Welcome to your CDP Water Security Questionnaire 2019

W0. Introduction

W0.1

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

Established in 1944 as Turkey's first private national bank with a focus on retail banking, Yapı Kredi is today the third largest private bank in Turkey with a consolidated asset size of TL 373.4 billion. 81.9% of the Bank's shares are owned by Koç Financial Services A.Ş. (KFH) which is a 50%- 50% joint venture between the UniCredit Group and the Koç Group. The remaining 18.1% is publicly traded on Istanbul Stock Exchange. As one of Turkey's 10 most valuable brands thanks to its customer-oriented banking approach and innovative solutions, Yapı Kredi aims to enhance customer satisfaction in line with its principle of sustainable profitability. Yapı Kredi has a strong shareholding structure ensuring sustainable and profitable growth.

Factors such as climate change, globalizing economy and changing stakeholder expectations challenge the business community to act with awareness and responsibility, not only in financial matters but also in environmental, social and broad economic issues, and urges organizations to develop their business models in light of risks and opportunities in these areas. At Yapı Kredi, we evaluate the effect of our performance in areas of sustainability on our business results and shape our business strategy in accordance with the requirements of sustainability policies. We seek ways of minimizing the potential negative impact of our operations on the environment, society and economy, and we continuously strive to create more added value for all our stakeholders and value chain. We draw on the sustainability experience of our main shareholders Koç Holding and UniCredit. We secure the positive momentum of our sustainability performance through measuring, monitoring, evaluation and reporting activities, which are continuously developed upon in terms of scope and efficiency. We also share our performance in this area with stakeholders through transparent and effective communication channels.

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?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain

All branches, subsidiaries, credit cards sales offices, regional headquarters, medical centers, warehouse and foreign regions	The organizational boundaries have been defined by using operational control approach. Based on this approach, all branches, subsidiaries, credit cards sales offices, regional headquarters, medical centers, warehouse and foreign regions have been excluded from water inventory, since sufficient and reliable data with regard to these sources could not be collected. Due to this reason, the verification team preferred to apply the control approach in order to generate accurate results. For the upcoming periods, a data collection system is aimed to be established for obtainment of accurate, consistent, and complete data from these excluded sources as well. After completion of this comprehensive data collection system, the scope of the verification is also aimed to be widened.

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	Neutral	Neutral	Primary use of fresh water/ Reason for Importance Rating: As an organization active in banking sector, freshwater is not its primary input as a direct or indirect use, but water quality is important for Yapı Kredi to provide quality services and products. Primary use of fresh water is for employee consumption, sanitation and landscaping. Hence, the corresponding importance rating chosen for both direct use and indirect use was ‘Neutral’. Future water dependency: We do not expect to have any change in water dependencies in the future since we are planning to provide same range of financial services in the next reporting period.

Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	Primary use of non-fresh water/ Reason for Importance Rating: As an organization active in banking sector, recycled, brackish and/or produced water do not have a significant impact on financial and operational direct and indirect activities. We do not have any available cycled, brackish and/or produced water for use in place. However, we are on feasibility stage a planning to implement reuse and recycling projects in our headquarters in the next reporting periods. Hence, the corresponding importance rating chosen for both direct use and indirect use was 'Neutral'. Future water dependency: We do not expect to have any change in water dependencies in the future since we are planning to provide same range of financial services in the next reporting period.

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%	Yapı Kredi uses surface waters, municipal water and groundwater for the boundaries of the organization. Water consumption data are collected monthly at Yapı Kredi, Head Offices and service buildings (Banking Base, Plaza D Block, Bayramoğlu Training Facility, Darıca Archive and Yeniköy Koru). Also, the amount of water consumed in all buildings of Yapı Kredi in Turkey, are recorded by methodology based on the approach using the amount on the bills paid during the year. 2018 water consumption data of the bank has been verified by a third-party verifier. The term "water consumption" means "water withdrawal", which is defined as "the sum of the withdrawn water". Surface waters, municipal water and groundwater usage are available for organizational boundaries from all sources.

Water withdrawals – volumes from water stressed areas	100%	All of Yapı Kredi Bank's headquarter buildings are located in water stressed areas and 100% of water consumption is monthly measured and monitored. The amount of water consumed in all buildings of Yapı Kredi in Turkey, are recorded by methodology based on the approach account on the bills paid during the year.
Water withdrawals – volumes by source	100%	All facilities use municipal water and the withdrawal is measured and monitored on a monthly basis. Also well water is used at Banking Base facilities. Among the facilities described in W5, the Plaza D Block and the Yeniköy Koru facilities are located in Istanbul. The Istanbul Metropolitan Municipality draws water from the water bodies around İstanbul. It is not practical and feasible to determine the exact source of the supplied water in terms of which dam it is coming from within the dams located in Marmara Basin. Bankacılık Üssü, Darıca Arçiv and Bayramoglu Education facilities are located in Kocaeli. The water supply of these facilities are provided from Kocaeli Metropolitan Municipality Yuvacık Dam, Sapanca Lake, Local resources, Wells, İhsaniye and Avcıdere Dams, Ballıkaya Dam. This data can be monitored on the website of the municipality. However, it is not practical or feasible to determine exactly which dams the water supply of the Yapı Kredi facilities meet.
Water withdrawals quality	100%	Water withdrawal quality is monitored/measured by the Municipality and it is given to the network in accordance with the requirements of water quality legislation in Municipality Drinking Water Treatment Plants. However, the municipal water is treated in the water treatment units at Yapı Kredi facilities and given to the system. The quality of the tap water and water dispenser consumed at all locations are analyzed three times in a year.
Water discharges – total volumes	100%	Most of the wastewater discharges of Yapi Kredi facilities are being sent to municipal treatment plants. It is not practical and possible to determine to treatment plants which the wastewater from our facilities goes. 100% is monitored monthly from discharge details in municipality water bills.
Water discharges – volumes by destination	100%	Most of the wastewater discharges of Yapi Kredi facilities are being sent to municipal treatment plants. 100% of Wastewater for the Head Offices and service buildings is discharged to treatment plants. 100% of total water consumption is discharged to the sewage networks and monitored monthly from municipality water bills.

Water discharges – volumes by treatment method	Not relevant	Most of the water discharges of Yapi Kredi facilities are being sent to municipal treatment plants. The municipality carries out treatment with required discharge parameters for the discharge waters. For this reason, it is not practical and possible to determine to treatment plants which the wastewater from our facilities goes.
Water discharge quality – by standard effluent parameters	100%	Most of the water discharges of Yapi Kredi facilities are being sent to municipal treatment plants. The municipality carries out treatment with required discharge parameters for the discharge waters. For this reason, it is not practical and possible to determine to treatment plants which the wastewater from our facilities goes. 100% of discharge water to sewage system is monitored monthly based on a location by the municipality and checked if it meets required standard effluent parameters level.
Water discharge quality – temperature	Not relevant	Most of the water discharges of Yapi Kredi facilities are being sent to municipal treatment plants. The municipality carries out treatment with required discharge parameters for the discharge waters. There is no water discharge that will adversely affect the temperature quality of the water from Yapı Kredi activities.
Water consumption – total volume	100%	The total water consumption of Yapı Kredi is the sum of consumptions from various sources. This data is measured by water bills from respective suppliers. The total is monitored and verified on a monthly basis.
Water recycled/reused	Not relevant	Yapı Kredi does not use recycled or reused water.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yapı Kredi carried out detailed hygiene analyses on drinking water and municipal water three times during the year by taking 21 samples from 5 different locations to ensure that all facilities provided fully functioning WASH services to all workers.

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	140.12	Lower	In 2018, the total water withdrawal of Yapı Kredi was 140,117 cubic meter. Total withdrawal is equal to consumption from Municipality (134,157 cubic meter), tanker (622 cubic meter) and water from wells (5,338 cubic meter). 140,117=134,157+5,960(W=D+C). In 2018, water withdrawal decreased because one of our facilities, Bayramoğlu is under renovation. In the future we do not expect any major change in water withdrawal volumes since while we are growing we implement new water efficiency projects.
Total discharges	134.16	Lower	In 2018, the total water discharge of Yapı Kredi was 134,157 cubic meter. Total withdrawal is equal to consumption from Municipality (134,157 cubic meter), tanker (622 cubic meter) and water from wells (5,338 cubic meter). 140,117=134,157+5,960(W=D+C). In 2018, water discharge decreased because our total water withdrawal was lesser due to due to renovation in one of our facilities, Bayramoğlu, and this resulted in correspondingly lower water discharge. In the future we do not expect any major change in water discharge volumes since while we are growing we implement new water efficiency projects.
Total consumption	5.96	Lower	In 2018, the total water consumption of Yapı Kredi was 5,960 cubic meter. Total withdrawal is equal to consumption from Municipality (134,157 cubic meter), tanker (622 cubic meter) and water from wells (5,338 cubic meter). 140,117=134,157+5,960(W=D+C). In 2018, water consumption decreased because our total water withdrawal was lesser due to due to renovation in one of our facilities, Bayramoğlu, and this resulted in lower water consumption. In the future we do not expect any major change in water consumption volumes since while we are growing we implement new water efficiency projects.

W1.2d

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

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	100	About the same	WWF Water Risk Filter	Yapı Kredi's operations within the scope are located in Marmara Basin, which is a water stressed area in Turkey according to WWF Water Risk Filter. Therefore, Yapı Kredi activities withdraw water from water -stressed areas and hence there is no change in the proportion of water withdrawn from water-stressed areas. Yapı Kredi used the WWF Water Risk Filter to identify the country-specific water profile and scarcity map, which shows Turkey's water stress level.

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			In Yapı Kredi fresh surface waters, including rainwater, water from wetlands, rivers and lakes, are not used. We do not expect any change in water withdrawal source since we have access to municipal water source in our buildings. We use groundwater only for irrigation and there is no need for fresh surface water.
Brackish surface water/Seawater	Not relevant			In Yapı Kredi brackish surface water/seawater is not used. We do not expect any change in water withdrawal source since we have access to municipal water source in our buildings. We use groundwater only for irrigation and there is no need for brackish surface water/seawater.
Groundwater – renewable	Relevant	5.34	Lower	Yapı Kredi Bank uses groundwater for irrigation. The water drawn from the wells for green area irrigation of banking base is 5.338 cubic meters. We do not expect any major change in water withdrawal volumes from

				groundwater-renewable since while we are growing we implement new efficiency project to reduce water withdrawal and consumption. In 2018, less water was used than the previous year because of successful implementation of our automated irrigation system put in place in 2017.
Groundwater – non-renewable	Not relevant			In Yapı Kredi, non-renewable ground well water is not used. We do not expect any change in water withdrawal source since we have access to municipal water source in our buildings. We use groundwater only for irrigation and there is no need for non-renewable groundwater.
Produced/Entrained water	Not relevant			Yapı Kredi does not use produced water/entrained water. We do not expect any change in water withdrawal source since we have access to municipal water source in our buildings. We use groundwater only for irrigation and there is no need for produced/entrained water.
Third party sources	Relevant	134.78	Lower	Total withdrawal is equal to water supplied from municipality (134.157 cubic meter) and tanker (622 cubic meter). In 2018, municipality water consumption decreased because our total water withdrawal was lesser due to due to renovation in one of our facilities, Bayramoğlu. We get our water from the municipality because it is the primary supplier of water in the city. We get our drinking water from the tanker because it is the most convenient option.

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			In Yapı Kredi, fresh surface water is not used as a discharge point. All locations have access to third-party discharge destinations.
Brackish surface water/seawater	Not relevant			In Yapı Kredi, brackish surface water/sea water is not used as a discharge point. All locations have access to third-party discharge destinations.
Groundwater	Not relevant			In Yapı Kredi, groundwater is not used as a discharge point. All locations have access to third-party discharge destinations.
Third-party destinations	Relevant	134.16	Lower	All water discharges from Yapı Kredi go to third-party destinations. The discharge this year was lesser than last year due to renovation in one of our facilities, Bayramoğlu. We do not expect any major change in water discharge volumes to third-party sources since while we are growing we implement new efficiency projects to reduce water withdrawal and consumption. Water discharge will vary in line with water withdrawal. We discharge our water to third-party destinations due to regulatory requirements.

W1.4

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

Yes, our suppliers

W1.4a

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

Row 1

% of suppliers by number

1-25%

% of total procurement spend

1-25

Rationale for this coverage

Within the scope of Yapı Kredi Sustainability studies, the bank demands compliance with the requirements of ISO 14001 in supplier contracts. These suppliers selected according to their priority in the generated income.
Companies are ranked based on their audit performance and maintain their business relation with Yapı Kredi for the following years. This encourages suppliers to report on their water use as an incentive.

Impact of the engagement and measures of success

24% of our suppliers in 2018 were required to sign a statement of compliance with our environmental criteria.

Information requested: We give mandatory trainings to our subcontractors and we ask from them to provide data on their water consumption trends. Accordingly, we set targets for them.

How the information is used within the company: Companies are ranked based on their audit performance and accordingly maintain their business relation with Yapı Kredi for the following years.

Measure of success: Yapı Kredi measures its engagement success based on the outcomes of the audits and targets set.

Comment

W1.4b

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

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for the coverage of your engagement

At Yapı Kredi there is a difference between our suppliers and subcontractors. Subcontractors (25% of our total suppliers) are suppliers who work within Yapı Kredi's premises and are subject to a different contract in that regard. In line with their contracts, subcontractors are further required to comply with Yapı Kredi's water management policies. Because these specific subcontractors are located within our premises we can monitor them effectively. On the other hand, since suppliers (other than subcontractors) are not located within our premises, monitoring their water performance is not practical.

Impact of the engagement and measures of success

Beneficial outcomes of the engagement activity: Based on the trainings we are expecting to raise awareness and thereby reduce unnecessary water consumption.
Yapı Kredi measures success by monitoringsuppliers' water consumption trends via hydrometer values.

Comment

Based on the trainings we are expecting to raise awareness and thereby reduce unnecessary water consumption. Accordingly, we closely monitor suppliers' water consumption trends via hydrometer values.

W2. Business impacts

W2.1

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

Yes

W2.1a

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

Country/Region

Turkey

River basin

Other, please specify

Marmara Basin

Type of impact driver

Physical

Primary impact driver

Flooding

Primary impact

Increased operating costs

Description of impact

Flooding occured in 2017. The flood brought additional operational costs to Yapı Kredi due to damage caused by the flood to Yapı Kredi's buildings/infrastructure. The impact is not substantive because the financial damage is below a certain threshold and Yapı Kredi took right actions on time to minimize the damage.

Primary response

Develop drought emergency plans

Total financial impact

3,711.1

Description of response

Total financial impact calculation: In 2017 flooding occurred due to heavy rainfall in Istanbul, which resulted in property damage in Plaza D Block building. Total cost of the damage was TRY 3711,10 paid for isolation and renovation after the flooding event.

Response strategy: Yapı Kredi developed emergency plans, checked critical points for any potential damage and further invested in insulation.

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 in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Other

Tools and methods used

WBCSD Global Water Tool
WWF-DEG Water Risk Filter
Internal company methods
National-specific tools or standards

Comment

Risks originated from the internal environmental effects of the Bank arising from operational consumption are followed by "FR-1 planning risk and opportunity determination form". Environmental risks are determined by the Matrix Method (L-Type Matrix) method.

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Other

Tools and methods used

WBCSD Global Water Tool
WWF-DEG Water Risk Filter
Internal company methods
National-specific tools or standards

Comment

Subcontractors that serve the Bank are followed by" FR-1 planning risk and opportunity determination form ", which is based on the internal environmental effects of the Yapı Kredi’s subcontractors’ operational activities." Environmental risks are determined by the Matrix Method (L-Type Matrix) method.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

International methodologies

Other

Tools and methods used

Internal company methods

Other, please specify

IFC Performance Standards

Comment

Our Environmental and Social Management System team is evaluating the projects in yearly basis which is in line with the IFC Performance Standards.

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	Relevance to the company: Since Yapı Kredi gives environmental and social matters great importance, it requires all projects it finances to comply with relevant legal requirements, IFC PS as well as standards

		beyond the requirements determined by its internal policies. Therefore, water availability at a basin/catchment level is important to Yapı Kredi through its lending activities (indirect operations) in project finance. Explanation of the Assessment: Yapı Kredi assesses project activities it is going to finance based on its Environmental and Social Risk Assessment (ESRA) System, which takes into account water availability at a basin/catchment level. Yapı Kredi uses assessment methods based on national legislations and IFC Performance Standards. Assessment Tool: Yapı Kredi's Environmental and Social Risk Assessment (ESRA) System
Water quality at a basin/catchment level	Relevant, always included	Relevance to the company: Access to clean water and protecting water quality is crucial for Yapı Kredi in order to preserve public health and hygiene. Explanation of the Assessment: Therefore, Yapı Kredi assesses the quality of water from the basin using nationally accredited laboratories from Turkish Accreditation Agency, because such laboratories are highly reliable. We have considered water withdrawals and discharges while assessing water quality at a basement/catchment level. Relevance to the company: Since Yapı Kredi gives environmental and social matters great importance, it requires all projects it finances to comply with relevant legal requirements as well as standards beyond the requirements determined by its policies. Yapı Kredi assesses project activities it is going to finance based on its Environmental and Social Risk Assessment (ESRA) System, which takes into account water quality at a basin/catchment level. Explanation of the Assessment: Yapı Kredi assess the status of the project to identify water quality using information such as frequency of monitoring pollutants; procedures in place to control / minimize the intensity and mass flow of releases; applicable mitigation measures; and potential legal liabilities. Assessment Tool: Yapı Kredi's Environmental and Social Risk Assessment (ESRA) System, Results from Nationally Accredited Laboratories

Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Relevance to the company: Since Yapı Kredi gives environmental and social matters great importance, it requires all projects it finances to comply with relevant legal requirements as well as standards beyond the requirements determined by its policies. Yapı Kredi assesses project activities it is going to finance based on its Environmental and Social Risk Assessment (ESRA) System, which takes into account potential stakeholder conflicts concerning water resources at a basin/catchment level. Explanation of the Assessment: Through the use of Yapı Kredi's ESRA System, projects are followed according to national laws thereby Environmental Impact Assessment (EIA) including public participation meetings. In addition, stakeholder engagement plans are submitted to project owners when required to avoid relevant stakeholder conflicts regarding water resources. Furthermore, for better monitoring, Yapı Kredi interviews with local authorities during site visits. Yapı Kredi demands the projects owners of high/medium-risk projects put in place grievance mechanisms. Assessment Tool: Yapı Kredi's Environmental and Social Risk Assessment (ESRA) System
Implications of water on your key commodities/raw materials	Not relevant, explanation provided	Since Yapı Kredi is in the banking sector, there are no physical commodities / raw materials involved in its day-to-day business. Hence, direct implications of water on commodities / raw materials is not applicable for Yapı Kredi. Also, we don't anticipate this issue to become relevant in the future.
Water-related regulatory frameworks	Relevant, always included	Relevance to the company: Within the bank, current national-specific standards and regulatory frameworks and any changes in water related regulations are closely monitored to avoid any non-compliance. Explanation of the Assessment: Yapı Kredi uses an internal risk management system that covers risks stemming from water related issues and the risk management system is regularly updated in line national regulations.

		Tool: Internal Risk Assessment Method
Status of ecosystems and habitats	Relevant, always included	Relevance to the company: Yapı Kredi takes into consideration the impact of its lending activities on the status of ecosystems and habitats. Explanation of the Assessment: During ESRA process in line with IFC Standards, Yapı Kredi takes into account environmental issues, including the linkage between conservation of biodiversity and water basin management policy issues (such as the RAMSAR Convention). Assessment Tool: Yapı Kredi's Environmental and Social Risk Assessment (ESRA) System
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Relevance to the company: Yapı Kredi regards its human capital as the most valuable asset in all its activities. Therefore, ensuring safely managed WASH services for its employees is a priority for Yapı Kredi. Explanation of the Assessment: Yapı Kredi carries out internal occupational hygiene audits on all of its facilities with company specific tools and methods on an annual basis. This ensures that all of its facilities provide fully functioning WASH services to all workers. Assessment Tool: Company Specific Tools and Audits
Other contextual issues, please specify		

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	Explanation of inclusion: We consider our customers in water-related risk assessments since customers are one of our key stakeholders and Yapı Kredi's most important water related impact is through its lending activities. Method of Engagement: Yapı Kredi executes an assessment of water related issues and risks within the ESRA System of investment and project financing loan requests with a loan amount above US$ 20 million and a maturity of at least three years that passed the initial screening. As a result of ESRA System Yapı Kredi puts in place certain environmental and social requirements for the customers to fulfil. Moreover, Yapı Kredi also carries materiality assessment studies on sustainability with its customers.
Employees	Relevant, always included	Explanation of inclusion: We consider our employees in water-related risk assessments since employees are one of our key stakeholders. It is an important issue and a concern to provide good quality and quantity water to employees. Insufficient access to water is among the important potential effects. Lack of water will have negative impacts on public health and sanitation. Employees are the main water consumers within the bank, therefore, one of the important stakeholders in terms of efforts for minimizing consumption. Method of Engagement: Yapı Kredi gives priority to build capacity and awareness on sustainability issues including water through its employees. Yapı Kredi holds trainings on water and sanitation related issues and internal informing activities to draw attention to importance of water.
Investors	Relevant, always included	Explanation of inclusion: Investors are Yapı Kredi's main stakeholders since Yapı Kredi is a publicly traded bank. Method of Engagement: Yapı Kredi responds to CDP Water Program, publishes an annual Sustainability

		Report and implements ESMS to provide a better understanding of its water management to the investors.
Local communities	Relevant, always included	Explanation of inclusion: Yapı Kredi evaluates company's activities in terms of having negative impacts on local communities and follows whether the project owner (Yapı Kredi's client) established a community engagement process for affected communities. Method of Engagement: Yapı Kredi's ESRA System is based on IFC Standards taking into account local communities' environmental and social expectations. Furthermore, in every loan within the ESRA System Environmental Impact Assessment (EIA) Regulation is considered which is managed through an inclusive local community participation.
NGOs	Relevant, always included	Explanation of inclusion: NGOs are main stakeholders of Yapı Kredi because we see it as our duty to make lives easier for the community and contribute to the development of society. Yapı Kredi gives upmost importance to ensure that Yapı Kredi's business activities do not cause any harm. Method of Engagement: Yapı Kredi is in constant relationship with NGOs and included to its materiality analysis, which has been done during sustainability report preparation in 2017. Yapı Kredi worked with WWF, Global Compact Network Turkey and UNEP FI in 2018 in different kinds of sustainability related projects.
Other water users at a basin/catchment level	Relevant, always included	Explanation of inclusion: Yapı Kredi further seeks to ensure that other water users at a basin/catchment level are not negatively impacted as a result of Yapı Kredi's business activities. Method of Engagement: With Environmental Impact Assessment (EIA) Regulation and Yapı Kredi's Environmental and Social Risk Assessment System in line with IFC Standards, Yapı Kredi makes sure that the projects that they finance are not harmful to other water basins and other water users in that basin. EIA System

		might require stakeholder meetings with the customer and Yapı Kredi might require further stakeholder engagement plan.
Regulators	Relevant, always included	Explanation of inclusion: To be better prepared for potential implications due to regulatory changes Yapı Kredi considers regulators in their risk assessment processes. Through these assessments, Yapı Kredi ensures full regulatory compliance of its activities. Method of Engagement: The Bank follows closely environmental regulations and legislations, attends seminars and workshops organized by regulatory bodies. Also Yapı Kredi engages with public authorities through Turkish Industry and Business Association (TUSIAD) where businesses present suggestions on the current and upcoming regulations including regulations that cover water related issues. Yapı Kredi is an active member of TUSIAD in Environment and Climate Change Working Group.
River basin management authorities	Relevant, always included	Explanation of inclusion: River basin management authorities are considered by Yapı Kredi in order to fully comply with environmental regulatory requirements and avoid any future conflict. Method of Engagement: Yapı Kredi considers river basin management authorities in its ESRA processes as a result of its lending activities and further communicates with these authorities in case of any issues raised.
Statutory special interest groups at a local level	Not relevant, explanation provided	Statutory special interest groups are not considered in the risk assessment process since we do not identify any statutory special interest groups at a local level. We don’t expect Statutory special interest groups at a local level to be relevant in the future.
Suppliers	Relevant, always included	Explanation of inclusion: Yapı Kredi gives great importance to risk management associated to suppliers since for banking sector water along the value chain is crucial.

		Method of Engagement: As part of Yapı Kredi's sustainability values, Yapı Kredi demands compliance with the requirements of ISO 14001 in supplier contracts. To spread our values and principles, our Responsible Procurement Policy published in 2016, strives to reduce environmental and social impacts of purchased products and services throughout the life cycle. Suppliers' compliance is assessed through external audits every two years, and we plan to increase the ratio of compliant suppliers in the years ahead. Furthermore, we provide trainings to our subcontractors on our water management policies.
Water utilities at a local level	Relevant, always included	Explanation of inclusion: Yapı Kredi attaches importance to water utilities at the local level since Yapı Kredi procures its major supplies from these stakeholders. Method of Engagement: The Bank follows all decisions and laws to avoid any risks caused by changes in requirements at the local level. The municipalities that supply water to our company report to the public regularly on the conditions of the water through online notifications. In case of questions, Yapı Kredi can communicate with the respective municipality over formal requests (e.g. email, letter).
Other stakeholder, please specify		

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.

For its direct operations Yapı Kredi has been using tools such as; WBCSD Global Water Tool, WWF Water Risk Filter and specific internal methods to assess water related risks since 2015. Yapı Kredi relies on WBCSD Global Water Tool and WWF Water Risk Filter, because these tools provide country specific accurate information. The assessment covers all of our operations. Using the WBCSD Global Water Tool, Yapı Kredi assesses the

number of facilities located in water-stressed regions. Subsequently, environmental risks are determined by the L-Type Matrix Method by calculating the weight ratios based on a 5*5 scoring system. The results of this risk assessment are used by Yapı Kredi to take necessary actions. Depending on the category of the risk (very high, high, medium, low) as identified by the L-Type Matrix Method, actions from 3 months to 10 years are taken accordingly.
Yapı Kredi's water-related assessment of its indirect operations is based on its Sustainability Management System, including Environmental and Social Risk Assessment (ESRA) System. In line with the ESRA System, all investment and project finance loans with a loan amount above USD 20 million and 3 years maturity at least are subject to this assessment with regard to environmental and social aspects. This system proceeds to collect information such as customer and project risks; inform customers regarding necessary actions to be taken based on the project risk score; and gather additional information if necessary.
Based on the outcomes of the Sustainability Management System, the Bank's business decisions regarding loan agreements are made. Any project that does not comply with YKB's Sustainability Management System and its Exclusion List is not financed.

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

At Yapı Kredi the "risk/impact matrix" defines the criteria in terms of operational, legal, reputational and financial impacts of risk events from "very low" to "very high" risk level, which covers both direct and indirect losses. This matrix is an internal regulation that has been approved by Board of Directors and utilised in Business Continuity and Risk Management activities to establish objective criteria for risk assessments. The definitions are reviewed regularly and updated if deemed necessary.
Yapı Kredi defines substantive financial or strategic impact as;

1) financially; TRY 50m or higher losses or opportunity costs,
2) reputational cost; significant loss of reputation among all stakeholders such as customers, employees, suppliers, strategic partners, leading to massive public reactions or media / social media crisis,
3) operationally; system disruptions, service interruptions or failure to sustain operations due to the significant increase in the workload driven by social or environmental hazards,
4) legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation.

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	5	100	5 facilities are exposed to water risks.

W4.1c

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

Country/Region

Turkey

River basin

Other, please specify

Marmara Basin

Number of facilities exposed to water risk

5

% company-wide facilities this represents

100%

% company's total global revenue that could be affected

100%

Comment

5 facilities are exposed to water risks.

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

Marmara Basin

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Increased operating costs

Company-specific description

Water risks of 5 facilities of Yapı Kredi in Marmara Basin were evaluated with an internal risk assessment methodology using the 5*5 L type Matrix. After the internal assessment we have identified and experienced flooding as the major physical risk to our direct operations. Flooding will dissrupt our day-to-day business operations, which will consequently impact our net earnings.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

39,000

Potential financial impact figure - maximum (currency)

195,000

Explanation of financial impact

Figure was calculated based on the actual expenditure (infrastructure and cleaning costs) incurred as a result of an instance of flooding in 2017 at one of our five facilities. Since the infrastructures of all facilities are almost identical our estimation was calculated accordingly. The estimated minimum financial impact is assumed to be the expenditure of any one of the five facilities. The estimated maximum financial impact is assumed to be the expenditure of all five facilities together, along with an inflation of 50%. We have assumed the timescale of potential financial impact to be 10 years based on previous flooding history.

Primary response to risk

Develop flood emergency plans

Description of response

Develop flood emergency plans: We have renovated our buildings in order to become more resilient to the risks of flooding. Accordingly, we have retrofit the buildings to avoid leakages and developed more robust flood action plans.

Cost of response

20,000

Explanation of cost of response

This cost is calculated based on the expenditures of maintenance/repair/isolation of one of the buildings. This cost will be incurred every time there is an instance of flooding, which we estimate to be every 10 years.

W4.2a

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

Country/Region

Turkey

River basin

Other, please specify

Mediterranean Basin

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Turkey is located in the Mediterranean Basin, which is among the regions that will be mostly affected by drought. Change in precipitation levels and droughts will have negative impacts on certain sectors such as agriculture, tourism, and renewables (mainly hydropower). Projects Yapı Kredi finances in these sectors will have increased risk potential, which can have a substantive financial impact on Yapı Kredi's business

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,200,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Potential financial impact is calculated based on the assumption that the production capacity of hydroelectric power plant projects will fall due to climate related risks such as droughts.

Potential Financial Impact Figure: The cost of the financial impact is calculated based on lenders technical advisory due diligence report, which states a possible 20% fluctuation of the hydroelectric power plant capacity because of climate change. Considering our total hydroelectric power plant portfolio in project finance as of 2018, this fluctuation’s impact on our hydroelectric power plant portfolio is roughly TRY 2.2b.

Primary response to risk

Promote greater due diligence among suppliers

Description of response

Action implemented: In order to mitigate financial risks arising from climate related physical risks Yapı Kredi put in place its Environmental and Social Risk Assessment System (ESRA), which monitors and manages environmental impacts of its loans including efficient water usage in the hydroelectric power plants. These policies and measures can minimize risks arising from climate related physical risks such as droughts, which can substantially decrease the production capacity of the hydroelectric power plant projects.

Yapı Kredi's ESRA System is placed under Yapı Kredi's Sustainability Management System that was implemented in 2017. The cost of management is consultancy costs for the implementation of the respective system.

Company example: In 2018, Yapı Kredi assessed 18 projects and allocated over US$ 1 billion in loans to projects we assessed within the ESRA System.

Cost of response

350,000

Explanation of cost of response

The cost of management is consultancy costs for the implementation of the Sustainability Management System. The cost of management is recurring in the long term as the management system will require further updates throughout the years.

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

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

One of the water related opportunities is financing implementation of smart water irrigation systems. As a strategy Yapı Kredi, prioritizes offering innovative sustainable products, which is also incentivized by international financing institutions. As the trend in the agricultural sector leans towards smart practices Yapı Kredi also sees an opportunity in this area through its agricultural banking activities. Accordingly, Yapı Kredi aims to increase its porftolio in this area. There are already projects in place which facilitate smart/sustainable agricultural practices in Yapı Kredi's portfolio. For example, Yapı Kredi disbursed TRY 200,000 to subsurface drip irrigation projects.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

200,000

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact

Minimum potential financial impact of the opportunity's calculation is based on the current loan disbursement for smart irrigation systems in Yapı Kredi's portfolio. Yapı Kredi made a cooperation with one of the biggest irrigation system companies in Turkey, and aims to utilize at least TRY 5 million through this cooperation, based on the sale targets of irrigation firm. Yapı Kredi foresees a maximum potential financial impact of the opportunity to be TRY 5 million for modern irrigation systems in the near future.

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)

Banking Base

Country/Region

Turkey

River basin

Other, please specify

Marmara Basin

Latitude

41

Longitude

29

Total water withdrawals at this facility (megaliters/year)

140.12

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

134.16

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

5.96

Comparison of consumption with previous reporting year

Lower

Please explain

This information covers data of all five facilities as mentioned in W4.1c

W5.1a

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

Facility reference number

Facility 1

Facility name

Facility 1

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

0

Brackish surface water/seawater

0

Groundwater - renewable

5.34

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

134.78

Comment

This information covers data of all five facilities as mentioned in W4.1c

W5.1b

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

Facility reference number

Facility 1

Facility name

Facility1

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

134.16

Comment

This information covers data of all five facilities as mentioned in W4.1c

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

Facility 1

% recycled or reused

None

Comparison with previous reporting year

Please explain

This information covers data of all five facilities as mentioned in W4.1c

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?

Our environmental data including water withdrawal was assured in 2018 in accordance with ISAE 3000. Our water withdrawal is also certified with ISO 14046.

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

Our environmental data including water withdrawal was assured in 2018 in accordance with ISAE 3000. Our water withdrawal is also certified with ISO 14046.

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

We do not verify our water withdrawal quality since we supply treated water from the municipality and natural water from groundwater.

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

Our water discharge in volumes is certified with ISO 14046.

Water discharges – volume by destination

% verified

76-100

What standard and methodology was used?

Our water discharge by destination is certified with ISO 14046.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

We do not verify our water discharge volume by treatment method since we discharge our water to third party systems.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Water discharge quality is not assured since the type of discharge is domestic and not industrial.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Water discharge quality is not assured since the type of discharge is domestic and not industrial

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

As a company in banking sector, we do not have a production process. Our environmental data including water withdrawal was assured in 2018 in accordance with ISAE 3000. Our water consumption in volumes is also certified with ISO 14046.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

We do not use recycled/reused water within the bank.

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation	Yapı Kredi has a water policy within the scope of Environmental Management System which indicates business dependency on water, impact on water and targets and goals to draw attention to water issues and raise awareness within the value chain. Hence, the scope of this policy is company-wide. Yapı Kredi's business has a dependency and an impact on water through its lending activities. Yapı Kredi assesses the projects that it finances via its ESRA System which is based on IFC Environmental and Social Standards beyond legal requirements. These standards also take into account linkages between water and other environmental issues such as water and biodiversity, resource efficiency as mentioned in the ESRA System. Furthermore, Yapı Kredi sets company targets and objectives on its water performance. In 2018 Yapı Kredi's goal was to obtain ISO 14046 Water Footprint Statement of Conformity and reduce water consumption by 1%. Every year Yapı Kredi closely monitors its water consumption and goes through an independent assurance to meet its water related performance standards. Along with its employees Yapı Kredi also trains its subcontractors and subsidiaries on environmental issues including water and climate change.

		Recognition of environmental linkages, for example, due to climate change	

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Director on board	Yapı Kredi's sustainability related issues are managed under the Sustainability Committee, established in 2014. Sustainability Committee is co-chaired by a Board Member, who is responsible for efficient water management issues and for handling all water-related issues. Since Yapı Kredi takes sustainability issues very seriously, this reponsibility is assigned to a board member based on relevant experience and interest.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain

Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures 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 Setting performance objectives	Yapı Kredi's environmental activities are supervised under the Sustainability Committee and the Committee is co-chaired by a Director of the Board and the Corporate Communications Director. The Sustainability Committee, created in 2014, also comprises the COO, CFO, CRO, CSO and CPO as well as the Assistant General Managers of relevant departments. The Committee reports to the Board and Executive Committee on annual basis. The Sustainability Unit, formed under Corporate Communications Management department, which directly reports to the Sustainability Committee, coordinates all sustainability related issues within Yapı Kredi. Sustainability Unit's responsibilities include: • Coordinating the Sustainability Working Group and subgroups, • Monitoring the groups' performance and target realization, • Consolidating data, • Assessing and reporting implementation activities carried out with regard to Bank's sustainability goals, • Handling internal and external sustainability communication. Following the Sustainability Unit's briefs, Sustainability Committee reviews and guides Yapı Kredi's sustainability strategy, annual budgets, plans of action implemented at the Bank following its decisions, risk management policies, sustainability expenditure, targets and objectives and overall sustainability performance. When necessary, the Sustainability Committee's decisions are presented to the Board for their approval.

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

Half-yearly

Please explain

Yapı Kredi Sustainability Committee was established to formulate Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, integrate this strategy and these policies into company operations, and monitor its sustainability performance. Representing various management units, the committee also includes a Board Member among its members. The committee is co-chaired by the Board Member and the Director of Corporate Communications Management. Meeting twice a year to monitor and guide developments in sustainability, the Sustainability Committee reports to the Executive Committee and to the Board of Directors annually. Water-related issues are also on the agenda of the 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, 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?

Fully aware that the world's water resources are limited, we approach the issue of water shortage through a holistic approach. This includes monitoring our own water consumption as part of our efforts to ensure efficient use of natural resources and consistency of our monitoring and management processes with our policy and commitments. Environmental Management System is put in place to ensure we manage water efficiently taking into account water related risks in our direct operations. We monitor our water management system on weekly, monthly, quarterly and half yearly basis. In

case of any inconsistency of our direct operations related to water Technical Facility Management team takes action accordingly. We constantly monitor the environmental impact of our indirect operations with our Environmental and Social Risk Assessment (ESRA) System. According to this system, in case of any inconsistency we require the client to take necessary measures to mitigate potential negative impacts on environment including water. In a case of any inconsistency we reconsider our processes and direct and indirect activities

W6.6

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

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Yapı Kredi's long-term business sustainability objectives are set by the Sustainability Committee, which is co-chaired by a Board Member and the Corporate Communications Management Director. The Committee reports once a year to the Board of Directors and Executive Committee. Yapı Kredi's water related direct and indirect impacts are considered in its business objectives. One such issue is water scarcity. To reach its long-term business objective of eliminating water scarcity, Yapı Kredi is committed to investing in resource efficiency. In 2018, necessary actions were taken to obtain ISO 14046 Water Footprint Statement of Conformity and awareness enhancement materials were distributed to employees. As part of the lending procedures, the Bank's internal ESRA system takes into account water scarcity issues.

Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Yapı Kredi's long-term business sustainability objectives are set by the Sustainability Committee, which is co-chaired by a Board Member and Corporate Communications Management Director. The Committee reports once a year to the Board of Directors and Executive Committee. Yapı Kredi's water related direct and indirect impacts are considered in its business objectives. One such issue is water scarcity. To reach its long-term business objective of eliminating water scarcity, Yapı Kredi is committed to investing in resource efficiency. In 2018, necessary actions were taken to obtain ISO 14046 Water Footprint Statement of Conformity and awareness enhancement materials were distributed to employees. As part of the lending procedures, the Bank's internal ESRA system takes into account water scarcity issues.
Financial planning	Yes, water-related issues are integrated	5-10	In Yapı Kredi's long-term business sustainability objectives, we have integrated water-use efficiency. Accordingly, we have two dedicated employees that ensure the effective implementation of Environmental Management System within the bank. As an example, the Bank invested in photoelectric water sensors and other refurbishment activities to avoid leakages in its buildings as well as in water-related environmental trainings.

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)

526.36

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

204.99

Water-related OPEX (+/- % change)

6.15

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

8

Please explain

Water CAPEX change was based on the difference of CAPEX costs fom 2017 to 2018. Anticipated CAPEX change is based on the difference of CAPEX change from 2018 to 2019. OPEX change was based on the difference of OPEX costs fom 2017 to 2018. Anticipated OPEX change is based on the difference of OPEX change from 2018 to 2019. All of the values increase from the preceding years.

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	

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	We consider Turkey's INDC in our direct operations as a climate-related scenario. This scenario is a 21% decrease	We consider Turkey's INDC in our direct operations as a climate-related scenario. This scenario is a 21% decrease from the business

	contributions (NDCs)	from the business as usual scenario by 2030. As a developing economy, Turkey has plans to grow, and as part of a growing economy, Yapı Kredi aims to emerge responsively. We are committed to reduce our GHG emissions in line with Turkey's scenario by 2030. Emission reduction activities may cause change in water consumption directly or indirectly. Water-related outcomes caused by climate change such as floods, drought and inadequate access to clean water are taken into account as we detailed in W4.2	as usual scenario by 2030. As a developing economy, Turkey has plans to grow, and as part of a growing economy, Yapı Kredi aims to emerge responsively. We are committed to reduce our GHG emissions in line with Turkey's scenario by 2030. Emission reduction activities may cause change in water consumption directly or indirectly. Following our water consumption also means us lower operational costs in addition to the provided efficiency. This is an additional motivation for us to integrate water related issues to our strategic plans. Furthermore, when allocating loans within the ESRA System we would be further paying attention to the water risk trends for projects such as hydro power plants.

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We are aware of water is becoming increasingly scarce and contested and we anticipate using an internal price on water within the next two years.

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Under the supervision of Sustainability Committee, Environmental Management System Working Group is setting short and medium term goals/targets in line with ISO 14001. The outcomes of the actions taken in order to meet the respective goals/targets are reported to the Sustainability Committee. Furthermore, there are additional goals/targets set by Koç Holding (one of our main shareholders) with regard to environment in general, water in particular. Also, environmental targets are monitored by external specialists in order to obtain the ISO 14001 certification.

W8.1a

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

Target reference number

Target 1

Category of target

Water withdrawals

Level

Site/facility

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

Our long-term goals include reducing the water consumption at head offices by 4%. Fully aware that the world's water resources are limited, we approach the issue of water shortage through a holistic approach. This includes monitoring our own water consumption as part of our efforts to ensure efficient use of natural resources. We obtain data from our Head Office buildings, which informs necessary improvements for water savings. Faucets used in the bathrooms of the Head Office at Plaza D Block were replaced with faucets with photocells in 2017. This study was extended to Banking Base facility. The monitoring of water consumption at the subcontracted working spaces of Plaza D Block and the Banking Base was initiated with the installation of water meters. In addition to water meters to calculate the realization of our water efficiency targets we rely on the primary data collected by third parties (e.g. invoices).

Quantitative metric

% reduction in total water withdrawals

Baseline year

2015

Start year

2015

Target year

2020

% achieved

0

Please explain

Our long-term goals include reducing the water consumption at head office buildings by 4% in 2020 compared to 2015, and we have achieved a reduction of 0 for this year.

Target reference number

Target 2

Category of target

Water withdrawals

Level

Site/facility

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

One of our short term goal is reducing the water intensity of our employees in our head offices; Plaza D Block and Banking Base. Fully aware that the world's water resources are limited, we approach the issue of water shortage through a holistic approach. This includes monitoring our own water consumption as part of our efforts to ensure efficient use of natural resources. The monitoring of water consumption at the subcontracted working spaces of Plaza D Block and the Banking Base was initiated with the installation of water meters. In addition to water meters to calculate the realization of our water efficiency targets we rely on the primary data collected by third parties (e.g. invoices). After obtaining the data from water meters we divide the total number of water consumption in to the number of employees working in the respective facilities (Plaza D Block and Banking Base).

Quantitative metric

% reduction in total water withdrawals

Baseline year

2017

Start year

2018

Target year

2018

% achieved

0

Please explain

The goal was not achieved.

Target reference number

Target 3

Category of target

Monitoring of water use

Level

Site/facility

Primary motivation

Recommended sector best practice

Description of target

Fully aware that the world’s water resources are limited, we approach the issue of water shortage through a holistic approach. For that reason our short-term goal is to obtain ISO 14046 verification of Bank’s water footprint in 2019. In order to verify this goal the Bank is subject to an independent audit by RINA.

Quantitative metric

% sites monitoring water withdrawals total volumes

Baseline year

2018

Start year

2019

Target year

2019

% achieved

100

Please explain

The target is realized in July 2019 since it is a certification this is not a cumulative target which will be realized over the years.

W8.1b

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

Goal

Other, please specify

Awareness raising activities

Level

Site/facility

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Providing awareness raising trainings to Plaza D Blok and Banking Base employees and subcontractor firms about the importance of water, prevention of water pollution, water conservation.

Baseline year

2017

Start year

2017

End year

2018

Progress

We started to monitor headquarters building's direct water consumption on a monthly basis. 3.87% increase in water consumption with increasing internal information amount in a year. From 2016 onwards, we plan to invest in data systems to reduce water consumption and to monitor our water consumption.

W9. Linkages and trade-offs

W9.1

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

Yes

W9.1a

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

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased energy use

Description of linkage/tradeoff

For one of the corporate offices, Yapı Kredi would regularly receive hard water. In order to overcome this problem, we installed water-softening system. As a result, the level of hardness of water decreased by nearly 93%. But, installing this system resulted in 12,373.5 kWh increase in energy consumption.

Policy or action

We are currently exploring alternative technologies which consume lesser energy than the current system but yield the same level of efficiency in terms of softening the water supplied to us. Consequently, by aiming to not increase our overall water consumption while reducing our overall energy consumption, we have linked this initiative to the water-related and energy-related objectives of our business strategy.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify

Conservation of Biodiversity

Description of linkage/tradeoff

Yapı Kredi supports studies on water basin management and conservation based on its ESRA System. According to this system, Yapı Kredi does not finance any activities conducted at wetlands determined as RAMSAR (convention on Wetlands of International Importance) area. Due to the importance of biodiversity in RAMSAR areas there is a linkage between conservation of biodiversity and water basin management policy

put in place by Yapı Kredi. 0 damage has been caused by Yapı Kredi's lending activities to biodiversity at RAMSAR sites as a result of the ESRA System Exclusion List put in place.

Policy or action

As a result of the linkage between water basin management and conservation of biodiversity Yapı Kredi, in line with its ESRA System does not finance any activities conducted at wetlands determined as RAMSAR (convention on Wetlands of International Importance) area. Not financing projects in the RAMSAR area is part of Yapı Kredi's business code of conduct. There has been no change in Yapı Kredi's ESRA System in 2018. Therefore, for this specific issue Yapı Kredi's impact has remained nil, i.e., no change from the previous reporting period.

W10. Verification

W10.1

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

Yes

W10.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	Water withdrawal by source	ISAE3000	Independent limited assurance was provided for all locations of Yapı Kredi including the ones mentioned in W5.1d by KPMG in compliance with ISAE 3000.
W10. Verification	The Direct Water Footprint Inventory Report	Other, please specify ISO 14046:2014	This report summarizes the findings of the verification of the WFP of the products/services/organization reported in the cover, performed on the basis of the verification criteria/requirements of an agreed system/scheme.

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.

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	Chief Executive Officer (CEO)	Chief Executive Officer (CEO)

W11.2

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

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms