap loans to small tradesmen and large industrialists and to try to make the loan cheaper under normal conditions." "The day I see magnificent factories being built instead of the little shops of you artisans, my happiness will reach its highest degree." ideas take an important place and become a guide.

After 1950, Halkbank was authorized to open branches and extend loans directly. Since the beginning of 1964, the bank, which increased its capital and implemented a nationwide branching policy by entering an active working tempo, increased its deposit and loan volume gradually. Halkbank becomes the first bank in the sector for tradesmen, craftsmen and small businesses that are the middle class and its representative in the economy. Having established its basic credit policy primarily on the crediting of its target group and improving the loan disbursement conditions, Halkbank develops its activities over the years and reaches an important position in the banking sector. In 1992, Turkish Teachers Bank (Töbank), in 1993 Sümerbank and in 1998 Etibank were transferred to Halkbank. By the year 2000, the process of restructuring public banks in a way that enables them to work according to the requirements of modern banking and international competition and to prepare for privatization begins. The Public Banks Joint Board of Directors, which took office in April 2001, changes the

organizational structure of Halkbank and acts with the aim of making it a profitable and efficient institution that will create added value for the economy within the framework of modern banking principles and commercial banking rules. In line with this goal, the organizational structure of Halkbank is completely changed in line with the requirements of modern banking and international competition. Customer-oriented marketing activities are added to the operations-oriented banking approach. In 2001, 96 branches of the abolished Türkiye Emlak Bankası were transferred to Halkbank.

In the second half of 2004, Pamukbank was transferred to Halkbank. Halkbank-Pamukbank integration is carried out smoothly and well before the anticipated time, which can be shown as an example in the banking sector. In the new structure, within the scope of customer segmentation, it becomes important to offer privileged products and services to SMEs and individual customers with medium and upper-middle income, and to develop a customer-oriented, quality service approach. Meanwhile, with the transition to the 2000s, the Turkish banking sector is being reshaped with acquisitions, mergers and entry of foreign investors into the market.

Today, Halkbank continues to provide services through its nationwide branches and overseas representations. As a mission bank, Halkbank will continue to support tradesmen, craftsmen and SMEs that form the basis of our country's economy, as well as all entrepreneurs who contribute to the increase in production, investment and employment, with a modern banking approach, as the strong and reliable bank of the sector.

W0.2

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

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

W0.3

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

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>In our direct operations, the importance of freshwater use is selected because even there is no direct use of freshwater in our product/services, it is needed to maintain our business. Good quality and adequate amount of freshwater is needed for employee consumption and hygiene in all of our branches.</p> <p>In our in-direct operations, freshwater is necessary in our value chain both in production systems where available and employee consumption and sanitation. Thus, the importance is stated as important.</p> <p>We don't anticipate a change in the importance of fresh water use in both direct and indirect operations.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	<p>In our direct operations, the recycled/produced water use is only applicable in very small amount of our branches for now. In Halkbank Headquarter Building and Davutpaşa Auxiliary HQ Service Building, reverse osmosis treatment systems have been established in the kitchens to provide quality drinking water. Thus, it is selected as neutral as it has no great importance yet.</p> <p>In our in-direct operations, some of our suppliers and customers has use of recycled water where applicable such as their production lines. Thus it is selected as the significance is neutral.</p> <p>As we keep applying new technologies to decrease the use of fresh water in our direct operations, in</p>

			<p>our branches, there can be an increase with the recycled/blackish water use and its importance in the future.</p> <p>Also in our in-direct operations, our customers and suppliers will need to decrease their freshwater use due to water scarcity in the future. In this case, we anticipate that the circular water systems will be applied to several operations and this will increase the need for recycled/blackish water. It is expected that this will increase the importance rating.</p>
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W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	<p>Water usage levels from all buildings located in Turkey are measured and reported by %100 in Halkbank's environment management procedures. In 2019, an internal software was developed by the Bank's IT departments to collect consumption data from the local branch offices. The disclosures are checked by the head office and verified by third party.</p> <p>In some regions, municipal water can be used as drinking water and in the places where municipal water is not used for drinking, drinking water is purchased in the form of 0.5 liters of recyclable PET bottles. In Ataşehir and Davutpaşa Headquarter Service Buildings and in some district buildings, where there is more staff, drinking water is supplied with reverse osmosis systems connected to the main line in order to reduce greenhouse gas emissions from plastic bottles and transportation.</p>
Water withdrawals – volumes by source	100%	<p>Halkbank has a country wide coverage for its operations. All facilities use the available municipal sources of the municipalities they are located in. We follow where the municipalities withdraw water from according to basins they are in and we know the amount of water used in our branches. Thus we can see our water use amounts with the breakdown of basins.</p>

Water withdrawals quality	100%	<p>As all water is withdrawn from municipal grids, the quality of water withdrawn is watched by municipalities constantly.</p> <p>Also, the quality of water that withdrawals from basins and rivers to be treated by municipal administrations, can be seen online.</p> <p>Thus, all the information related to water quality is monitored through these reports.</p>
Water discharges – total volumes	100%	<p>All Halkbank facilities use the municipal sewage systems for water discharge. All these municipality administrations report to our branches monthly the discharge volumes.</p> <p>Therefore as Halkbank, we are monitoring the discharge volumes from the monthly billings by municipalities.</p>
Water discharges – volumes by destination	100%	<p>All Halkbank facilities around the country use the municipal sewage systems for water discharge and each are monitored separately by the administrative municipalities. The discharges from the treatment plants are also being monitored and can be viewed through the municipality's monthly and annual reports.</p> <p>The basins and/or rivers are also monitored by the Ministry of Agriculture and Forestry, so the discharge volumes are also monitored by the government as well.</p>
Water discharges – volumes by treatment method	100%	<p>Waste water discharges from all of our branches are only domestic. Halkbank discharges its waste water from the buildings to the sewage systems which are under the control of local municipalities. The local Municipalities have water treatment facilities for municipal waste water.</p> <p>The treatment methods are in line with the Urban Wastewater Treatment Regulation. Types of wastewater treatment plants around the country is available online in the municipality and government websites. This way, we can monitor the wastewater volumes by treatment methods.</p>
Water discharge quality – by standard effluent parameters	100%	<p>Water discharges to water medias have a great importance in Turkey. In Halk Bank branches, wastewater is directly discharged to</p>

		<p>municipalities sewage system and treated in line with the standards in treatment plants.</p> <p>When discharging from treatment plants to water medias, the effluent parameters should be in line with Water Pollution Control Regulation and Wastewater Treatment Plants Technical Procedures Communiqué.</p> <p>This too, can be monitored through the municipalities websites and monthly reports.</p>
Water discharge quality – temperature	100%	<p>Halkbank discharges its waste water only to municipal sewage systems. Waste water is discharged in room temperature, which may have minor variations due to seasonal weather conditions.</p> <p>Temperature is an important parameter of discharged wastewaters and it is monitored by treatment plants and municipalities when discharging to water media. The values are in line with the related standards, this can be monitored via annual reports of municipalities.</p>
Water consumption – total volume	100%	<p>The water use of Halkbank is composed of cleaning, hygiene and other domestic water needs, which is equal to water withdrawn from municipal grid.</p> <p>Water consumption is equal to the amount of drinking water, which is purchased in the form of 0.5 liters recyclable PET Bottles due to pandemic precautions.</p>
Water recycled/reused	Not relevant	<p>There is no water recycling process present at company wide. It will be monitored when a recycling system is in place.</p>
The provision of fully-functioning, safely managed WASH services to all workers	100%	<p>Halkbank provides fully functioning water sanitation and hygiene services to its employees. Such services are monitored and maintained by support services department.</p> <p>Water usage levels from all buildings located in Turkey are measured and reported by %100 in Halkbank’s environment management procedures. In 2019, an internal software was developed by the Bank’s IT departments to collect usage data from the local branch offices. The disclosures are checked by the head office and verified by third party.</p> <p>In Ataşehir and Davutpaşa Headquarter Service</p>

		Buildings and in some district buildings, where there is more staff, drinking water is supplied with reverse osmosis systems connected to the main line.
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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	213.2	Lower	<p>The total water withdrawals are calculated as the sum of water withdrawals from the municipal water system and the drinking water supplied by local suppliers in the form of 0.5 liters recyclable PET bottles.</p> <p>The water withdrawals have decreased due to the Covid19 precautions. Number of staff in branches are reduced with home-office system and working hours have been redefined during the pandemic. This caused a decrease of 9.7% in the total water withdrawals compared to last year.</p> <p>Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower".</p> <p>In the future, a slight increase is expected in total water withdrawals, as a result of going back to pre-pandemic conditions in business.</p>
Total discharges	202.3	Lower	<p>Total discharge is directly linked with total withdrawals from municipalities and the water withdrawals have decreased due to pandemic and precautions that has been taken. Number of staff in branches are reduced with home-office system and working hours have been redefined during the pandemic. This caused a decrease of 10.25% in the total water discharges compared to last year.</p> <p>Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower".</p>

			In the future, a slight increase is expected in total water discharges, as a result of going back to pre-pandemic conditions in business.
Total consumption	10.9	About the same	The total consumption is equal to the total water purchased for consumption of the staff. The increase in the value is due to the calculation method change. Last year the calculations were done with the assumption of a healthy person's daily water consumption. In 2020 the value has been calculated based on the data of purchased water in 0.5 litres PET bottles through the year. Due to the pandemic precautions, there is a 1.6% increase in the total water consumption. Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower". The total consumption in the future is expected to be increasing slowly, as a result of going back to pre-pandemic conditions in business and more staff.

W1.2d

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	51-75	About the same	WRI Aqueduct	WRI Aqueduct country rankings tool is used to identify whether withdrawals are from areas with water stress or not. Baseline water stress parameter is used for the assessment. Turkey average score for baseline water stress is 3.56(3.37 for domestic), which is classified as high. City specific baseline stress values are also identified and more than 60% of Turkey is classified

					as water stress areas. Since bigger portion of Halkbank's water withdrawals is from highly water stress areas, the percentage is calculated as 51-75%.
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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	Not relevant			As Halkbank, we do not withdrawal any fresh surface water from any rivers or basins, and we do not have applications such as rain water collecting.
Brackish surface water/Seawater	Not relevant			We do not treat and use brackish or seawater in any of our facilities.
Groundwater – renewable	Not relevant			There is no groundwater withdrawals in any of our facilities around the country.
Groundwater – non-renewable	Not relevant			There is no groundwater withdrawals in any of our facilities around the country.
Produced/Entrained water	Not relevant			Produced water is not applicable to our operations and there is no use of it in any of our branches.
Third party sources	Relevant	213.2	Lower	Good quality and adequate amount of freshwater is needed for employee consumption and hygiene in all of our branches. All water withdrawals are provided from municipal water supply and the drinking water is supplied by local suppliers in the form of 0.5 liters recyclable PET bottles.

				<p>Thus, water withdrawal level of 2020 was 213.2 megaliters.</p> <p>The water withdrawals have decreased due to the Covid19 and its precautions. Number of staff in branches are reduced with the home-office working system and working hours have been redefined during the pandemic. This caused a decrease of 9.7% in the total water withdrawals compared to last year. Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower". Thus, the change in value is reported as lower.</p>
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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			Halkbank does not directly discharge water to any fresh surface water. All of Halkbank's wastewater is discharged to the municipal sewage systems.
Brackish surface water/seawater	Not relevant			Halkbank does not directly discharge water to any brackish surface water/seawater. All of Halkbank's wastewater is discharged to the municipal sewage systems.

Groundwater	Not relevant			Halkbank does not directly discharge water to any groundwater. All of Halkbank's wastewater is discharged to the municipal sewage systems.
Third-party destinations	Relevant	202.3	Lower	All waste water is discharged to the sewage systems managed by the municipalities. In Halkbank's practice, water discharge amount is equal to the water withdrawal from municipal water system. Drinking water is not taken into account when calculating water discharge level, it is considered as the water consumption. The water discharge value has decreased due to the Covid19 and its precautions. Number of staff in branches are reduced with the home-office working system and working hours have been redefined during the pandemic. This caused a decrease of 10.25% in the total water discharges compared to last year. Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower". Thus, the change in value is reported as lower.

W1.2j

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain

Tertiary treatment	Not relevant				We do not treat domestic wastewater in any of our branches around the country. All the treatment is done by the wastewater treatment facilities run by municipal administrative .
Secondary treatment	Not relevant				We do not treat domestic wastewater in any of our branches around the country. All the treatment is done by the wastewater treatment facilities run by municipal administrative .
Primary treatment only	Not relevant				We do not treat domestic wastewater in any of our branches around the country. All the treatment is done by the wastewater treatment facilities run by municipal administrative .

Discharge to the natural environment without treatment	Not relevant				We do not discharge to the natural environment. All the treatment is done by the wastewater treatment facilities run by municipal administrative .
Discharge to a third party without treatment	Relevant	202.3	Lower	100%	As our wastewater discharges are done to the municipality sewage system, the treatment of the wastewater is done by the treatment plants that are run by the municipalities too. The wastewaters are treated according to Urban Wastewater Treatment Regulation by the Ministry of Environment and Urbanisation in accordance with The Environment

					<p>Law of Turkey. Year-to-year changes in values between 5% and 15 % were considered as "higher" or "lower" and changes over 15% were considered as "much higher" or "much lower". Thus, the change in value is reported as lower.</p>
Other	Not relevant				<p>We do not treat domestic wastewater in any of our branches around the country. All the treatment is done by the wastewater treatment facilities run by municipal administrative .</p>

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

26-50

% of total procurement spend

26-50

Rationale for this coverage

All commercial loan requests, the loan requests over 15M TRY from SME's are subject to the loan evaluation report. All greenfield investment loan request from SME's below 15M TRY is also subject to the project evaluation report besides loan evaluation report. We estimate the coverage of our portfolio against these thresholds as 26% of our portfolio in 2020.

By supporting Halkbank's compliance with ISO 50001, ISO 14001 and ISO 9001 standards, water related data is collected from our suppliers through loan and project evaluation reports within the scope of these standards.

Impact of the engagement and measures of success

The outcomes of loan and project evaluation reports affect the process of lendings. If any inconsistency occurs between the Banks policies and customers, improvements and revisions are recommended to customers and best action is taken in terms of climate and water issues.

Comment

W1.4b

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

Type of engagement

Other

Details of engagement

Other, please specify

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

26-50

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Regular and effective communication with the stakeholders is the cornerstone of Halkbank's Approach to Sustainability. In our trainings with suppliers on water issues related to climate change, we choose our suppliers with whom we do the most financial business. Therefore coverage for our supplier engagement corresponds to 40% of all the suppliers. Additionally, our suppliers we provide trainings equals to 80% of all supply for all of our branches.

The main objective of these trainings are to provide sources for our suppliers about environmental, social and economic sides of sustainability concept and leading them in the field.

Impact of the engagement and measures of success

By achieving this engagement, outcomes can help Halkbank in two ways; firstly, helping to create a better managed sustainability in behalf of humanity in terms of climate change and water issues, secondly, Indirectly reducing Halkbank's environmental effects to climate change related water issues like water scarcity.

Our suppliers' view and their actions on water issues have been changing through the years due to our engagement efforts. Since 2016 we have been arranging these training and meetings with our suppliers. There is a visible increase in the number of suppliers who are showing better performance and taking actions about climate change and water issues within their business.

Comment

W1.4c

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

For the banking sector, the biggest risk associated with water is the risk arising from the loan portfolio. Such as, no repayment of the loans lend to the customers that operate in the water-intensive sectors, due to the decrease in their revenues because of droughts, floods and other water related issues. So that, Halkbank strives to manage water related risks through a detailed Environmental and Social Impact Assessment in its loan evaluation modules. Also, as Halkbank's primary mission is to support SME's, online training programmes are provided to customers by the web site www.halkbankkobigelisim.com.tr

As Halkbank, we also provide trainings and educations to our staff about climate change and water related issues to raise awareness and decrease the overall water withdrawals of Halkbank. The water withdrawal figures in branches are visibly decreasing with the help of these trainings since 2018.

W2. Business impacts

W2.1

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

No

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

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Databases

Other

Tools and methods used

WRI Aqueduct

Regional government databases

Internal company methods

Comment

Risks over the properties and assets (i.e. Damages to properties due to floods and inability to operate due to extreme droughts) are handled and managed through internal methods in the scope of corporate governance processes. Risks over the Project finances (impacts over the borrowers loan repayment capabilities and the drops over the projects efficiency) are managed by the applicable and internationally respected methods and sources, which are also compliant with the structure of the projects.

Environment related risks are escalated to Sustainability Committee meetings and decisions to mitigate those risks are taken. Actions required to manage the risks are taken by the related departments of the bank.

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Databases

Other

Tools and methods used

WRI Aqueduct

Regional government databases

Internal company methods

Comment

As the Banks water supplier is the municipality, water-related risks on the supply chain can be identified by the risks that have impacts on the functionality of the municipality. The municipality's inability to provide service due to water-related risks, inability to retain grid-mechanic integrity and maintenance failures over the water supply infrastructure and inability to provide alternative sources in case of droughts can have negative impacts over the bank's operations.

Environment-related risks are escalated to Sustainability Committee meetings and decisions to mitigate those risks are taken. Actions required to manage the risks are taken by the related departments of the bank.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

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

Frequency of assessment

Not defined

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Databases

Other

Tools and methods used

WRI Aqueduct

Regional government databases

Internal company methods

Comment

Customer-related water risks can be mentioned in this area. Decreases of income due to realized risks related to water may cause setbacks on loan repayments, which will also be a risk for the bank. Industries that are highly dependent to water, such as agriculture may have risks such as loss of crops due to disasters and droughts. Also, seasonal shifts of precipitation may change the harvest calendars, which may affect the cash flow of the borrowers.

Loan-risk management departments of the Bank carry out works to determine the reasons for the setbacks in loan repayments. In some situations, where the setbacks are caused by natural disasters or seasonal weather and precipitation conditions, bank management bodies may decide to alter the maturity dates of the loans.

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	For the direct operations, Halkbank retains water from municipalities. As all of the Halkbank local branches are resided inside municipal covered areas, unavailability of water is not subject to risks in direct operations.

		<p>Availability of water is considered as a risk in the loan allocation process, especially to the agricultural sector related loans or when evaluating projects that are highly dependent to water, such as hydroelectric power plants, dams and other energy facilities.</p> <p>Customer companies are obligated to meet the Environmental Impact Assessment requirements to get approval for loans to their projects. In these assessments made by Ministry of Environment and Urbanism, the projects effects on water levels of basins are taken into account. This way, we can monitor our customers effects on the basins.</p>
Water quality at a basin/catchment level	Relevant, sometimes included	<p>Water-related risks during loan assessment for the projects to be financed are also included in the loan evaluation procedures. In this respect, waste water quality, floor and surface water quality and quantity are taken into account by the technical team of Halkbank according to the size and the characteristic of the investment, specially for the agricultural sector related loans, or when evaluating projects that are highly dependent to water, such as hydroelectric power plants, dams and other energy facilities.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	<p>During the environmental and social impact assessment which affects the loan decision, the location of the project in respect of environmental aspect and the existing stakeholder views are taken into account and the public's reactions are regarded before the approval of the loan. If the conflicts are unavoidable, Halkbank will refuse the project and work on improvements with customers and stakeholders to decrease related conflicts.</p>
Implications of water on your key commodities/raw materials	Not relevant, explanation provided	<p>There is no production process in the banking sector; so there is no use of raw materials or no output and there won't be in the future either.</p>
Water-related regulatory frameworks	Relevant, always included	<p>Halkbank's strategy in this context is to meet all the legal requirements, to cooperate with relevant departments when necessary, to support national policies and development programs. Thus, water-related regulatory frameworks are always included in our Impact assessment processes. During the environmental and social impact assessment process, legislative/regulatory changes related to the environment are monitored, revisions in the internal legislation are made and necessary steps are taken.</p>

		Regulations and legislations are followed and necessary adjustments are made in order to maintain compliance.
Status of ecosystems and habitats	Relevant, always included	During the environmental and social impact assessment which affects the loan decision, the location of the project in respect of environmental aspect is taken into consideration. A loan request assessments should be made with taking into account environmental and social factors, in addition to economic factors, in accordance with the Bank's lending policies. Thus, the status of ecosystems and habitats, whether they are related to projects or not, is included in the direct operation assessments, loan and project evaluation reports.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Availability of fresh water for human use is important for Halkbank and its employees. As Halkbanks number of employees keep growing, we treat this issue with a greater importance. Necessary precautions are taken for the health and hygiene of the employees, access channels for clean drinking water are kept open. In previous years, reverse osmosis system has been established in our Headquarters building to provide better quality water to our employees. In 2020 pandemic, the importance of personal hygiene has grown greatly. To support this change, we provided our employees with personal recyclable 0.5 liters PET bottles instead of 19 liters water bottles which were used by multiple employees at the same time.
Other contextual issues, please specify	Not considered	N/A

W3.3c

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

	Relevance & inclusion	Please explain
Customers	Relevant, always included	It is important for Halkbank to monitor its customers financial situation closely, so that they can maintain their ability to pay their loans on due. Water related risks that may cause the customers loss of profit, property damage etc. will eventually have negative effects on the Bank. Halkbank evaluates water-related risks during loan assessment

		for the projects to be financed. Moreover, it is expected from the customers to submit an EIA report if relevant to their Project. In order to increase the awareness of its customers on environmental issues including water related risks, Halkbank provides free consultancy services to its customers who ask for an AFD Environment & Organized Industrial Zone Loans. Online trainings are provided to SME customers in the www.halkbankkobigelisim.com.tr web site.
Employees	Relevant, always included	<p>It is important for Halkbank to ensure that its employees stay healthy, have optimal working conditions, and they have the consciousness for water related risks.</p> <p>Halkbank provides quality drinking water to its employees in all the locations.</p> <p>Halkbank has a public commitment to SDG 6 'clean water and sanitation for all' so the employees of of Halkbank should be able to access clean water at all times.</p> <p>Halkbank organizes in-class and online trainings for its employees to raise awareness on environment and energy including water efficiency and natural resource usages. Under the ISO 14001 and ISO 50001 management systems Halkbank periodically organizes relevant trainings and improves its system.</p>
Investors	Relevant, always included	<p>The relationships between Halkbank and the investors are important for accessing to foreign based funds. Nowadays many international funds require that their investees have standard applications for their operations and, concerning Banking sector, when allocating their loans, environment related matters are taken into account.</p> <p>As a publicly traded Bank, Halkbank responds to information requests from its investors, announces its water, energy, resource consumption via publicly available reports such as CDP, Sustainability Report, etc.</p>
Local communities	Relevant, always included	<p>Reputation is one of the most important factors for Banking sector. Opinions of local communities about water related issues must be taken into account when funding and investment.</p> <p>Before the approval of a loan, detailed Environmental and Social risk assessment is conducted by Halkbank engineers. Local communities views are also taken into account in this process. If any conflicts occur during the process, The project cannot be financed until the conflicts end.</p>
NGOs	Relevant, always included	<p>Reputation is one of the most important factors for Banking sector. Opinions of NGO's about environmental issues must be taken into account when funding and investing in to projects. Otherwise, Banks reputation would face risks.</p>

		Halkbank sends the Sustainability Priority Survey to various NGOs while determining its priorities including water related risks and fight with climate change. In these surveys, their expectations from Halkbank and current situation analysis are gathered. The outcomes effect the lending processes for projects.
Other water users at a basin/catchment level	Relevant, always included	Other water users at basin level is always one of the most important stakeholders for Halkbank. During a detailed environmental and social risk assessment their comments and views are taken into account. Organizations hold for concerning water users by Halkbank and investors. The communication is always clear and transparent so the concerns can be discussed in detail. Then the project can be modified to its best version.
Regulators	Relevant, always included	Its important for Halkbank to consider regulators when assessing the water related risks because the customers repayments whose business is highly related to water use are in a dependent position to regulations. Ministry of Environment and Urbanization consults the local EIA processes, and at Halkbank, it is mandatory for the customers who ask for an investment loan to submit "EIA report" or "EIA is not necessary report" before the approval of loans. Another issue, Halkbank responses the questions or gives opinion on the questions of regulatory bodies' which are conveyed mostly via Turkish Banks Association. Moreover, Halkbank sustainability team and technical teams attend seminars or workshops organized by regulatory authority such as Sustainability Development Goals workshop organised recently by the Turkish Republic Ministry of Development, which includes "Clean Water and Sanitation" and "Life below Water" . Halkbank contributes to policy making phases by negotiations with ministry of Environment and Urbanization and opinions submitted when necessary. Halkbank also participates in workshops to get more competent and knowledgeable about the upcoming regulations.
River basin management authorities	Relevant, always included	All water sources of Turkey are regulated under the authority of the government. Halkbank is committed to regulations and complies with them in its operations. Water is procured from local municipalities all across the country, under the conditions determined by the authorities. Thus, it is important for Halkbank to consider this in its water related risk assessment procedures. At Halkbank, it is mandatory for the customers who ask for an investment loan to submit "EIA report" or "EIA is not necessary report" before the approval of loans. This is also a requirement for the bank regarding the commitment to legal authorities.

Statutory special interest groups at a local level	Not relevant, explanation provided	There are no autonomous regions and communities in Turkey, which has local governmental or indigenous rights. It is predicted that there will not be any changes.
Suppliers	Relevant, always included	Halkbank always make sure that its suppliers is comply with water related environmental regulations and expect them to follow related standards. By supporting Halkbank's compliance with ISO 50001, ISO 14001 and ISO 9001 standards, water related data is collected from our suppliers through loan and project evaluation reports within the scope of these standards.
Water utilities at a local level	Relevant, sometimes included	Fresh water is purchased from municipality. Its acknowledged that the water levels in basins where the municipalities use as a source is decreasing. This will also create a stress in communities who uses water from municipalities. So this is considered in water related risk assessments.
Other stakeholder, please specify	Not considered	N/A

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.

Halkbank has different methods for identifying, assessing and mitigating risks related to water.

The consequences of previous incidents are recorded with their financial costs and impacts, mainly for the risks over the building operations (such as flooding, which may cause property and asset damage, loss of revenue due to not being able to operate, droughts causing the staff being unable to receive clean water and infections) The present state is analysed for its weaknesses, possible improvements are determined.

Over the lending processes, water risks over customers are assessed through a proactive approach. Impacts of water-related risks, such as property damage, loss of revenue and failure to operate due to water-related disasters, and borrowing companies collaterals on such impacts are considered. Risks on vulnerable sectors such as the agriculture industry are also assessed in the loan evaluation processes, and lending decisions are made.

Regarding the supply chain, as the Bank's main water suppliers are the municipalities, their failures to supply water, may increase Banks operational costs such as water transportation and depots. There are communication protocols for the local branches in case of such risks arise, and they are intervened by the head Office support units promptly.

Risks are evaluated on a global point of view in the Sustainability Committee meetings at least four times in a year, monthly in the Sustainability Coordination group meetings and annually in the management reviews of the Board of Directors. The experiences of different business units are shared and emerging issues are taken on the agenda, possible solutions are discussed and

optimal solutions are decided. Budget adjustments for necessary precautions are made. The monthly/annual reports and databases of government is used as a tool and source to determine the risks as well as internal company methods.

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?

Water-related risks are mainly relevant to the extent such risks impose a threat to the business of our clients, which might potentially affect the creditworthiness and loan repayment capabilities of our customers. Nonetheless, Halkbank defines substantial risks related to water as (a) negative impact of water-related risks of the financed projects on both the financial (default risk of loans) and non-financial performance (such as reputation risk arising from malign loans) (b) Loaned Projects that are vulnerable to water-related risks, such as agricultural industries and investments (c) even it is not a substantive change in the wide network business, interruption of service caused by natural disasters such as flooding might have a negative temporary impact on revenue. (d) Previously loaned companies, who are subjected to the media by activities causing water pollution may have a reputational risk to the Bank. Newspapers and coverages are routinely followed by relevant divisions of the Bank to spot such news and take necessary actions.

Since most of the risks arising from climate change related water issues belong to the operational risk category, operational risk limits can be taken as a basis for CDP reporting. An operational risk event due to climate change exceeding TRY 55,000,000 to be experienced on an annual basis or in a single event can be considered to have a substantive financial impact for Halkbank.

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
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Row 1	825	76-99	According to the end of year data of 2020, Halkbank operates all across Turkey by 1036 branch offices organized as subsidiary to 29 regional coordinatorship offices that are founded around 18 geographical regions of Turkey, and 43 corporative and commercial branches directly reporting to the head office. In this risk context, 825 buildings established in all over the country are considered to be more exposed to water related risks according to basins the facilities located. The term facility is used as branch offices of Halkbank that supply water from municipalities located in basins that facing water risks.
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W4.1c

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

Country/Area & River basin

Turkey
 Other, please specify
 Konya Basin

Number of facilities exposed to water risk

31

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Country/Area & River basin

Turkey
 Other, please specify
 Marmara

Number of facilities exposed to water risk

238

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

31-40

Comment

Country/Area & River basin

Turkey

Other, please specify

Kucuk Menderes & Buyuk Menderes

Number of facilities exposed to water risk

107

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Country/Area & River basin

Turkey

Kizilirmak

Number of facilities exposed to water risk

142

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

21-30

Comment

Country/Area & River basin

Turkey

Other, please specify

Other Basins in Turkey

Number of facilities exposed to water risk

307

% company-wide facilities this represents

26-50

% company's total global revenue that could be affected

31-40

Comment

Other branch offices located in basins that face water risks are disclosed here. Since the number of offices per basin is lower than the ones disclosed above, they are disclosed all together. The Basins are: Sakarya, Yeşilirmak, Orta Akdeniz, Meriç, Gediz, Susurluk, Van etc.

W4.2

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

Country/Area & River basin

Turkey

Other, please specify

Konya

Type of risk & Primary risk driver

Physical

Drought

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

Agricultural production capacities are decreasing due to drought in Konya Basin, where the rate of agricultural irrigation is high. Reductions in the revenues of banks clients that operate in the agricultural sector may cause difficulties in the repayments of loans.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

Potential financial impact is calculated with the assumption of a 25% decrease in Konya region's total adjusted profits due to drought. (Prediction based estimated figure, may not be accurate)

Primary response to risk

Engage with customers

Description of response

Drought risk can be taken into account in the decision process of the loan allocation. Longer maturity dates can be determined in agricultural loans. Also, companies that operate in the agricultural sector can be advised to acquire consultancy services from experts on planting and harvesting periods, considering seasonal weather forecasts.

Cost of response

150,000

Explanation of cost of response

The cost of precautionary practices can be considered at negligible levels. The cost will include of trainings needed to assess the agricultural loans and projects. The approximate cost of response is predicted to be around 150,000 TRY

Country/Area & River basin

Turkey

Other, please specify

Marmara & Kızılırmak

Type of risk & Primary risk driver

Physical

Severe weather events

Primary potential impact

Impact on company assets

Company-specific description

In big cities such as Ankara and Istanbul where the Bank has a large number of operational buildings and vehicles, in cases of natural events such as floods and hail

due to extreme weather conditions, physical damages may occur in the property due to these natural incidents.

Timeframe

Current up to one year

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

500,000

Explanation of financial impact

Repairing costs of damaged vehicles and buildings around the country is calculated approximately and found to be 500,000 TRY.

Primary response to risk

Develop flood emergency plans

Description of response

Possible precautions can be taken by determining seasonal rainfall normals and closely monitoring weather forecasts. Activities can be planned based on weather forecast reports. Physical precautions such as reinforcement to buildings and covered safe zones can be allocated for vehicles.

Cost of response

100,000

Explanation of cost of response

The cost of the response above is predicted to be around 100,000 TRY for the related basins.

W4.2a

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

Country/Area & River basin

Turkey
Other, please specify
Gediz&Menderes&Blacksea&Antalya

Stage of value chain

Use phase

Type of risk & Primary risk driver

Physical
Severe weather events

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

Due to climate change, natural disasters such as floods occur in many regions, especially in the Aegean, Mediterranean, and the Black Sea regions of Turkey. Local entrepreneurs who suffer from natural disasters, lose their ability to improve their business due to property and income loss, thus the demand for loans decrease. Due to the damages they suffer, loan borrowers may have difficulties in their loan repayments. This will affect the revenue and profit of the bank.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

25,000,000

Explanation of financial impact

Calculations are based on the assumption that there will be a % 25 decrease in profits on İzmir, Trabzon, Samsun, and Antalya regions. (Prediction based estimated figure, may not be accurate)

Primary response to risk

Downstream
Increase/review infrastructure investment

Description of response

Infrastructure within the customer business would be offered to be reviewed and improve to avoid such risks. To do this, we are arranging educations and trainings about climate related issues with our customers.

Cost of response

150,000

Explanation of cost of response

A predicted cost of reponse would approximately be around 150,000 TRY to provide trainings and sources to customers.

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

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Cost saving: Halkbank established ISO 14001 Environment Management system and ISO 50001 Energy management system in 2016. The standards (i) require the monitor, calculate and take precautions regarding the waste management including water, (ii) increase the water efficiency, (iii) change in behaviours of employees by trainings.

It is expected that with the effects of increasing awareness and efficiency, water consumptions will be reduced.

Estimated timeframe for realization

4 to 6 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)

1,200,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

It is expected that the cost advantage brought by the resource management and more efficient water consumption will provide a competitive advantage for Halkbank. There is also a reduction expected in Scope 3 emissions due to the decrease in water consumption. Potential impact figure is calculated with an assumption of reduction value and cost of per m3 of water.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Companies who are acting towards water related issues in a responsible approach are widely appreciated by the communities and societies. Halkbank established ISO 14001 Environment Management system and ISO 50001 Energy management system in 2016, which promotes efficiency in water usage and water security.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Halkbank is the first Turkish bank that established ISO 50001 and integrated it with ISO 14001. Expected benefits of the management systems are: Carbon management/Cost savings/improved water efficiency: due to the environment and energy plan within the standards, it leads to monitor the use of resources and possibility of immediate intervention and decrease of costs accordingly.

These practices are thought to be beneficial for the brand value.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

Changes in regulations may force companies to invest in new technologies. That may increase financing requirement of the market; which enables Banks to provide new services and products.

Halkbank launched a loan program called "AFD Environment and Organized Industrial Zones Loan" in 2016 in order to finance waste water treatment facility, solid waste disposal, pre-treatment facility, sludge drying investments, air cleaning investments, energy efficiency and use of renewable energy sources, etc.

The 100 million EUR loan program is signed with AFD (French Development Agency) for 12 years period. Such large amounts of funding from an international financing body can position the bank as a leading financial institution providing regional developments besides the profitability of the bank.

The program includes free seminars, trainings and technical consultancy. The main objective of the program is finance energy efficiency, environmental and social investments of companies located in / out OIZs and of OIZ administrations themselves. Thus the project aims to contribute the low carbon growth of Turkey by supporting efficient and sustainable use of resources. In this regard Halkbank provided financing to these investments and Technical Consultant transferred their experiences with customers via conferences, reviewing investments or face-to-face site visits. The technical consultancy also conducted in-house trainings and meetings regarding Green Investments and enhancing E&S assessment capacity within the Bank. Furthermore, Halkbank organized awareness raising & marketing events in several OIZs.

Estimated timeframe for realization

4 to 6 years

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)

250,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The 100 million EUR loan program is signed with AFD (French Development Agency) for 12 years period. The program has lasted 4 years. The financial impact figure calculated as multiplying the amount of loans signed, with the years project lasted.

Type of opportunity

Markets

Primary water-related opportunity

Improved community relations

Company-specific description & strategy to realize opportunity

Within the loan program called, "AFD Environment and OIZ Loan" signed with AFD, Halkbank serves free consultancy to its clients. The consultancy service includes both seminars for awareness raising in OIZs (the companies and/or OIZ management) and technical consultancy by external engineer consultants regarding the feasibility of the environmental related investment, environmental & social negative risks 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?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

While the consultancy services help customers to receive awareness level knowledge regarding water and energy efficiency topics, they also help Halkbank to communicate with different customers from diversified sectors, which is an opportunity for expanding market coverage.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Facilities Located In Konya Basin

Country/Area & River basin

Turkey

Other, please specify

Konya Basin

Latitude

38.277096

Longitude

32.504171

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

6.38

Comparison of total withdrawals with previous reporting year

Lower

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

6.38

Total water discharges at this facility (megaliters/year)

6.05

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

6.05

Total water consumption at this facility (megaliters/year)

0.33

Comparison of total consumption with previous reporting year

About the same

Please explain

Water consumption figure is calculated from the amount of the water bought in PET bottles in 2020 country-wide branches. It is then calculated according to the number of branches located in the Konya Basin. Water use is the amount of water supplied from municipalities, data gathered from monthly billings. Water withdrawal figure is the sum of these two data.

Facility reference number

Facility 2

Facility name (optional)

Facilities Located In Marmara Basin

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.89138

Longitude

28.675647

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

49

Comparison of total withdrawals with previous reporting year

Lower

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

49

Total water discharges at this facility (megaliters/year)

46.5

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

46.5

Total water consumption at this facility (megaliters/year)

2.5

Comparison of total consumption with previous reporting year

About the same

Please explain

Water consumption figure is calculated from the amount of the water bought in PET bottles in 2020 country-wide branches. It is then calculated according to the number of branches located in the Marmara Basin. Water use is the amount of water supplied from municipalities, data gathered from monthly billings. Water withdrawal figure is the sum of these two data.

Facility reference number

Facility 3

Facility name (optional)

Facilities Located In Kucuk Menderes & Buyuk Menderes Basin

Country/Area & River basin

Turkey

Other, please specify

Kucuk Menderes & Buyuk Menderes

Latitude

38.290737

Longitude

27.558333

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

22

Comparison of total withdrawals with previous reporting year

Lower

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

22.02

Total water discharges at this facility (megaliters/year)

20.9

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

20.9

Total water consumption at this facility (megaliters/year)

1.12

Comparison of total consumption with previous reporting year

About the same

Please explain

Water consumption figure is calculated from the amount of the water bought in PET bottles in 2020 country-wide branches. It is then calculated according to the number of branches located in the Kucuk Menderes & Buyuk Menderes Basin. Water use is the amount of water supplied from municipalities, data gathered from monthly billings. Water withdrawal figure is the sum of these two data.

Facility reference number

Facility 4

Facility name (optional)

Facilities Located In Kizilirmak Basin

Country/Area & River basin

Turkey
Kizilirmak

Latitude

38.751097

Longitude

37.825498

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

29.22

Comparison of total withdrawals with previous reporting year

Lower

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

29.22

Total water discharges at this facility (megaliters/year)

27.73

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

27.73

Total water consumption at this facility (megaliters/year)

1.49

Comparison of total consumption with previous reporting year

About the same

Please explain

Water consumption figure is calculated from the amount of the water bought in PET bottles in 2020 country-wide branches. It is then calculated according to the number of branches located in the Kizilirmak Basin. Water use is the amount of water supplied from municipalities, data gathered from monthly billings. Water withdrawal figure is the sum of these two data.

Facility reference number

Facility 5

Facility name (optional)

Facilities Located In Other Basins Disclosed in C4.1c

Country/Area & River basin

Turkey

Other, please specify

Sakarya, Yeşilirmak, Orta Akdeniz, Meriç, Gediz, Susurluk, Van etc.

Latitude

39

Longitude

35

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

63.18

Comparison of total withdrawals with previous reporting year

Lower

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

63.18

Total water discharges at this facility (megaliters/year)

59.95

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

59.95

Total water consumption at this facility (megaliters/year)

3.23

Comparison of total consumption with previous reporting year

About the same

Please explain

Water consumption figure is calculated from the amount of the water bought in 0.5 liters PET bottles in 2020 country-wide branches. It is then calculated according to the number of branches located in the Basins. Water use is the amount of water supplied from municipalities, data gathered from monthly billings. Water withdrawal figure is the sum of these two data.

W5.1a

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

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised))

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised))

Water withdrawals – quality

% verified

Not verified

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised))

Water discharges – volume by destination

% verified

Not verified

Water discharges – volume by treatment method

% verified

Not verified

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

Water discharge quality – temperature

% verified

Not verified

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised))

Water recycled/reused

% verified

Not verified

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Company water targets and goals Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Halkbank has a sustainability policy and an environment policy which consist of approaches and actions necessary to be taken to protect the environment and minimize to negative effects of our functions. Water related issues can be considered as one of the mos prior issues of the environment policy. As Halkbank, we are aware of the importance of water in human life. Within this framework, Halkbank aims to continuously review and improve its policies, environmental, energy and water management systems in all its branches and regions; aims and undertakes to reduce the consumption of resources such as energy and water by taking them under control and to reduce the negative effects that may arise from its activities. We advocate that water is a natural human right and that everyone should have access to clean water for consumption and hygiene. In our business relations with our value chain, we prefer to cooperate with suppliers who are aware of the importance of water. Whenever possible, we take

			<p>initiatives to raise awareness by organizing trainings on water and climate issues with our value chain. We also offer trainings and resources on water and climate change to our SME customers via the online platform.</p> <p>We are aware of how climate change can affect the water issues. Water stress and the amount of water in the basins are monitored through the WRI Aqueduct and Ministry of Agriculture and Forestry reports, and the outputs play an important role in the Bank's strategy determination regarding water.</p>
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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
Board-level committee	<p>The Sustainability Committee reports to Bank's Board of Directors to coordinate the Bank's sustainability activities. The committee is responsible of the Coordination of the bank's sustainability efforts, and running an assessment of the economic, environmental, and social effects of its activities, to evaluate and manage the climate, water and sustainability related risks and making decisions to take necessary actions and overseeing the climate and water related risks that the bank would face.</p> <p>Also risks and other matters subject to board's authorization level are escalated to board. The committee consists of 20 members at the level of board members (2), deputy general managers (3), group heads (3), department heads (12). The Chairman of the sustainability committee serves as Banks independent board member, and Vice Chairman of the sustainability committee serves as member of the Banks board.</p> <p>Some of the position of individuals that serve in the sustainability committee and the areas that they are responsible in the Banks management structure includes, Credit Policies, Monitoring and Legal Proceedings, Financial Management and Planning, Financial Management and Planning, Head of Credit Processes and Company Analysis and Head of Investor Relations.</p> <p>Decision made by the committee: The energy and environmental management performance of branches are monitored via the software called İKLİM, meaning climate, which was created by bank's own resources. In the reporting year, the Board Level Sustainability Committee has decided that the outcomes of this software will be added to branches performance assessments and to implement incentive</p>

	mechanisms according to the performance of the branches.
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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 - all meetings	<p>Monitoring implementation and performance</p> <p>Overseeing major capital expenditures</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing innovation/R&D priorities</p>	<p>The Board of Directors conduct Sustainability Management by participating in the Sustainability Committee with two members (at President and deputy President levels).</p> <p>Sustainability committee gathers at least 4 times in a year for the scheduled regular meetings. In these regular meetings, the risks and opportunities for sustainability issues, including water related issues, are assessed and targets are set. Budget adjustments and performance objectives to reach the targets are discussed and decided by the majority votes.</p> <p>In addition, the periodic performance of the objectives is compared with the results of the specified period necessary revisions are decided. Decisions on rewarding performance for sustainability issues are also made in the Sustainability Committees regular meetings.</p> <p>Apart from the regular meetings, sustainability committee may gather urgently and sporadically for discussing and making decisions for the urgent and important issues arised outside the regular meeting periods.</p> <p>Manager of Sustainability Practices, Environment and Energy Management Division is authorized for making calls for irregular sustainability committee meetings. Decisions made in the committee that may result important consequences are reported to the board.</p> <p>In addition, Management review meeting is held at least once in a year to ensure the sufficiency and efficiency of the Banks sustainability practices.</p>

W6.3

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

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

Other C-Suite Officer, please specify
 Chairman of 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

The Chairman of the Sustainability Committee is also a member of the Institution's Independent Board of Directors. The chairman leads the committee to monitor the duties and authorities of the Sustainability Committee and to fulfil the responsibilities of the committee. Members of sustainability committee are appointed by the board of directors.

The committee holds scheduled meetings at least for 4 times in a year. In these regular meetings, the risks and opportunities regarding sustainability issues that also contain water related issues are evaluated and objectives are determined. Matters that require further level authorization than sustainability committee are escalated to the board of directors for decision.

Apart from the regular meetings, sustainability committee may gather urgently and sporadically for discussing and making decisions for the urgent and important issues arised outside the regular meeting periods.

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
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Monetary reward	Other C-suite Officer Chairman of Sustainability Committee	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in efficiency - supply chain Improvements in efficiency - product-use Increased access to workplace WASH Implementation of water-related community project	As Halkbank, we monitor our water withdrawals and consumption values in a yearly basis. The water withdrawals and consumption values are monitored mainly for the annual GHG emission calculations and changes can be seen accurately in these reports. When a decrease in these values are achieved in a year, monetary rewards such as encouraging gifts are provided to Chairman of Sustainability Committee.
Non-monetary reward			

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, 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?

The Bank's water policies and procedures are set out in the Bank's environmental policy. In order to ensure compliance of all the activities of the bank with the environmental policy, routine inspections and internal controls of the Bank's inspections and internal control units are conducted, non-compliant situations are reported. If an inconsistency is discovered, the situation is discussed in the committee and the outcomes are shared with the board. Then, related departments are informed to take necessary actions about the inconsistency.

Reports and works carried out throughout the year are discussed at sustainability committee meetings regularly and presented to the board of directors once a year. If an inconsistency is discovered, this will be shared with board at any times.

In accordance with the decisions made in the committee meetings and the management reviews, Bank communicates with the ministry in necessary situations and exchanges opinions, attends meetings and seminars.

In addition, opinions are exchanged constantly by our local offices and main office with local municipalities, which are the main water provider of the bank. Also, our Bank is a member of Turkish Banks Association (TBB) and also participates in working groups related to the subjects.

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	At Halkbank, our long-term business objectives on water related issues are mainly consist of being a positive influence to our stakeholders and customers by being a good example in water related issues in the sector. One of the objective is to keep raising awareness within all of our branch offices and thus decreasing the water withdrawal and water consumption figures annually. Other objective is monitoring water related aspects of projects that we provide loans and actively improving ways to decrease their climate related affects including water issues. These aspects are important since the water scarcity and drought risks are rising constantly.

Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	<p>In line with our long term objectives, we monitor the contribution to climate related water issues of the projects that we provide loans. This is done via the project and loan evaluation reports in accordance with standards and our policies. We support our customers to decrease their effects on the water issues. Behavior changing actions are being taken such as incentives, trainings for our employees, suppliers and customers.</p> <p>The objectives are also supported with replacing old water related equipment with more efficient ones. We contributing to raising awareness about climate change and water related issues via our online sources provided for our SME customers.</p>
Financial planning	Yes, water-related issues are integrated	11-15	<p>Risks related to water issues are assessed with the participation of all related business departments of bank. Sustainability Community members includes General Manager Assistant of Financial Management and Planning Department. The financial aspects of water and climate issues related to direct operations and value chain is always considered in long term business planning.</p> <p>In quarterly meetings of Committee, budget adjustments and performance objectives to reach the targets are discussed and decided by the majority votes. Financial aspects of water risks and targets are also decided with the participation of financial department.</p>

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)

-7

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

3

Water-related OPEX (+/- % change)

25

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

1

Please explain

The decrease in CAPEX is related to the slowdown on renovation of branches and openings of new branches due to pandemic. The cost calculation is done with the procurement of water related applications such as taps, water tanks, water pumps and digital water-meter systems where necessary.

Annual spending for water withdrawals and consumption were considered for the operating expenditures. The increase in OPEX is related to replacing 19 liters water bottles with 0.5 liters personal recyclable PET bottles due to precautions in pandemic. Also, regular increases in water prices has a great impact on the increase.

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	With the INDC document, Turkey declares to decrease its emissions inventory % 21 by 2030. A series of works are foreseen that requires transformation in industrial practices and transformation investments in energy portfolio besides policy development and planning. This scenario plan effects our operations in two points. First of these, lowering emissions inventory, by increasing energy efficiency and performing projects and investments, in line with the energy efficiency targets foreseen. Second point is, the financing requirements to be arisen from the works mentioned in the national plan, as they require high scaled public and private investments. Being able to respond to the financing needs will create a financial opportunity for the bank. Halkbank with the method it will follow, aims not to produce any new environmental impact including water, while contributing to decrease the national emission inventory.

W7.3a

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

Yes

W7.3b

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

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Nationally determined contributions (NDCs)	In line with the increase in population and changes in precipitation levels caused by climate change, it is estimated that annual water amount per person will decrease to 1.120 cubic meter by 2030, which is currently 1.519 cubic meter, also it is predicted that with the effects of water pollution and drought, it will become harder to meet water needs especially in densely populated areas.	<p>Halkbank, with the results of the scenario analysis, aims to decrease its water consumption levels generated from its operations, not to establish customer relationships with companies that carry out activities that may cause water pollution, unless necessary measures determined in standards are taken, and to develop practices that encourage environment friendly technologies.</p> <p>Also, within the results of the scenario analysis, it is expected that the agricultural sector companies will suffer from the impacts of decreases in precipitation levels and droughts. This expectation requires an adjustment in Banks loan allocation assessment methods. Halkbank has already integrated the required criteria in the loan assessment modules. As a precaution, we plan to use circular water systems in our branch offices until 2030.</p>

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Halkbank operates in Banking sector, and its operations are not considered as water intense. Necessary measures are continuously taken to decrease the water consumptions and the water withdrawal levels are monitored for possible optimizations. Still, we are aware of the upcoming water related risks and planning to take steps on improving water efficiency in our operations. Internal water price can be one of these improvements. We are currently exploring best practices that can be integrated in our operations.

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 Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Halkbank aims to provide its employees clean drinking water, to raise awareness by providing necessary trainings to its customers, to share opinions with the public authorities for the constitution of sustainable water policies and management models and to support initiatives in the sustainability scene.

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

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Our intention is to reduce absolute water withdrawals by our branch offices across the whole country by 25% by 2035, against a baseline year of 2018. Water is one of the

important inputs to our business since employees water consumption and WASH services are dependent on that.

In order to achieve this, we are investing in more water efficient equipment and assets in our branch offices. This target will also lead to savings in water costs in accordance with efficiency.

Quantitative metric

% reduction of water withdrawals from municipal supply

Baseline year

2018

Start year

2020

Target year

2035

% of target achieved

72

Please explain

Due to the trainings provided to employees and more efficient utilities established we already achieved 72% of this target. The precautions of pandemic also affected this figure in a positive way. We are on track to meet this target early as long as progress maintains present pace.

Target reference number

Target 2

Category of target

Water withdrawals

Level

Basin level

Primary motivation

Reduced environmental impact

Description of target

Since almost 37% percent of our total branch offices are located in Marmara and Kızılırmak Basins, we set a target to reduce our water withdrawals within this facilities by 30% by 2035 from a 2018 base year. These facilities are responsible of approximately 40% of water withdrawals of Halkbank's total withdrawals.

Quantitative metric

% reduction of water withdrawals from municipal supply

Baseline year

2018

Start year

2020

Target year

2035

% of target achieved

60

Please explain

So far, 60% of this target has been achieved in the branch offices that withdrawals water from municipalities within these basins. The figure achieved is due to trainings provided to employees and more efficient utilities established. The precautions of pandemic also affected this figure in a positive way. We are on track to meet this target early as long as progress maintains present pace.

W8.1b

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

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

It is important for Halkbank to provide WASH services to its employees in accordance with SDG 6 "Clean water and sanitation". We are applying the best practices to provide continuous clean water in all of our branch offices country wide.

Baseline year

2016

Start year

2017

End year

2020

Progress

Halkbank has implemented a reverse osmosis water treatment system in its headquarters building, and in other offices, clean drinking water is supplied from local sellers in 0.5 liters recyclable PET bottles to maintain health and hygiene standards throughout the pandemic . Implications in this regard will be continued and best practices will be applied.

Goal

Engaging with customers to help them minimize product impacts

Level

Country level

Motivation

Corporate social responsibility

Description of goal

Halkbank launched a new program in 2016 with AFD, which includes free seminars, trainings and technical consultancy. The main objective of the program is finance energy efficiency, environmental and social investments of companies located in / out OIZs and of OIZ administrations themselves. Thus the project aims to contribute the low carbon growth of Turkey by supporting efficient and sustainable use of resources.

Baseline year

2016

Start year

2017

End year

2020

Progress

In this regard Halkbank provided financing to these investments and Technical Consultant transferred their experiences with customers via conferences, reviewing investments or face-to-face site visits. The technical consultancy also conducted in-house trainings and meetings regarding Green Investments and enhancing E&S assessment capacity within the Bank. Furthermore, Halkbank organized awareness raising & marketing events in several OIZs. The program has been lasted 4 years and ended in 2020.

Goal

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

Level

Country level

Motivation

Commitment to the UN Sustainable Development Goals

Description of goal

It is important for Halkbank to be one of the leading companies in the sector in regard of climate change. Contribution to the achievement of Social Development Goals of Turkey is one of the steps that is taken to achieve this goal.

Baseline year

2016

Start year

2017

End year

2040

Progress

Halkbank's Sustainability Practices, Environment and Energy Management Division is a member of the working group of the Ministry of Development towards Sustainable Development Goals. In this context, experiences and difficulties are shared with the Ministry.

Goal

Other, please specify
Sustainable Finance

Level

Business activity

Motivation

Corporate social responsibility

Description of goal

Providing energy and environmental transformation solutions to private sector, financing investments in this direction.

Baseline year

2016

Start year

2017

End year

2023

Progress

SUNREF provides solutions for the new energy and environmental transformation and encourages local financial institutions to finance them. Halkbank is one of the partners of SUNREF

<https://www.sunref.org/en/partenaires/banques/> With SUNREF, local partner banks finance private development projects that are more innovative than those usually financed.

W9. Verification

W9.1

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


No, we are waiting for more mature verification standards and/or processes

W10. Sign off

W-FI

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

You may find additional information regarding our sustainability approach on our web site at <https://www.halkbank.com.tr/en/investor-relations/corporate-governance/sustainability.html> Attached, there is verification report of water data disclosed in the questionnaire. The water withdrawal amount in the report is the amount that withdrawn from municipalities. When reporting to CDP, the withdrawals are calculated as the sum of municipality withdrawals and PET bottled water consumed.

 Halkbank_CDP_WS_AssuranceReport2021_1407.pdf

W10.1

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

	Job title	Corresponding job category
Row 1	Chairman of Sustainability Committee (Halkbank Independent Board Member)	Board/Executive board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water

Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms