

Module: Introduction**Page: W0. Introduction****W0.1****Introduction****Please give a general description and introduction to your organization**

Halkbank was founded in 1933 as a credit union by small cooperatives for the purposes of providing merchants and artisans with loans on favorable terms to promote economic development, and began its operations in 1938. Between 1938-1950 Halkbank provided loans through public funds named as "People's Fund". Halkbank was authorized to open branches and grant loans to customers in 1950. Despite having been established by local cooperatives, the structure was changed in 1963, whereupon it became a state-owned bank, where original shareholders were unable to contribute capital increases. Throughout 1990s, Halkbank's assets grew rapidly through the merger of certain failed smaller sized state-owned banks. In 2001, 96 branches of Emlakbank, another state-owned bank which was then in the process of liquidation, were merged with Halkbank. One of the major milestone for Halkbank is the acquisition of Pamukbank in 2004. The merger with Pamukbank significantly strengthened the Bank's retail banking capabilities, supporting with a more technologically advanced IT system which was deployed throughout Bank's networks and created other synergies from the combination and rationalization of the branch, operations and employee bases. After the Pamukbank merger, Halkbank underwent a serious restructuring process which was initiated by the Statute 4603 relating to public banks with the aim of preparing them for privatization. In line with restructuring process, Halkbank's organizational structure was completely transformed and a customer focused approach was adopted in the Bank's activities. As of 10 May 2007, 24.98% of the shares of the Bank have been sold through a very successful second public offering and the shares have been listed in Borsa Istanbul. Halkbank's IPO represents the largest one that ever occurred in the Turkish capital markets. Today celebrating 79th anniversary, Halkbank possesses 959 domestic, 5 foreign branches and 3 representative offices, 3,741 ATMs, telephone and internet banking channels, mobile banking, innovative products and services. With a free float rate of 48.9%, Halkbank maintains its position as one of the most effective banks of its markets by return on equity. In 2016, Halkbank increased total assets to TRY 231.4 billion. The Bank recorded total deposits of TRY 150.3 billion, loans of TRY 158.4 billion and net profit of TRY 2 billion 558 million for the year. Thus, Halkbank is the 6th largest bank in Turkey by size of total assets and 5th largest by employment. In line with corporate values, Halkbank commits to build sustainable operations in terms of financial, social and environmental aspects of business as well as investing in social development not to mention fostering local economy, primarily small&medium size businesses. In line with corporate values, Halkbank commits to build sustainable operations in terms of financial, social and environmental aspects as well as investing in social development not to mention fostering local economy, primarily SMEs. In 2015, Halkbank established "Sustainability Committee" and released its Sustainability Policy to institutionalize the sustainability approach. Sustainability Coordination Group, consisting of a chairman and four members, is formed to execute the decisions made by the Sustainability Committee, Chairman and members of the Group are elected annually by Committee. Chairman of 2016 Sustainability Coordination Group is Head of International Banking and Structured Finance and members are Heads of Branch Operations and Corporate Communications Departments. Managers of the sustainability divisions are full members. In 2016, two full-time Departments were formed to carry out sustainability efforts and provide new suggestions to the Sustainability Committee. One is the Sustainability, Environment and Energy Management Division and the other one is the International Sustainability Practices Division, two of which report to the Committee. With the participation of the relevant Bank departments, Working Groups are created to execute the decisions made by the Committee and carry out the projects on the subject of

sustainability. Halkbank carries out sustainability studies with its stakeholders within the framework of sustainability, energy and environmental policies. Recognizing the importance of climate change and water scarcity in this context, Halkbank has decided to support the CDP water program since 2016.

W0.2**Reporting year**

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

Period for which data is reported
Fri 01 Jan 2016 - Sat 31 Dec 2016

W0.3**Reporting boundary**

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

Companies, entities or groups over which operational control is exercised

W0.4**Exclusions**

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

No

W0.4a**Exclusions**

Please report the exclusions in the following table

Exclusion	Please explain why you have made the exclusion

Further Information

Halkbank collects data from all of its buildings and branches. The scope includes 959 branches, 25 regional coordinating office buildings and 9 other HQ unit buildings.

Module: Current State**Page: W1. Context**

W1.1

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

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Good quality and adequate amount of clean water is important for employee health. 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.

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	Recycled water has no significant impact for a financial institution on its financial and operational activities. Waste water is discharged to municipal sewer line.

W1.2

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

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- total volumes	76-100	Halkbank reports on the use of water from all the buildings in Turkey and in order to follow up with the remote monitoring system to be started in 2018, Halkbank is working on the issue. Halkbank use municipal water for all its locations. In some geographical regions in Turkey, 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 19 liters of returnable polycarbonate 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.
Water withdrawals- volume by sources	76-100	Halkbank has a country wide coverage, so it is not possible to indicate all the water sources Halkbank facilities benefit from. However, all facilities use the available grid sources of the municipalities they are located in.
Water discharges- total volumes	76-100	All Halkbank facilities use the municipal sewer systems for water discharge.
Water discharges- volume by destination	76-100	All Halkbank facilities use the municipal sewer systems for water discharge. Halkbank doesn't have access to further information on which location each municipality discharge the treated water.
Water discharges- volume by treatment method	76-100	Halkbank discharges its waste water from the buildings to the sewerage system under the municipal control. The municipal sewage has a water drainage system belonging to the Municipality.

Water aspect	% of sites/facilities/operations	Please explain
Water discharge quality data- quality by standard effluent parameters	Less than 1%	Since waste water is controlled by the Municipality, we do not have any information about discharge quality data.
Water consumption- total volume	76-100	The water use of Halkbank is composed of drinking, cleaning and other household water needs.
Facilities providing fully-functioning WASH services for all workers	76-100	Halkbank provides fully functioning water sanitation and hygiene services to its employees. Such services are monitored and maintained by support services department. The Bank implemented a reverse osmosis treatment plant in the Ataşehir and davutpaşa headquarters buildings in 2013

W1.2a

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

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	No fresh surface water is used
Brackish surface water/seawater	0	Not applicable	No Brackish surface water/seawater is used
Rainwater	0	Not applicable	No rainwater is used
Groundwater - renewable	0	Not applicable	No renewable groundwater is used
Groundwater - non-renewable	0	Not applicable	No non-renewable groundwater is used
Produced/process water	0	Not applicable	No produced/process water is used

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Municipal supply	260.15	Much lower	The water is used for drinking, cooking, cleaning purposes, WCs and lavatories, and HVAC systems. Since 2013, water consumption data have been shared publicly via Halkbank sustainability reports. Halkbank water consumption was 448.27 megaliter / year in 2015, which decreased to 260.15 megaliter / year in 2016.
Wastewater from another organization	0	Not applicable	No wastewater from another organization is used.
Total	260.15	Much lower	Halkbank aims to decrease its water use. The water is used for drinking, cooking, cleaning purposes, WCs and lavatories, and HVAC systems. Since 2013, water consumption data have been shared publicly via Halkbank sustainability reports. Halkbank water consumption was 448.27 megaliter / year in 2015, which decreased to 260.15 meg / year in 2016.

W1.2b

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

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	No fresh surface water is discharged
Brackish surface water/seawater	0	Not applicable	No Brackish surface water/seawater is discharged
Groundwater	0	Not applicable	No groundwater is discharged
Municipal/industrial wastewater treatment	260.15	Much lower	Halkbank regards all its used water as waste water. Drinking water is not included in this account. Waste water is discharged to Municipal sewer line. Halkbank water

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
plant			consumption was 448.27 megaliter / year in 2015, which decreased to 260.15 megaliter / year in 2016.
Wastewater for another organization	0	Not applicable	No wastewater is given to another organization
Total	260.15	Much lower	Halkbank reports the utility water consumption in all its buildings in Turkey. All of the used water is discharged to Municipal sewage line as waste.

W1.2c

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

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
270.22	This is our first year of measurement	Halkbank reports the utility water consumption and discharges all used water to the Municipal sewage line as waste. Drinking water consumption is not included in W1.2b. In some geographical regions in Turkey, 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 19 liters of returnable polycarbonate bottles. Ataşehir and Davutpaşa Headquarter Service Buildings and in some district buildings, where there is more employee, drinking water is supplied with reverse osmosis systems connected to the main line. With the assumption that a healthy person should consume 2 liters of water per day: the sum of the bank and subcontractor employees is 20,060 per person, $20,060 \times 2 \text{ liters/person} \times 251 \text{ days/year} = 10,070,120 \text{ liters/year}$ which equals to 10.07 megalitres/year calculated and added to the use water.

W1.3

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

No

W1.3a

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

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

W1.3b

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

Primary reason	Please explain
Other: The scope of business is not water intense	For the banking sector, the biggest risk associated with water is the risk arising from the credit portfolio. Such as, no prepayment of the farmer customer due to the decrease in his revenue because of drought or flood. So that, Halkbank strives to manage water risks through a detailed Environmental and Social Impact Assessment in its credit evaluation modules. On the other hand, However, Halkbank established ISO14001 and ISO 50001 energy management systems in order to monitor and calculate its emissions and resource consumption including water use and waste management covering water as well. The suppliers are also expected to act in this direction. Once there is a certain awareness among the entire supply chain, Halkbank may require from its suppliers to regularly report water-related data. By the way, as of today, among Halkbank's suppliers (cargo, accommodation, transportation, etc.) there are no water-intensive sector company.

W1.4

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

No

W1.4a

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

Country	River basin	Impact driver	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
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W1.4b

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

Primary reason	Future plans
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Further Information

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

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

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations	All facilities	Halkbank believes that water risks are mostly related to the lending activities of the Bank, rather than from its own facilities or its suppliers. This direct operations option has been selected in the pop-up menu because there is no option including lending activities.

W2.3

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

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Annually	Country	3 to 6 years	Halkbank makes detailed Environment and Social impact assessments before the allocation of investment loans. During this evaluation, Halkbank also regards water related risks. On the hand, after the allocation of the loans Halkbank engineers monitors the investments annually including not only financial dimensions but also environmental and social aspects covering water risk.

W2.4

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

Yes, evaluated over the next 10 years

W2.4a

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

Within the framework of Sustainability, Environment and Energy Policies, Halkbank is aware of risks and opportunities that are climate change, environmental and social impacts. Halkbank continues to work for sustainable finance by identifying environmental and social risk processes in order to minimize the negative effects of its activities and financing credits and investment activities. Developing products for this endeavor is to accelerate the transition to a sustainable economy, reduce long-term risks of the bank, and capture medium and long-term opportunities for environmental issues such as climate change and water risk. Our Bank constantly monitor and improve the efforts to manage water footprint from its activities, to minimize the environmental impacts and to take necessary measures to reduce consumption of other resources.

(i) in order to manage its own direct carbon footprint, Halkbank established ISO 50001 energy management and ISO 14001 Environment management system in 2016 which includes water consumption monitoring and water efficiency.

(ii) Halkbank started to onlend a new loan called "AFD Environemt and OIZ Loan" which enable to fund enterprises on many subjects such as waste water treatment facility, solid waste disposal, pre-treatment facility, sludge drying investments, air cleaning investments, energy efficiency and use of renewable energy sources.

W2.4b

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

Main reason	Current plans	Timeframe until evaluation	Comment
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W2.5

Please state the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
Internal company knowledge	Halkbank assigns negative ratings during credit decision processes to projects in banned fields which international literature considers to be relevant to a very high-risk group such as trawling. During investment loan analysis, environmental impact of the investment is evaluated by the Halkbank technical team. Authorized by Energy Management Certificate by Republic of Turkey Ministry of Energy and Natural Resources General Directorate of Renewable Energy, 20 Halkbank technical employees work on loan and project assessment processes. Loan and investment projects financed by Halkbank are evaluated using a scoring module. Environmental factors are divided into 3 groups: namely, low-risk, medium-risk and high risk. In 2016, Halkbank revised the Loan Evaluation Report and Project Evaluation Report scoring methodology and started to score companies and projects applying for loans within the scope of "Sustainability Evaluation" in compliance with the article "Paying great attention to overseeing environmental and social factors as well as economic factors within the scope of Bank's loan policies while evaluating loan requests" cited in Sustainability and Environmental Policies. With this revision performed in 2016, Halkbank will not only evaluate the investments, but also evaluate the activities of the companies applying for loan according to subjects covered by sustainability. Previous investing companies used to be scored based on corporate social responsibility criteria before the 2016 revision provided that they have an existing activity, their latest finalized period net sales are over USD 10 million and they employ minimum 50 workers. With the 2016 revision, the evaluation scope has expanded and more companies applying for loans will be subject to evaluation based on sustainability criteria as compared to pre-revision period. Sustainability Evaluation covers the following headings: »» Environmental Impact Assessment Report »» Green Building Certificate »» ISO Environment Management Certificate »» Carbon Emissions Assessment »» Occupational Health and Safety Assessment »» Consumer Rights Consciousness Assessment

W2.6

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

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	Halkbank evaluates also water-related risks during loan assessment for the projects to be financed. 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 investmet.
Current water regulatory frameworks and tariffs at a local level	Relevant, included	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.
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	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 lending.
Current implications of water on your key commodities/raw materials	Not relevant, explanation provided	There is no production process in the banking sector; so there is no use of raw materials or no output.
Current status of ecosystems and habitats at a local level	Relevant, 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.
Current river basin management plans	Relevant, 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.
Current access to fully-functioning WASH services for all employees	Relevant, included	Necessary precautions are taken for the health and hygiene of the employees, access channels for clean drinking water are kept open.
Estimates of future changes in water availability at a local level	Relevant, included	This is taken into account in loan assesment especially for the lending of agricultural and renewable energy projects.
Estimates of future potential regulatory changes at a local level	Relevant, included	Halkbank technical team working at Project Finance Department; and Project & Loan Evaluation Department monitors potential regulatory changes and trends closely and regularly. Besides Halkbank Sustainability Team, if relevant, informs the Sustainability Committee in order to take actions in the decision making.
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	Before the decision of lending, detailed E&S assessment is conducted by Halkbank engineers which includes the potential stakeholder conflicts at a local level. It is expected from the customers to submit the results of public engagement meetings, if relevant to their projects.
Estimates of future implications of water on your key commodities/raw materials	Not relevant, explanation	There is no production process in the banking sector; so there is no use of raw materials or no output.

Issues	Choose option	Please explain
	provided	
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	During the environmental and social impact assessment which affects the loan decision, future potential changes in the status of ecosystems and habitats is taken into consideration.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, not yet included	
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, not yet included	
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, not yet included	
Scenario analysis of implications of water on your key commodities/raw materials	Relevant, not yet included	
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Relevant, not yet included	
Other		

W2.7

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

Stakeholder	Choose option	Please explain
Customers	Relevant, included	Halkbank evaluates also 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 thier Project. In order to increase the awareness of its customers on environmental issues including water related risk, Halkbank serves free consultancy to customers who ask for an AFD Environment&OIZ Loan.

Stakeholder	Choose option	Please explain
Employees	Relevant, included	Halkbank organised in-class and online trainings for its employees to raise awareness on environment and energy including water efficiency, the use of natural resources. Under the ISO 14001 and ISO 50001 management systems Halkbank periodically organises relevant trainings and improves its system.
Investors	Relevant, included	As a publicly traded Bank, Halkbank answers questions taken from its investors, announces its water, energy, resource consumption via publicly available reports such as CDP, Sustainability Report, etc.
Local communities	Relevant, included	Before the decision of lending, detailed E&S assessment is conducted by Halkbank engineers which takes into account the local community views.
NGOs	Relevant, included	Halkbank sends the Sustainability Priority Survey to some NGOs while determining its priorities including fight with climate change.
Other water users at a local level	Relevant, included	The right of water usage is regarded by Halkbank which is written in its Human Resources policy as follows: "Halkbank performs all its activities by giving due consideration to creating new employment, reducing regional differences, providing access to finance, heeding environmental and social risks, increasing social welfare, and contributing to economic development in light of the fundamental human rights."
Regulators	Relevant, included	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 decision of lending. . 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 team 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"
River basin management authorities	Relevant, included	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 decision of lending.
Statutory special interest groups at a local level	Not relevant, explanation provided	There are no autonomous regions and communities in Turkey, which has local government rights.
Suppliers	Not relevant, explanation provided	There is no effect in our operation processes; since the purchased services and products are not water-intensive.
Water utilities at a local level	Not relevant, explanation provided	Fresh water is purchased from municipality and there is no problem to access water.
Other		

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

Primary reason	Please explain
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Further Information

Module: Implications

Page: W3. Water Risks

W3.1

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

Yes, direct operations only

W3.2

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

Water related risks are mainly relevant to the extent such risks impose a threat to the business of our clients, that might potentially affect the creditworthiness of our customers. Nonetheless, Halkbank defines:

- (a) negative impact of water-related risks of the financed projects both the financial (default risk of loans) and non-financial performance (such as reputation risk arising from bad loans)
- (2) even it is not a substantive change in wide network business, service interruption because of natural disaster such as flooding might have a negative temporary

impact on revenue.

W3.2a

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

Country	River basin	Number of facilities exposed to water risk	Proportion of company-wide facilities that this represents (%)	Comment
Turkey	Not known	0	Less than 1%	Halkbank operates in every province in Turkey with nearly 1.000 buildings. It is hard to define and give river basin information.

W3.2b

For each river basin mentioned in W3.2a, please provide the proportion of the company's total financial value that could be affected by water risks

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected	Comment
Turkey	Not known	Other: Not known	Less than 1%	Halkbank operates in every province in Turkey with nearly 1.000 buildings. It is hard to define and give river basin information.

W3.2c

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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
Turkey	Not known	Other: Not Known	Other: Not known	NA	Unknown	Unknown	Unknown	Other: Not Known	NA	NA

W3.2d

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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
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W3.2e

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

Primary reason	Please explain
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W3.2f

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

Primary reason	Please explain
Risks exist, but no substantive impact anticipated	As operating in the banking sector, Halkbank's purchase of good and services is not from the water-intense sector companies.

W3.2g

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

Primary reason	Future plans
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Further Information

W4.1

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

Yes

W4.1a

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

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
Turkey	Carbon management Climate change adaptation Competitive advantage Cost savings Increased brand value Improved water efficiency	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.	1-3 years	Climate change advantage/Competitive advantage/increased brand value: Halkbank is the first Turkish bank that established ISO 50001 and integrated it with ISO 14001. Carbon management/Cost savings/improved water efficiency: due to the environment and energy plan within the standarts, it leads to monitor the use of resources and possibility of immediate intervention and decrease of costs accordingly. Moreover, due to the decrease in the water consumption and its efficiency, Scope 3 emission would be lower.
Turkey	Sales of new products/services	Halkbank launched a new loan program called "AFD Environment and OIZ 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.	>6 years	The 100 million EUR loan program is signed with AFD (French Development Agency) for 12 years period. On the other hand, some changes in regulations might lead new technologies. That means a possibility of new financing requirements of the market; which enables Banks to provide new services and products.
Turkey	Collective Action	150 world leaders agreed on the 2030	1-3 years	The 17 main goals comprise of a total of 169 targets under 17

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
		Sustainable Development Agenda, including the UN 17 Sustainable Development Goals,		main topics including "Clean Water & Sanitation" and "Life Below Water". Halkbank sustainability division managers are invited to the workshop organised by the Turkish Republic Ministry of Development in order to share the Bank's projects related to SDGs and Halkbank gave opinion on how should be the Bank's role in the achievement of the SDGs.
Turkey	Other: Capacity building and awareness raising	Within the loan program called, "AFD Environment and OIZ Loan" signed with AFD, Halkbank serves free consultancy to its clients.	>6 years	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.

W4.1b

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

Primary reason	Please explain
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W4.1c

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

Primary reason	Please explain
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Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

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

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
			NA			Since W3.2a is not known, W5.1 has not been answered.

Further Information

Page: W5. Facility Level Water Accounting (II)

W5.1a

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

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
	0	0	0	0	0	0	0	0	Since W3.2a is not known, W5.1 has not been answered and W5.1a accordingly.

W5.2

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

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
	0		Since W3.2a is not known, W5.2 has not been answered.

W5.2a

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

Facility reference number	Fresh surface water	Municipal/industrial wastewater treatment plant	Seawater	Groundwater	Wastewater for another organization	Comment
	0	0	0	0	0	Since W3.2a is not known, W5.2 has not been answered and W5.2a accordingly.

W5.3

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

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain
	0		Since W3.2a is not known, W5.3 has not been answered.

W5.4

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

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes		Since W3.2a is not known, W5.4 has not been answered
Water withdrawals- volume by sources		Since W3.2a is not known, W5.4 has

Water aspect	% verification	What standard and methodology was used?
		not been answered
Water discharges- total volumes		Since W3.2a is not known, W5.4 has not been answered
Water discharges- volume by destination		Since W3.2a is not known, W5.4 has not been answered
Water discharges- volume by treatment method		Since W3.2a is not known, W5.4 has not been answered
Water discharge quality data- quality by standard effluent parameters		Since W3.2a is not known, W5.4 has not been answered
Water consumption- total volume		Since W3.2a is not known, W5.4 has not been answered

Further Information

Module: Response

Page: W6. Governance and Strategy

W6.1

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

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Board of individuals/Sub-set of	Scheduled-	The responsible body is the Sustainability Committee which reports to the Board of Directors. According to

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
the Board or other committee appointed by the Board	quarterly	the internal legislation of the Committee it must gather 4 times a year. In 2016, Halkbank Sustainability Committee met 6 times. On the other hand, the responsible body of the ISO Management Standards is Sustainability Committee as well. According to the internal legislation the ISO standards, the committee must have a Management Review Meeting at which energy and resource consumption including water of the Bank is briefed, reviewed and targets are set.

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

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

Influence of water on business strategy	Please explain
Establishment of sustainability goals	Within the sustainability goals of Halkbank, the water is examined along with the climate change related issues.
Introduction of water management KPIs	Within the sustainability goals of Halkbank, the water is examined along with the climate change related issues.
Greater due diligence	Halkbank regularly monitors national and international standards and updates its own E&S rating system according to the new regulations/legislations and international standards. For instance, in 2016 the rating system has been revised and named as

Influence of water on business strategy	Please explain
	Sustainability Criteria. During the loan assessment process, Halkbank technical team makes site visits, face to face meeting with customers and not only act as a banker but also as a consultant.
Water resource considerations are factored into new product development	Halkbank considers climate change related issues including water while the design of new products. Water resource considerations and regulatory changes may lead new technologies to be adopted and the new technology investment need financing. So, as a Bank, Halkbank launches new products to meet the needs of the market.
Tighter operational performance standards	Under the ISO 14001 and ISO 50001 management systems established in Halkbank, water efficiency is considered as an operational performance standard.
Investment in staff/training	Halkbank gives importance on the training of its employees regarding the environment and energy, including water management. During the reporting period, Halkbank employees were provided with a total of 5554 person/ hour training on Awareness, Information and Consciousness-raising on Environment and Energy Management. Also, employees of sub-contractors were provided 472 person/hour training on Managing Operations of Environment and Energy Management System in order to reduce environmental impact on the value chain and create awareness on this subject.

W6.2b

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

Influence of water on business strategy	Please explain
No measurable influence	Since operating in banking sector, there is no measurable influence. (i) indirect risks arising from lending: Halkbank has a strong loan assessment system which mitigates the risks occurring from loan lending. (ii) direct risks: the purchase of goods and services of the Bank is not from high water intense sector companies. (iii) direct risks: the use of water is totally discharged to municipality sewer line

W6.2c

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

Primary reason	Please explain
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W6.3

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

No

W6.3a

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

Content	Please explain why this content is included
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W6.4

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

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
0	-42	(i) Halkbank's Ankara HQ moved to Istanbul and the building in Ankara was closed in 2016, (ii) ISO 14001 Environment and ISO 50001 Energy Management Systems has been established in 2016 which aims the resource efficiency such as water, electricity, paper etc. (iii) with the establishment of ISO management systems trainings were given, informational e-mails on the issue was sent to all employess and behavioral change has been occurred among the employee accordingly.

Further Information

Page: W7. Compliance

W7.1

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

No

W7.1a

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

Facility name	Incident	Incident description	Frequency of occurrence in reporting year	Financial impact	Currency	Incident resolution
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W7.1b

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

W7.1c

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

Impact as % of OPEX	Comparison to last year
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Further Information

Page: W8. Targets and Initiatives

W8.1

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

Yes, goals only

W8.1a

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

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
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W8.1b

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

Goal	Motivation	Description of goal	Progress
Providing access to WASH in workplace	Recommended sector best practice	Halkbank provides fully functioning WASH services for all its employees	Halkbank has implemented a reverse osmosis water treatment system in its headquarters building in order to provide good quality drinking, and cooking water to its employees.
Educate customers to help them minimize product impacts	Shared value	Halkbank organises awareness raising seminars and trainings programs for its clients including environmental and social impacts of the activities. Besides, Halkbank serves on-site free technical consultancy by external engineers for its customers	Halkbank launched a new program in 2016 with AFD, which includes free seminars and technical consultancy. The main objective of the program is the financing environmental friendly investment such as waste water treatment. In this regard, consultants will transfer their experience with customers via conferences or face to face site visits. The program will last for 4 years.
Engagement with public policy makers to advance sustainable water policies and management	Other: Contribution to the achievement of SDGs of Turkey.	Halkbank sustainability team is one of the member of The Sustainable Development Goals workshop organised by the Turkish Ministry of Development	Halkbank sustainability team contributes to the SGD study of the Turkish Ministry of Development by sharing its experiences or the obstacles that has been faced during the achievement of its own goals
Other: Sustainable Use of Natural Resources and Energy Finance	Other: Sustainable Finance	SUNREF provides solutions for the new energy and environmental transition by helping private actors and encouraging local financial	Halkbank is one of the partner Bank : https://www.sunref.org/en/partenaires/banques/ With SUNREF, local partner banks finance private development projects that are more innovative than those usually financed.

Goal	Motivation	Description of goal	Progress
(SUNREF) Program		institutions to finance it	

W8.1c

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

Further Information

Module: Linkages/Tradeoff

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

W9.1

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

Yes

W9.1a

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

Environmental issues	Linkage or trade-off	Policy or action
Sustainability Evaluation System	Trade-off	In 2016, Halkbank revised the Loan Evaluation Report and Project Evaluation Report scoring methodology and started to score companies and projects applying for loans within the scope of "Sustainability Evaluation" in compliance with the article "Paying great attention to overseeing environmental and social factors as well as economic factors within the scope of Bank's loan policies while evaluating loan requests" cited in Sustainability and Environmental Policies. With this revision performed in 2016, Halkbank will not only evaluate the investments, but also evaluate the activities of the companies applying for loan according to subjects covered by sustainability. The new comprehensive scoring system may cause to not finance financially feasible projects due their unfavorableness in regard to their E&S assessment. However, Halkbank considers this issue not as a trade-off as a linkage with fight with climate change in the long run.
The water and waste management with ISO Environment and Energy standarts	Linkage	The efficient use of water and the management of waste water has a strong linkage with actions to be taken for fighting with climate change and water risks.
The sustainable finance	Linkage	The AFD Environmental and OIZ Loan program has a strong linkage to decrease GHG emissions and increase environmatal friendly projects.

Further Information

Module: Sign Off

Page: Sign Off

W10.1

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

Name	Job title	Corresponding job category

Name	Job title	Corresponding job category
Yasar BILGINTURAN	Halkbank Division Manager and Energy Manager	Environment/Sustainability manager

W10.2

Please indicate that your organization agrees for CDP to transfer your publicly disclosed data regarding your response strategies to the CEO Water Mandate Water Action Hub.

Note: Only your responses to W1.4a (response to impacts) and W3.2c&d (response to risks) will be shared and then reviewed as a potential collective action project for inclusion on the WAH website.

By selecting Yes, you agree that CDP may also share the email address of your registered CDP user with the CEO Water Mandate. This will allow the Hub administrator to alert your company if its response data includes a project of potential interest to other parties using water resources in the geographies in which you operate. The Hub will publish the project with the associated contact details. Your company will be provided with a secure log-in allowing it to amend the project profile and contact details.

Yes

Further Information

[CDP 2017 Water 2017 Information Request](#)