Welcome to your CDP Water Security Questionnaire 2019

W0. Introduction

W0.1

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

Halkbank was founded under Statute 2284 in 1933 as a credit union by small cooperatives for the purposes of providing loans on favorable terms to merchants and artisans in order to promote economic development, and began its operations in 1938. Between the years 1938-1950 Halkbank provided loans through public funds named as “People’s Fund”. Halkbank was authorized to open branches and grant loans to customers under its own entity 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, including Töbank, Sümerbank and Etibank. In 2001, 96 branches of Emlakbank, another state-owned bank which was then in the process of liquidation, was merged with Halkbank. One of the major milestones for Halkbank is the acquisition of Pamukbank in 2004. Pamukbank Merger strengthened the banks retail banking capacity significantly with the help of a technologically more advanced banking software with a more developed IT system in the background being deployed through the banks network and the synergy arised from the combination and rationalization of branch, operation and employee structure. 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 this 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 its 81th anniversary, Halkbank possesses 988 domestic branches, 6 overseas branches and 3 representative offices overseas, 4.023 ATMs, telephone and internet banking channels, mobile banking applications, 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 2018, Halkbank increased its total assets to TRY 378,4 billion. The Bank recorded total deposits of TRY 249 billion, loans of TRY 251 billion and net profit of TRY 2 billion 522 million for the year. Thus, Halkbank is the 5th largest bank in Turkey in terms of size of total assets and by employment. In line with corporate values, Halkbank commits to carry out sustainable activities in terms of financial, social and environmental aspects of the business world, besides fostering local economics, primarily small and medium-sized enterprises. Halkbank established the "Sustainability Committee" in 2015 and published the Sustainability Policy in order to institutionalize the sustainability approach. A Sustainability Coordination Group consisting of a chairman and six members is formed to execute the

decisions taken by the Sustainability Committee. The Chairman and the members are elected by the Committee every year. Head of the 2018 Sustainability Coordination Group is Head of the Department of International Banking and Structured Finance. Halkbank carries out sustainability works 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

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

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

W0.3

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

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	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. Amount and quality of water is also important for the value chain (more particularly customers) of the Bank. For instance, agricultural sectors production is mostly dependent to water. Loans are allocated to companies operating in agricultural sector, and any decrease in their production levels may cause drops in profits, leading to setbacks in the repayments of the loan debts. As the scarcity of water supply is predicted to become a more important problem, the subject will retain its importance in the future.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	Recycled water has no significant impact for our institution and on its financial and operational activities. Waste water is discharged to municipal sewer line. As the scarcity of water supply is predicted to become a more important problem, the subject may become more important in the future.

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%	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. Also remote monitoring system is planned to be established and put into practise in some of the selected locations in 2020. Municipal water is used. 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 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 – volumes from water stressed areas	Not relevant	Halkbank has a country wide coverage. All facilities use the available grid sources of the municipalities they are located in.
Water withdrawals – volumes by source	100%	Halkbank has a country wide coverage. All facilities use the available grid sources of the municipalities they are located in.
Water withdrawals quality	100%	As all water is withdrawn from municipal grids, the quality of water withdrawn is at %100 percentage drinking quality (potable).
Water discharges – total volumes	100%	All Halkbank facilities use the municipal sewer systems for water discharge.
Water discharges – volumes by destination	100%	All Halkbank facilities use the municipal sewer systems for water discharge.
Water discharges – volumes by treatment method	100%	Waste water discharge is only domestic. Halkbank discharges its waste water from the buildings to the sewerage system under the control of local municipalities. The local sewages have water

		drainage systems that belong to the Municipality.
Water discharge quality – by standard effluent parameters	100%	Waste water discharge is only domestic. Halkbank discharges its waste water from the buildings to the sewerage systems that are controlled by local municipalities.
Water discharge quality – temperature	100%	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.
Water consumption – total volume	100%	The water usage of Halkbank is composed of drinking, cleaning and other household water needs, whichs is equal to water withdrawn from municipal grid and drinking water is purchased in the form of 19 liters of returnable polycarbonate bottles.
Water recycled/reused	Not monitored	There is no water recycling process present at company wide.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Halkbank provides fully functioning water sanitation and hygiene services to its employees. Such services are monitored and maintained by support services department. In 2013 The Bank implemented a reverse osmosis treatment plant in the Atasehir and Davutpasa headquarters buildings.

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	247.24	Higher	Water withdrawal level of 2018 was 247.24 megalitres, and compared to the withdrawal level of 2017, which was at 240.32 megalitres, there is an increase of % 3. Compared to 2018, the number of employees increased by about %5, which can explain the reason of the increase in total water withdrawals. Also number of Bank's branch offices increased by 25, which may have an effect on the increase. A slight increase can be expected in the future due to the opening of new branch offices and increase in employment.
Total discharges	247.24	Higher	Halkbanks level of water discharges is considered to be equal to the water withdrawal level. Drinking water is not taken into account when calculating water discharge level. Water discharge level of 2018 was 247.24 megalitres, and compared to the level of 2017, which was at 240.32 megalitres, there is an increase of % 3. Compared to 2018, the number of employees increased by about %5, which can explain the reason of the increase in total water discharges.Also number of Bank's branch offices increased by 25, which may have an effect on the increase. A slight increase can be expected in the future due to the opening of new branch offices and increase in employment.
Total consumption	258.05	Higher	As it is presumed that a healthy person should drink 2 litres of water in a day, and the total average number of employees (including direct employment and contractor company employees) is 21.530, water consumption for 2018 is calculated as 10.81 megalitres at 251 work days. When the Banks total withdrawal level of 247.24megalitres is added to this number, the total water consumption level of the Bank for 2018 is calculated as 258.05 Compared to the level of 2017 at 250.73, with the new employments, an increase occured on water consumption levels. Also number of Bank's branch offices increased by 25, which may have an effect on the increase.

			A slight increase can be expected in the future due to the opening of new branch offices and increase in employment.

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			No fresh surface water is used
Brackish surface water/Seawater	Not relevant			No Brackish surface water/seawater is used
Groundwater – renewable	Not relevant			No Groundwater – renewable water is used
Groundwater – non-renewable	Not relevant			No Groundwater – non-renewable water is used.
Produced/Entrained water	Not relevant			No Produced water is used.
Third party sources	Relevant	247.24	Higher	All water withdrawals are provided from municipal water supply. Also in the locations where tap water is not used for drinking, drinking water is supplied by local suppliers in the form of 19 litres poliycharbonate bottles. Water withdrawal level of 2018 was 247.24 megalitres, and compared to the withdrawal level of 2017, which was at 240.32 megalitres, there is an increase of % 3. Compared to 2018, the number of employees increased by

				about %5, which can explain the reason of the increase in total water withdrawals. Water discharge level of 2018 was 247.24 megalitres, and compared to the level of 2017, which was at 240.32 megalitres, there is an increase of % 3. Compared to 2018, the number of employees increased by about %5, which can explain the reason of the increase in total water discharges. Also number of Bank's branch offices increased by 25, which may have an effect on the increase.

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			No Fresh surface water is discharged.
Brackish surface water/seawater	Not relevant			No Brackish surface water/seawater is discharged.
Groundwater	Not relevant			No Groundwater is discharged.
Third-party destinations	Relevant	247.24	Higher	All waste water is discharged to the sewage systems managed by the municipalities. In Halkbanks practice, water withdrawal levels are considered as equal to water discharge levels. Drinking water is not taken into account when calculating water discharge level. Water discharge level of 2018 was

				247.24 megalitres, and compared to the level of 2017, which was at 240.32 megalitres, there is an increase of % 3. Compared to 2018, the number of employees increased by about %5, which can explain the reason of the increase in total water discharges.Also number of Bank's branch offices increased by 25, which may have an effect on the increase.

W1.4

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

Yes, our customers or other value chain partners

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 agricultural sector, due to the decrease in their revenues because of drought or flood. 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

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?

Up to 1 year

Type of tools and methods used

Databases
Other

Tools and methods used

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?

Up to 1 year

Type of tools and methods used

Databases
Other

Tools and methods used

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 of the functionality of the municipality. The municipalitiy's inability to provide service due to water related risks, inability to retain grid-mechanic integrity and maintainance failures over the water supply infrastructure and inability to provide alternative sources in case of droughts can have negative impacts over the banks 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?

Unknown

Type of tools and methods used

Databases
Other

Tools and methods used

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 calenders, that may effect the cash flow of the borrowers.

Loan-risk management departments of the Bank carry out works to determine the reasons of the setbacks in loan repayments. In some situations, where the setbacks are caused by natural disasters or seasonal weather and precipitation conditions, Banks 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. 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.
Water quality at a basin/catchment level	Relevant, sometimes included	Water-related risks during loan assessment for the projects to be financed are also included in the 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.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes 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 the approval of the loan.
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.
Water-related regulatory frameworks	Relevant, always 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. Regulations and legislations are followed and necessary adjustments are made in order to maintain compliance.
Status of ecosystems and habitats	Relevant, sometimes 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.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Necessary precautions are taken for the health and hygiene of the employees, access channels for clean drinking water are kept open.
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	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. Halkbank provides quality drinking water to its employees in all the locations. 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.
Investors	Relevant, always included	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. 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.
Local communities	Relevant, always included	Reputation is one of the most important factors for Banking sector. Opinions of local communities about environmental issues must be taken into account when funding and investment. 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.
NGOs	Relevant, always included	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 investment Halkbank sends the Sustainability Priority Survey to various NGOs while determining its priorities including water related risks and fight with climate change.
Other water users at a	Relevant, always included	The right to access and use water is recognized by Halkbank, and it is mentioned in its Human Resources policy as follows: "Halkbank performs all its activities by giving due consideration

basin/catchment level		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, always 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 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"
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 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.
Suppliers	Not relevant, explanation provided	There is no effect in our operation processes; since the purchased services and products are not water-intensive. As an exception, municipalities as the water provider can be considered as stakeholders in this subject.
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 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 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 in the agenda, possible solutions are discussed and optimal solutions are decided. Bugdet adjustments for necessary precautions are made.

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, only within our direct operations

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, that 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 agricaltural industries and investments (c) even it is not a substantive change in 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 in 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.

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	873	51-75	According to the end of year data of 2018, Halkbank operates all across Turkey by 988 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. Risk definitions related to water are described below, in the light of WWF's 2014 "Turkey's water report" and other data collected and compiled from various sources. Within this risk context, 873 buildings organized around Marmara, Central Anatolian, Aegean, Mediterranean and Blacksea regions are considered to be more exposed to water related risks./Increase in Population: In 2014 yearly water amount per person is calculated as 1.519 cubic meter, and it is projected to decrease to 1.120 cubicmeters by 2030 due to increase in population. Insufficiencies in meeting the water needs of highly populated areas also occur. For example, Marmara region holds % 28 of the total population, while the water catchment capacity of the resources in the region is only at %4./Inefficency in Water Source Usage and Over usage of Insufficient Water Resources: Insufficiencies occur on the capacity of water resources related to meeting water needs in the regions with high population intensity. For example, Marmara region holds % 28 of the total population, while the water catchment capacity of the resources in the region is only at %4. Turkey's water usage rate in agricultural activities is realized at % 73, and due to the inefficient usage of water, water resources can not be refreshed and the water needs can not be met. Also the water usage levels of Meric, Ergene, Gediz, B.Menderes, Burdur, Akarcay, Konya and Asi basins realized are higher than their refreshing

			capacities./Agricultural Sector and Fishing: Water usage in agricultural sector realized at % 73 in Turkey, and due to the lack of sufficient water resources, production and harvest amounts are under risk. For example, in Konya Kapali basin, where extreme drought is present, the rate of agricultural irrigation is at % 88. In the region, agricultural production is carried out under serious risk. Fishing activities are carried out in the regions which have coasts to Mediterranean, Aegean, Marmara and Black seas. In researches it is confirmed that compared to year 1970, % 37 of living species in the seas became extinct and according to 2008 data, amounts of fish harvested from Mediterranean and Black Sea coasts of Turkey were decreased at % 12 percent compared to previous year. Water pollution and impacts of climate change can be mentioned as the reasons of this decrease./Water Pollution: Amounts of usable water decreases significantly due to water pollution, as a result risk of inability to meet water needs occur. Major water sources affected by pollution are B.Menderes, Gedik, Goksu (D.Akdeniz) and Ergene./Climate Change: Increased evaporation with the rising temperatures and decreased precipitation, water capacity is unable to meet the needs. In this context, cities like Ankara and Istanbul which have high population and Konya with an agricultural irrigation level of % 88 are exposed to drought risk. In addition, it is reported that a decrease of % 20 in precipitation happened in mediterranean region. Cities where floods most frequently happen are identified as İzmir, Rize, Kahramanmaraş, Denizli, Trabzon and Antalya. Considering its destructive impacts, substantial floods also occured in Istanbul and Ankara.

W4.1c

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

Country/Region

Turkey

River basin

Other, please specify

Marmara

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

100%

Comment

Atasehir Head Office Building

Bank's head Office building is located in Istanbul and departments responsible from the coordination of Banking operations, loan allocations and many other functions are resided in this building. Failure of operation in this building may effect the operation of all branch offices all around Turkey, which is why we declare that total global revenue that could be affected is % 100.

Istanbul city is located in Marmara region of Turkey. Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

We assume that Head Office Building supplies water from Marmara Basin. The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Country/Region

Turkey

River basin

Other, please specify

Marmara

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

100%

Comment

Atasehir Auxillary Service Building

This building is located in Istanbul and departments responsible from the technological infrastructure of Banking operations are resided inside it. Failure of operation in this building may effect the operation of all branch offices all around Turkey, which is why we declare that total global revenue that could be affected is % 100.

Istanbul city is located in Marmara region of Turkey. Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

We assume that the building supplies water from Marmara Basin. The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Country/Region

Turkey

River basin

Other, please specify

Marmara

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company’s total global revenue that could be affected

100%

Comment

Kozyatagi Auxillary Service Building

This building is located in Istanbul and departments responsible from the coordination of Banking operations, loan allocations and many other functions are resided in this building. Failure of operation in this building may effect the operation of all branch offices all around Turkey, which is why we declare that total global revenue that could be affected is % 100.

Istanbul city is located in Marmara region of Turkey. Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different

river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

We assume that the building supplies water from Marmara Basin. The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Country/Region

Turkey

River basin

Other, please specify

Kizilirmak

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

1-25

Comment

Ankara C Blok Auxillary Service Building

This building is located in Ankara and departments responsible from the coordination of Banking operations in Ankara are resided in this building. Failure of operation in this building may effect the operation of all branch offices in the city of Ankara, which is why we declare that total global revenue that could be affected is % 25.

Ankara city is located in Central Anatolian region of Turkey. Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

We assume that Head Office Building supplies water from Kizilirmak Basin. The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Country/Region

Turkey

River basin

Other, please specify

Kizilirmak

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

1-25

Comment

Ankara Mustafa Kemal Auxillary Service Building

This building is located in Ankara and departments responsible from the coordination of Banking operations in Ankara are resided in this building. Failure of operation in this building may effect the operation of all branch offices in the city of Ankara, which is why we declare that total global revenue that could be affected is % 25.

Ankara city is located in Internal Anatolian region of Turkey. Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

We assume that Head Office Building supplies water from Kizilirmak Basin. The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Country/Region

Turkey

River basin

Other, please specify

Marmara, Sakarya, Meric-Ergene

Number of facilities exposed to water risk

355

% company-wide facilities this represents

26-50

% company's total global revenue that could be affected

26-50

Comment

Branch Offices in Marmara Region

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

There are 355 branch offices of Halkbank, that are located in Marmara region of Turkey. While there may be specific branch offices directly exposed to water related risks, as a bank, we have customers from all sectors that are exposed to all kinds of risks. Because of this, all of our branches may indirectly be exposed to water related risks due to their customers operations. This is why, we prefer to disclose all of our branches as exposed to water related risks, if there is a basin in its geographical location, which carry water related risks.

Marmara basin is located in the Marmara region of The region is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Sakarya basin is located in eastern of Marmara and Western Blacksea regions of Turkey. The Sakarya basin, which also occasionally supplies water to Istanbul, is at risk because of excessive water water usage above its refreshing capacity.

Meric-Ergene basin is located in the North-western Marmara region of Turkey. Due to high agricultural irrigation levels, basins water usage is high. Also water pollution in Ergene basin is at critical levels, which causes many health problems on people resident around the area.

Country/Region

Turkey

River basin

Other, please specify

Konya, Akarcay, Kizilirmak

Number of facilities exposed to water risk

198

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-25

Comment

Branch Offices in Central Anatolian Region

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

There are 198 branch offices of Halkbank, that are located in Central Anatolian region of Turkey. While there may be specific branch offices directly exposed to water related risks, as a bank, we have customers from all sectors that are exposed to all kinds of risks. Because of this, all of our branches may indirectly be exposed to water related risks due to their customers operations. This is why, we prefer to disclose all of our branches as exposed to water related risks, if there is a basin in its geographical location, which carry water related risks.

Kizilirmak basin is located in the central anatolian region of Turkey and is exposed to water related risks caused by increasing population, insufficiency of water resources and drought periods due to climate change and floods.

Konya basin is located in Central Anatolian region and is exposed to drought related risks. Also the region has an agricultural irrigation rate of % 88, depletion of water resources has significant negative impacts on the agricultural sector operating in the region.

Akarcay basin is located between Central Anatolia and Centreal Aegea regions and is exposed to water related risks due to excessive water usage which exceeds its refreshing capacity.

Country/Region

Turkey

River basin

Other, please specify

Gediz, Menderes

Number of facilities exposed to water risk

137

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-25

Comment

Branch Offices in Aegean Region

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

There are 137 branch offices of Halkbank, that are located in Aegean region of Turkey. While there may be specific branch offices directly exposed to water related risks, as a bank, we have customers from all sectors that are exposed to all kinds of risks. Because of this, all of our branches may indirectly be exposed to water related risks due to their customers operations. This is why, we prefer to disclose all of our branches as exposed to water related risks, if there is a basin in its geographical location, which carry water related risks.

Gediz, and Menderes basins are located in the Aegean region of Turkey and are exposed to water related risks caused by water pollution, insufficiency in meeting the water needs and floods.

Country/Region

Turkey

River basin

Other, please specify

Mediterranean (Antalya, Seyhan, Ceyhan, Asi), Burdur

Number of facilities exposed to water risk

84

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-25

Comment

Branch Offices in Mediterranean Region

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

There are 84 branch offices of Halkbank, that are located in Mediterranean region of Turkey. While there may be specific branch offices directly exposed to water related risks, as a bank, we have customers from all sectors that are exposed to all kinds of risks. Because of this, all of our branches may indirectly be exposed to water related risks due to their customers operations. This is why, we prefer to disclose all of our branches as exposed to water related risks, if there is a basin in its geographical location, which carry water related risks.

Antalya, Eastern Mediterranean, Seyhan, Ceyhan and Asi basins are located in the Mediterranean region of Turkey and are exposed to water related risks such as floods and droughts caused by climate change, water pollution, excessive water usage over their refreshing capacity and decreases on precipitation levels due to climate change.

Country/Region

Turkey

River basin

Other, please specify

Blacksea, Yesilirmak, Coruh

Number of facilities exposed to water risk

94

% company-wide facilities this represents

1-25

% company’s total global revenue that could be affected

1-25

Comment

Branch Offices in Blacksea Region

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area. River basin information is provided based upon geographical proximity between the locations and river basins.

There are 94 branch offices of Halkbank, that are located in Blacksea region of Turkey. While there may be specific branch offices directly exposed to water related risks, as a bank, we have customers from all sectors that are exposed to all kinds of risks. Because of this, all of our branches may indirectly be exposed to water related risks due to their customers operations. This is why, we prefer to disclose all of our branches as exposed to water related risks, if there is a basin in its geographical location, which carry water related risks.

Yesilirmak, Coruh and Blacksea (East and West) Basins that are located in Blacksea region of Turkey.
The region is located in the area of Turkey which has the highest amount of precipitation levels and biggest water related risk that the basin is exposed to is floods.

W4.2

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

Country/Region

Turkey

River basin

Other, please specify

Konya

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Reduction or disruption in production capacity

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

1 - 3 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 - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The financial impact can be explained based on the assumption, which states a decrease of % 25 in Konya regions total adjusted profits. (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 loan allocation. Longer maturity dates can be determined in agricultural loans. Also companies thet 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

0

Explanation of cost of response

The cost of precautionary practices can be considered at negligible levels.

Country/Region

Turkey

River basin

Other, please specify

Marmara, Kizilirmak

Type of risk

Physical

Primary risk driver

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 1 year

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

5,000,000

Explanation of financial impact

Repairing costs of damaged vehicles and buildings

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.

Cost of response

0

Explanation of cost of response

The cost of precautionary practices can be considered at negligible levels.

Country/Region

Turkey

River basin

Other, please specify

Ergene, Menderes,E.Mediterranean/Gediz

Type of risk

Reputation & Markets

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

The water pollution in the Ergene, Menderes, D.Akdeniz / Gediz basins is a serious risk because of it causing inadequacies in meeting the needs for clean water. It also causes health problems in the local residents. Moreover, due to the usage of contaminated water in the irrigation of agricultural products, there are negative effects on heath. In addition, death of fishes due to water pollution may cause reduction in hunting amounts.

If the Bank allocates loans to companies that cause pollution of water basins or make irrigation with contaminated water, negative news on the media will have negative effects on the reputation of the Bank.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

9,999,999,999

Explanation of financial impact

It is not possible to estimate the financial impact of the reputation risk on the Bank.

Primary response to risk

Other, please specify

Loan Evaluation Procedures

Description of response

In the examinations during the decision phase for the loan allocation , necessary preliminary investigations about the investment and about the activities of the company that will be funded should be carried out in the water and environmental security point of view. When necessary, the bank should ask the company to undertake that the company will act in accordance with the Bank's environmental and water policy. Also after the lending phase, the bank should monitor the borrower companies activities for any possible noncompliance.

Cost of response

0

Explanation of cost of response

Estimate cost of avoiding reputational risk can not be predicted.

Country/Region

Turkey

River basin

Other, please specify

Firat, Dicle, Aras, Van

Type of risk

Physical

Primary risk driver

Inadequate infrastructure

Primary potential impact

Increased operating costs

Company-specific description

Increase in operational costs due to the establishment of a water tank or transportation costs of water supply of locations in the eastern regions, due to frequent water cut offs especially caused by lack of adequate water infrastructure.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000

Explanation of financial impact

The approximate cost of a 1 ton water tank is 1,000 TL and the amount to be spent if it is installed in 100 branches is 100.000 TL

Primary response to risk

Water-related capital expenditure

Description of response

Needs can be met by having a water depot at the locations and providing transportation water service at reasonable cost.

Cost of response

100,000

Explanation of cost of response

The approximate cost of a 1 ton water tank is 1,000 TL and the amount to be spent if it is installed in 100 branches is 100.000 TL

Country/Region

Turkey

River basin

Other, please specify

Gediz/Menderes/Blacksea/Antalya

Type of risk

Physical

Primary risk driver

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 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 demand for loans decrease. Due to the damages they suffer, loan borrowers may have difficulties in their loan repayments. This will effect 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 - 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 of profits on İzmir, Trabzon, Samsun and Antalya regions. (Prediction based estimated figure, may not be accurate)

Primary response to risk

Increase insurance coverage

Description of response

Insurance of assets and harvests of companies located in regions exposed to water related risks.

Cost of response

0

Explanation of cost of response

Estimation of insurance cost is not possible.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Halkbank operates in Banking and financial services sector, in which supply chain isn't primarily connected to water-intense sectors and areas.

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

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

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.

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

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 standarts, 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 new 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.

Estimated timeframe for realization

>6 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Explanation of financial impact

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.

Type of opportunity

Markets

Primary water-related opportunity

Improved community relations

Consultancy&Acces to new sectors

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

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 diversed 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, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Atasehir Head Office Building

Country/Region

Turkey

River basin

Other, please specify

Marmara

Latitude

40.997635

Longitude

29.101343

Total water withdrawals at this facility (megaliters/year)

13.39

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

13.39

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

13.39

Comparison of consumption with previous reporting year

Lower

Please explain

Annual water accounting data of the Banks head office building located at Atasehir/Istanbul. A decrease was achieved due to the general saving applications. Also the initializastion of the operations in the Atasehir Auxilliary Service building may effect the shift in water consumptions from this building.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 2

Facility name (optional)

Atasehir Auxillary Service Building

Country/Region

Turkey

River basin

Other, please specify

Marmara

Latitude

40.996622

Longitude

29.098831

Total water withdrawals at this facility (megaliters/year)

6.26

Comparison of withdrawals with previous reporting year

This is our first year of measurement

Total water discharges at this facility (megaliters/year)

6.26

Comparison of discharges with previous reporting year

This is our first year of measurement

Total water consumption at this facility (megaliters/year)

6.26

Comparison of consumption with previous reporting year

This is our first year of measurement

Please explain

Annual water accounting data of the Banks auxilliary service building located at Atasehir/Istanbul. This is the first year report of the building, as the building started its functions in 2018.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 3

Facility name (optional)

Kozyatagi Auxillary Service Building

Country/Region

Turkey

River basin

Other, please specify

Marmara

Latitude

40.978966

Longitude

29.106136

Total water withdrawals at this facility (megaliters/year)

3.83

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

3.83

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

3.83

Comparison of consumption with previous reporting year

Lower

Please explain

Annual water accounting data of the Banks Kozyatagi auxilliary service building located at Atasehir/Istanbul. A decrease was achieved due to the general saving applications. Also the initializastion of the operations in the Atasehir Auxilliary Service building may effect the shift in water consumptions from this building.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information

regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 4

Facility name (optional)

Ankara C Blok Auxillary Service Building

Country/Region

Turkey

River basin

Other, please specify

Kizilirmak

Latitude

39.911612

Longitude

32.79359

Total water withdrawals at this facility (megaliters/year)

7.19

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

7.19

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

7.19

Comparison of consumption with previous reporting year

Higher

Please explain

Annual water withdrawal data of the Banks Ankara C Blok auxilary service building. An increase occur, which we predict, that its due to the increase in the number of emloyees working in the building by 56.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 5

Facility name (optional)

Ankara Mustafa Kemal Auxillary Service Building

Country/Region

Turkey

River basin

Other, please specify

Kizilirmak

Latitude

39.910487

Longitude

32.767596

Total water withdrawals at this facility (megaliters/year)

3.64

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

3.64

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

3.64

Comparison of consumption with previous reporting year

Higher

Please explain

Annual water withdrawal data of the Banks Ankara Mustafa Kemal auxilary service building. An increase of %20 in water related expenditures happened in the period.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 6

Facility name (optional)

Branch Offices in Marmara Region

Country/Region

Turkey

River basin

Other, please specify

Marmara, Sakarya, Meric-Ergene

Latitude

41.00527

Longitude

28.97696

Total water withdrawals at this facility (megaliters/year)

70

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

70

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

70

Comparison of consumption with previous reporting year

About the same

Please explain

There are 355 branch offices located in the Marmara region of Turkey. No significant change happened in the water accounting levels of the region, as the number of the offices also remained about same.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 7

Facility name (optional)

Branch Offices in Central Anatolian Region

Country/Region

Turkey

River basin

Other, please specify

Konya, Akarcay, Kizilirmak

Latitude

39.92077

Longitude

32.85411

Total water withdrawals at this facility (megaliters/year)

39.74

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

39.74

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

39.74

Comparison of consumption with previous reporting year

Higher

Please explain

About %3 increased happened in the water accounting levels of the branches located in Central Anatolian Region. As of 2018, there are 198 branches located in the region, which is 7 lower due to change of classification of branches in Halkbanks regional organization.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 8

Facility name (optional)

Branch Offices in Aegean Region

Country/Region

Turkey

River basin

Other, please specify

Gediz, Menderes

Latitude

38.51885

Longitude

27.12872

Total water withdrawals at this facility (megaliters/year)

30.72

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

30.72

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

30.72

Comparison of consumption with previous reporting year

Higher

Please explain

As of 2018, the number of branch offices in the Aegean region increased to 137, which was 133 in 2017, and an increase of % 7 in water related expenditures happened. Regional municipalities in Izmir evaluate water related wasted inside water consumption bills, we were unable to seperate the real consumption level from total expenditures. Next year, within our new carbon footprint calculation system, which was implemented in 2019, we will be able to calculate the bare water accounting data, which will make the accounting much more accurate.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 9

Facility name (optional)

Branch Offices in Mediterranean Region

Country/Region

Turkey

River basin

Other, please specify

Mediterranean (Antalya, Seyhan, Ceyhan, Asi), Burdur

Latitude

36.88414

Longitude

30.70563

Total water withdrawals at this facility (megaliters/year)

16.93

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

16.93

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

16.93

Comparison of consumption with previous reporting year

Lower

Please explain

As of 2018, there are 84 branches located in the Mediterranean region, which is 9 lower due to change of classification of branches in Halkbanks regional organization. A decrease of % 15 occured water accounting levels.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

Facility reference number

Facility 10

Facility name (optional)

Branch Offices in Blacksea Region

Country/Region

Turkey

River basin

Other, please specify

Blacksea, Yesilirmak, Coruh

Latitude

41.00145

Longitude

39.7178

Total water withdrawals at this facility (megaliters/year)

18.05

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

18.05

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

18.05

Comparison of consumption with previous reporting year

Higher

Please explain

As of 2018, there are 94 branches located in the Blacksea region, which is 10 higher compared to 2017. An increase of % 12 occured water accounting levels.

In Halkbanks water accounting, level of water discharges is considered to be equal to the water withdrawal levels and also water consumption levels.

Turkey's water sources are managed by local municipalities, and as a common procedure, sources from different river basins are
forwarded to different regions where local water sources are insufficient to supply the demand for water. As Halkbank locations
supply all of their water from local municipalites, there is no certain information regarding which basin provides water to which area.
River basin information is provided based upon geographical proximity between the locations and river basins.

W5.1a

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

Facility reference number
Facility 1

Facility name
Atasehir Head Office Building

Fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Brackish surface water/seawater
0

Groundwater - renewable
0

Groundwater - non-renewable
0

Produced/Entrained water
0

Third party sources
13.39

Comment
All water is withdrawn from local municipalities

Facility reference number
Facility 2

Facility name
Atasehir Auxillary Service Building

Fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Brackish surface water/seawater
0

Groundwater - renewable
0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

6.26

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 3

Facility name

Kozyatagi Auxillary Service Building

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

3.83

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 4

Facility name

Ankara C Blok Auxillary Service Building

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

7.19

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 5

Facility name

Ankara Mustafa Kemal Auxillary Service Building

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

3.64

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 6

Facility name

Branch Offices in Marmara Region

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

70

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 7

Facility name

Branch Offices in Central Anatolian Region

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

39.74

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 8

Facility name

Branch Offices in Aegean Region

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

30.72

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 9

Facility name

Branch Offices in Mediterranean Region

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

16.93

Comment

All water is withdrawn from local municipalities

Facility reference number

Facility 10

Facility name

Branch Offices in Blacksea Region

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

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

18.05

Comment

All water is withdrawn from local municipalities

W5.1b

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

Facility reference number

Facility 1

Facility name

Atasehir Head Office Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

13.39

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 2

Facility name

Atasehir Auxilary Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

6.26

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 3

Facility name

Kozyatagi Auxillary Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

3.83

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 4

Facility name

Ankara C Blok Auxillary Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

7.19

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 5

Facility name

Ankara Mustafa Kemal Auxillary Service Building

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

3.64

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 6

Facility name

Branch Offices in Marmara Region

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

70

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 7

Facility name

Branch Offices in Central Anatolian Region

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

39.74

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 8

Facility name

Branch Offices in Aegean Region

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

30.72

Comment

All water is discharged to local municipal sewage systems.

Facility reference number

Facility 9

Facility name

Branch Offices in Mediterranean Region

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

16.93

Comment

All water is discharged to local municipal sewage systems.

Facility reference number
Facility 10

Facility name
Branch Offices in Blacksea Region

Fresh surface water
0

Brackish surface water/Seawater
0

Groundwater
0

Third party destinations
18.05

Comment
All water is discharged to local municipal sewage systems.

W5.1c

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

Facility reference number
Facility 1

Facility name
Atasehir Head Office Building

% recycled or reused
None

Comparison with previous reporting year
About the same

Please explain
No recycled or reused water in the facility.

Facility reference number
Facility 2

Facility name
Atasehir Auxillary Service Building

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 3

Facility name

Kozyatagi Auxillary Service Building

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 4

Facility name

Ankara C Blok Auxillary Service Building

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 5

Facility name

Ankara Mustafa Kemal Auxillary Service Building

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 6

Facility name

Branch Offices in Marmara Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 7

Facility name

Branch Offices in Central Anatolian Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 8

Facility name

Branch Offices in Aegean Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 9

Facility name

Branch Offices in Mediterranean Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

Facility reference number

Facility 10

Facility name

Branch Offices in Blacksea Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

No recycled or reused water in the facility.

W5.1d

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

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised)

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised)

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised)

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

(ISAE3000 (Revised)

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

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	Company water targets and goals Commitments beyond regulatory compliance Commitment to stakeholder awareness and education 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 prior issues of the environment policy. 1, 2

[1]enviro.pdf

[2]susta.pdf

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	Sustainability commitee is the responsible body that reports to the board. The President and Vice President of the Sustainability Committee are also members of the Bank's independent board of directors. The sustainability committee is responsible for coordinating Banks sustainability related works and evaluating the environmental impacts (which also cover water related issues) of its operations. The committee plans and implements measures to lower the impacts of the operations on the environment and forms working groups with the related departments. Environmental and sustainability related disclosures are also inside the responsibility of the committee and are carried by a department working subsidiary to the committee .

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	Monitoring implementation and performance Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities	The Board of Directors conduct Sustainability Management by participating in the Sustainability Committee with two members (at President and deputy President levels). 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 topics), 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. 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. 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. 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. In addition, Management review meeting is held at least once in a year to ensure the sufficiency and efficiency of the Banks sustainability practices.

W6.3

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

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

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Members of sustainability commitee are appointed by the board of directors.The president and deputy president of the sustainability committe are also members of the board of directors. The commitee 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.

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

Matters that require further level authorization than sustainability commitee are escalated to the board of directors for decision.

Management review meeting is held at least once in a year to ensure the sufficiency and efficiency of the Banks sustainability practices.

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

Other, please specify

Sustainability Coordination Group

Responsibility

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Sustainability Coordination Group, which is consisted of a president and six-members have been formed for the implementation of decisions made by the Sustainability Committee, the control and monitoring of processes, the finalization of ongoing work and the reporting of new developments in regards of sustainability. President and the members of the sustainability coordination group are appointed once in a year by the sustainability committee.

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. Reports and works carried out throughout the year are discussed at sustainability committee meetings and presented to the board of directors once a year.

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.

Along with these communications and participations in work groups, most up to date and best practices are determined and discussed in sustainability committee meetings agenda. Works are carried outto implement the best practices in the Bank as policies and procedures.

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)

2018 annualreporteng.pdf

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	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Banking activities are not considered to be directly dependent on the water related issues and Halkbank considers water risks and opportunities as a requirement of the environmental policy in order to determine and implement the business strategy and objectives and takes into consideration in planning studies and takes necessary measures or making investments.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Banking activities are not considered to be directly dependent on the water related issues and Halkbank considers water risks and opportunities as a requirement of the environmental policy in order to determine and implement the business strategy and objectives and takes into consideration in planning studies and takes necessary measures or making investments.
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Banking activities are not considered to be directly dependent on the water related issues and Halkbank considers water risks and opportunities as a requirement of the environmental policy in order to determine and implement the business strategy and objectives and takes into consideration in planning studies and takes necessary measures or making investments.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

0.25

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

0.05

Water-related OPEX (+/- % change)

0.03

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

-5

Please explain

For capital expenditures, taps, water tanks, water pumps and digital water-meter systems of the new branches are considered, and projection of the new branches to be opened are taken into account for the trend. Annual spendings for water were considered for the operating expenditures.

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 scenario(s)	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 precitipation levels caused by climate change, it it 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.	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 standarts are taken, and to develop practices that encourage environment friendly technologies. 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 criterias in the loan assessment modules.

W7.4

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

Row 1

Does your company use an internal price on water?

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

Please explain

Halkbank operates in Banking sector, and its operations are not considered as water intense. Necessary measures are continuosly taken to decrease the water consumptions and the water withdrawal levels are monitored for possible optimizations. But currently an application of internal price on water is not present in banks 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	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.

W8.1b

(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

Halkbank aims to provide clean drinking water to all of its employees.

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 19 litre bottles.

Goal

Engaging with customers to help them minimize product impacts

Level

Country level

Motivation

Corporate social responsibility

Description of goal

Organizing seminars and training programs to minimize social and environmental impacts and raise awareness

Baseline year

2016

Start year

2017

End year

2020

Progress

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 threatment. In this regard, consultants will transfer their expereineces with customers via conferences or face to face site visits. The program will last for 4 years.

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

Contrubution to the achievement of Social Development Goals of Turkey.

Baseline year

2016

Start year

2017

End year

2020

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 sctor, financing investments in this direction.

Baseline year

2016

Start year

2017

End year

2020

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. Linkages and trade-offs

W9.1

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

Yes

W9.1a

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

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Other, please specify

Sustainable Evaluation System

Description of linkage/tradeoff

Inclusion of environmental and social factors in loan evaluation processes for project and investment loan demands of companies

Policy or action

In 2016 Halkbank revised it loan and project evaluation report scoring methodology, environmental and social impacts are started to be included in the risk evaluation processes of loan requests of companies and the projects. With this new implementation, projects that are not feasible in terms of their environmental and social impacts are negatively evaluated for loan allocation.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased energy efficiency

Description of linkage/tradeoff

The water and waste management with ISO Environment and Energy standarts

Policy or action

With the ISO 14001 and 50001 environment and energy management systems established throughout the bank, it is aimed to provide efficiency in water usage and waste management

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify

Sustainable Finance

Description of linkage/tradeoff

Increasing Bank's participation in the financing of investments and activities in the field of sustainability

Policy or action

The AFD Environmental and Organized Industrial one Loan program has a strong linkage to decraese GHG emissions and increase environmatal friendly projects.

W10. Verification

W10.1

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

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

W11. Sign off

W-FI

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

You may find additional information regarding our sustainability approach on our website at https://www.halkbank.com.tr/en/investor-relations/3194/sustainability
For any other information related to sustainability, please contact following persons:
Mr. Yasar Bilginturan (Division Manager - Sustainability Practices, Environment and Energy Management - Yasar.BILGINTURAN@halkbank.com.tr
Mr.Ali Emin Uzun (Manager - Sustainability Practices, Environment and Energy Management) - aliemin.uzun@halkbank.com.tr

W11.1

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

	Job title	Corresponding job category
Row 1	Sustainability Practices, Environment and Energy Management - Division Manager	Environment/Sustainability manager

W11.2

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

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms