

## W0. Introduction

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### W0.1

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

##### Yapı Kredi at a Glance

Yapı Kredi, established in 1944 as Turkey's first retail focused private bank with a nationwide presence, is the 3rd largest private bank in Turkey with total assets worth TRY 411 billion as of the end of 2019. Yapı Kredi has always played a pioneering role in the banking sector and has been sustainably strengthening its market positioning through a customer-centric approach and focus on innovation. The Bank serves its customers with its 846 branches covering all regions of Turkey and 16,631 employees. Yapı Kredi delivers its products and services via its advanced Alternative Delivery Channels (ADCs) that comprise 4,330 ATMs, innovative internet banking, leading mobile banking, 3 call centers and approximately 709 thousand POS terminals.

Yapı Kredi is a fully integrated financial services group supported by its domestic and international subsidiaries. Yapı Kredi serves its customers through retail banking (comprising of individual banking, Small and Medium Size Enterprises (SME) banking and card payment systems, private banking and wealth management), as well as corporate and commercial banking. The Bank's operations are supported by domestic subsidiaries in asset management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands, Malta and Azerbaijan.

##### Strategy

Yapı Kredi aims to ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees. Yapı Kredi's strategy is being a customer centric commercial bank driven by cutting edge technology and committed workforce, delivering responsible growth. In its activities Yapı Kredi espouses a corporate governance concept built on integrity, responsibility and accountability, and operates on its five values; freedom, respect, fairness, transparency and trust.

##### Sustainability

Yapı Kredi believes economic sustainability cannot be achieved without social and environmental sustainability, therefore its sustainability approach is integral and comprehensive. In 2017 Yapı Kredi launched its Sustainability Management System (SMS) that allowed the Bank to further integrate sustainability to its business strategy. As part of the SMS Yapı Kredi launched its Environmental Management System and Environmental and Social Risk Assessment System.

While managing its impact on environment and society, Yapı Kredi also aims to contribute to sustainable development of society and transition to a low carbon economy. To that end, Yapı Kredi targets to increase its products and services that drive innovation, sustainability and profit.

Yapı Kredi pursues its activities with the vision of responsible growth that creates value for all the segments, while monitoring implications for all stakeholders. Yapı Kredi regularly engages with its stakeholders to understand their needs and expectations from the Bank. Yapı Kredi's stakeholders are including but not limited to customers, employees, investors, regulators, civil society and academia.

### W0.2

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#### (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 2019	December 31 2019

### W0.3

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

Turkey

### W0.4

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

TRY

### W0.5

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**(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, regional 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	Important	Neutral	Primary use of fresh water in direct operations/ Reason for importance rating: As an organization active in banking sector, freshwater is not its primary input as a direct or indirect use. Primary use of fresh water is for employee consumption, sanitation and landscaping. However, the COVID-19 pandemic demonstrated that good quality fresh water is essential for water, sanitation and hygiene (WASH) and thus public health. Therefore this year in terms of direct operations Yapı Kredi has changed the importance rating to "important". Primary use of fresh water in indirect operations/ Reason for Importance Rating: As an organization active in banking sector, freshwater is not its primary input as a direct or indirect use. Changes in fresh water quality do not have direct impact in Yapı Kredi's business therefore importance rating for Yapı Kredi in its indirect operations remain "neutral" as stated last year. 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 in direct and indirect operations/ 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. Yapı Kredi does not have any available recycled, brackish and/or produced water for use in place. Although, Yapı Kredi is on feasibility stage a planning to implement reuse and recycling projects in its headquarters in the next reporting periods, this amount remains limited and not as an input to the business activities. As part of the aforementioned project Yapı Kredi started reusing rain water in one of its facilities' landscape irrigation, which again remains limited. Therefore, since Yapı Kredi is not in an industry that requires recycling, producing or using brackish water the importance rating of recycled, brackish and produced water remains "neutral" for both of its direct and indirect operations. 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. 2019 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 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 5 facilities reported in the scope Plaza D Block and the Yeniköy Koru facilities are located in İstanbul. The İstanbul 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 Arşiv and Bayramoğlu 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 Avcidere 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.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
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 monthly and bi-annually.
Water discharges – total volumes	100%	Most of the wastewater discharges of Yapı 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 Yapı 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 Yapı 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 Yapı 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 Yapı Kredi facilities are being sent to municipal treatment plants. The municipality carries out treatment with required discharge parameters for the discharge waters. Since Yapı Kredi is in the financial services, 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 volume is monitored and verified on a monthly basis and the scope covers all facilities in the scope reported.
Water recycled/reused	1-25	Yapı Kredi reused rain water in Darıca Arşiv building, one of the five buildings that is part of the reporting scope. Rain water was reused in landscape irrigation. Rain water reused is equivalent to 133 cubic meter, representing 9% consumption of Darıca Arşiv building. Considering the coverage of the five buildings (facilities), water consumption of Darıca Arşiv represents 20% of coverage, however considering that rain water reused at Darıca Arşiv represents only 9% of this 20%, the coverage of water reused for the reporting scope is 1.8%.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yapı Kredi provides fully functioning, safely managed WASH services to all workers in all operations. Every month hygiene inspections are conducted for drinking water and biannually hygiene checks are conducted for water tankers used for drinking. Hand washing stations are cleaned and reported on daily basis by an outsourced firm, every month water samples are collected from selected hand washing stations to ensure healthy and safe working conditions.

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	128.65	Lower	In 2019, the total water withdrawal of Yapı Kredi was 128,657 cubic meter. Total withdrawal is equal to consumption from municipality (121,602 cubic meter), tanker for general purposes (320 cubic meter), tanker for drinking purposes (382 cubic meter), water from wells for landscape irrigation (6,220 cubic meter) and water collected from rain (133 cubic meter). $128,657=121,922+6,735(W=D+C)$ . The water data was collected from the water bills or third party suppliers. Amount of rainwater is calculated as the difference between well water meter installed by the İzmit Water and Sewerage Administration (İSU) at Darıca Arşiv building and the in-house tracking meter of the facility. The percentage change from last year is approximately 8% lower. Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Consequently, percentage change is classified as "lower". Reason for change from the previous reporting period: In 2019 Yapı Kredi made some improvements to avoid water leakages and save water in its buildings. Yapı Kredi repaired its water installations, renewed its faucets with photocell batteries and decreased the flush capacity of its toilets in its head offices to increase water efficiency. How future volumes may vary: In 2020 due to COVID-19 health crisis, Yapı Kredi expects a significant decrease in its operational consumptions including water withdrawal. Majority of the workforce continued teleworking throughout the year and even after 2020 in conjunction with new working conditions the operational consumptions are expected to decrease in comparison with the previous years.
Total discharges	121.92	Lower	In 2019, the total water discharge of Yapı Kredi was 121,922 cubic meter comprised of water supplied from the municipality water supplier (121,602 cubic meter) and water tanker suppliers for general use purposes (320 cubic meter). $128,657=121,922+6,735(W=D+C)$ . The water data was collected from the water bills or third party suppliers. The percentage change from last year is approximately 6.8% lower. Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Consequently, percentage change is classified as "lower". Reason for change from the previous reporting period: In 2019 Yapı Kredi made some improvements to avoid water leakages and save water in its buildings. Yapı Kredi repaired its water installations, renewed its faucets were with photocell batteries and decreased the flush capacity of its toilets in its head offices to increase water efficiency, thus decreasing its water discharge. Moreover, Yapı Kredi installed an in-house water meter at Darıca Arşiv to harvest water for landscape irrigation that allowed Yapı Kredi to decrease its water withdrawal from the municipal water. How future volumes may vary: In 2020 due to COVID-19 health crisis, Yapı Kredi expects a significant decrease in its operational consumptions including water discharge. Majority of the workforce continued teleworking throughout the year and even after 2020, in conjunction with new working conditions the water discharge is expected to decrease in comparison with the previous years.
Total consumption	6.73	Much higher	In 2019, the total water consumption of Yapı Kredi was 6,735 cubic meter comprised of water collected from the wells for landscape irrigation (6,220 cubic meter), water supplied from third party water tanker suppliers for human consumption (382 cubic meter) and rainwater harvested for landscape irrigation (133 cubic meter). $128,657=121,922+6,735(W=D+C)$ . The water data was collected from the water bills, third party suppliers and in-house tracking meter. The percentage change from last year is approximately 13% lower. Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Consequently, percentage change is classified as "much higher". Reason for change from the previous reporting period: Although the water supplied from third parties for human consumption decreased significantly (2018: 622 cubic meter, 2019: 382 cubic meter) the water consumed for landscape irrigation increased. This increase is due to changes in weather conditions that led to drier seasons and required further water consumption for irrigation purposes. How future volumes may vary: Due to COVID-19 pandemic's effects Yapı Kredi expects lower water consumption in the following year.

**W1.2d**

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WWF Water Risk Filter	How the Selected Tool Was Applied to Evaluate Water Stress Level: Yapı Kredi's operations within the scope are located in Marmara Region. By using the WWF Water Risk Filter application that maps out basins in a map, Yapı Kredi located its sites that are in the reporting boundary of the report. After defining the locations of its sites (buildings) and defining its sector as (Other), the tool makes a risk assessment of the company. As a result of this assessment baseline water stress of all the buildings (sites) were categorised as "high risk", (4). We do not observe any changes from last year in terms of basins' water stress level. Description of the Tool Used: WWF Water Risk Filter is a valuable tool which maps out the water risks of all the basins in the world. The user is able to identify its locations in the map for basin related risks. However the tool also determines operational risks of the company via a questionnaire on the water usage of the company. The users are provided with detailed assessment of their answers that scores the risks ranging from reputational, physical and reputational risks. Moreover, there are some opportunity and risk analysis after the assessment.

**W1.2h**

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	0.13	This is our first year of measurement	In Darıca Arşiv Yapı Kredi collects rainwater for landscape irrigation. In 2019 Yapı Kredi collected 133 cubic meter of water. Amount of rainwater is calculated as the difference between well water meter installed by the İzmit Water and Sewerage Administration (İSU) at Darıca Arşiv Building and the in-house tracking meter of the facility. Reason for change from the previous reporting period: Since this is Yapı Kredi's first year of measurement, it is not possible to make a year-on-year comparison. How future volumes may vary: In the future Yapı Kredi does not foresee any difference since the amount largely depends on precipitation levels.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	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	6.22	Much higher	Yapı Kredi Bank uses groundwater for landscape irrigation. The water drawn from the wells for green area irrigation of Banking Base building is 6.220 cubic meters. Reason for change from the previous reporting period: The percentage change from last year is 16.5% higher. Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Consequently, percentage change is classified as "much higher". The groundwater used is higher because the weather was much drier than 2018 which required an increased amount of water for landscape irrigation. How future volumes may vary: Yapı Kredi expects increased water withdrawal volumes from groundwater-renewable since the climate is getting drier each year.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Yapı Kredi does not use non-renewable ground well water. Yapı Kredi does not expect any change in water withdrawal source since Yapı Kredi has access to municipal water source in its buildings. Yapı Kredi uses groundwater only for irrigation and there is no need for non-renewable groundwater.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Yapı Kredi does not use produced water/entrained water. Yapı Kredi does not expect any change in water withdrawal source since Yapı Kredi has access to municipal water source in its buildings. Yapı Kredi uses groundwater only for irrigation and there is no need for produced/entrained water.
Third party sources	Relevant	122.3	Lower	Yapı Kredi Bank uses water from third party sources; municipal supplier (121,602 cubic meter) and water tanker supplier for drinking and general use purposes (702 cubic meter). Water consumption is derived from the bills from the municipality suppliers and water tanker suppliers. Reason for change from the previous reporting period: The percentage change from last year is 9.2% lower. Yapı Kredi would classify any percentage change above 10% as "much lower". Consequently, percentage change is classified as "lower". Third party water from municipal supplier is lower thanks to water installation renovations. How future volumes may vary: Due to COVID-19 pandemic Yapı Kredi expects much lower water withdrawal from third parties.

**W1.2i**

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	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	<Not Applicable>	<Not Applicable>	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	<Not Applicable>	<Not Applicable>	In Yapı Kredi, groundwater is not used as a discharge point. All locations have access to third-party discharge destinations.
Third-party destinations	Relevant	121.92	Lower	Relevance: All discharges from Yapı Kredi goes to third party destinations which is the municipal sewage system. Change from the previous year: In 2019 Yapı Kredi made some improvements to avoid water leakages and save water in its buildings, hence decrease its water discharge. Thus, Yapı Kredi repaired its water installations, renewed its faucets with photocell batteries and decreased the flush capacity of its toilets in its head offices to decrease its water discharge. The percentage change from last year is 9% lower. Yapı Kredi would classify any percentage change above 10% as "much lower". Consequently, percentage change is classified as "lower".

**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**

Selection criteria: Within the scope of Yapı Kredi Sustainability studies, the bank demands compliance with the requirements of ISO 14001 in supplier contracts. These suppliers are selected according to their priority in the generated income. Incentive to report: 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**

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**

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**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 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: As part of ISO 14001 environmental management system Yapı Kredi provided 684 hours of environmental trainings to 342 subcontractors (2.3% of all suppliers by number). Based on the trainings we are expecting to raise awareness and thereby reduce unnecessary water consumption.

Success of supplier engagement: The expected impact of engagement is changing supplier behavior and raising awareness. The measure of success for the trainings is completion of the training by all parties invited and receiving ISO 14001 certification. This goal was reached in 2019 which means Yapı Kredi succeeded to train and raise awareness of certain number of suppliers. Yapı Kredi measures success by monitoring suppliers' water consumption trends via hydrometer values.

**Comment**

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**W2. Business impacts**

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**W2.1**

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

Yes

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**W2.1a**

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

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin)
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**Type of impact driver & Primary impact driver**

Physical	Inadequate infrastructure
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**Primary impact**

Increased operating costs

**Description of impact**

In 2019 Yapı Kredi's Banking Base office faced a water pipe burst incident that caused a small damage in the building/property. Company specific description for the primary impact: Primary impact was increased operating costs to Yapı Kredi caused by the water pipe burst to compensate the damage to the building/property. Scale of the impact: The scale is not substantive if we only take the reporting scope into consideration, the financial impact of the operating cost is below a certain threshold and the business continuity was not affected.

**Primary response**

Improve maintenance of infrastructure

**Total financial impact**

19538

**Description of response**

Total financial impact calculation: 2019 water pipe burst incident resulted in property damage in the Banking Base head office building. Total cost of the damage was TRY 19,538 that was paid by the insurance. Response strategy: Yapı Kredi reinforced its maintenance activities in 2019 in order to prevent the leakages, bursts that not only cause increased operating costs but also impact Yapı Kredi's efforts to decrease its water withdrawal in its buildings.

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**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

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**W3. Procedures**

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**W3.3**

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

Yes, water-related risks are assessed

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**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**

WWF 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**

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**

Tools on the market

Other

**Tools and methods used**

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?**

More than 6 years

**Type of tools and methods used**

International methodologies

Other

**Tools and methods used**

Internal company methods

Other, please specify (IFC Environmental and Social 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**

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**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. Necessary measures are taken for any investment or project that might have detrimental impact on water availability at a basin/catchment level. 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 (Direct Operations): 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: 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 basin/catchment level. Assessment Tool: Water quality reports from Turkish Accreditation Agency. Relevance to the company (Indirect Operations): 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 assesses 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 regulatory frameworks, including environmental regulatory frameworks. The risk management system is regularly updated in line with national regulations. Assessment Tool: Internal Risk Assessment Method and Compliance team's know-how.
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 monthly and biannually. This ensures that all of its facilities provide fully functioning WASH services to all workers. Samples are collected from selected lavatories to detect the water quality. Assessment Tool: Company Specific Tools and Audits
Other contextual issues, please specify	Not considered	There are no other contextual issues.

**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 for investment and project financing loan requests with an investment amount USD 10 million and above, 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 fulfill. If water related risks are detected in an investment or project, investors are requested to comply with respective environmental requirements to manage the water related risks. 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 regular internal communication activities are carried out to raise awareness on lifestyle changes to incentivize behavioral change towards water efficiency.
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 Integrated Report and implements its Environmental Management System 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 Environmental and Social Performance 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 utmost importance to ensure that Yapı Kredi's business activities do not cause any harm. Method of Engagement: Yapı Kredi is in constant communication and collaboration with NGOs that address water related concerns. Yapı Kredi collaborated with WWF-Turkey, Turkish Marine Environment Protection Association (TURMEPA), Global Compact Network Turkey and UNEP FI in 2019 in different kinds of sustainability related projects. In 2019 as a result of a corporate call to action some employees including some executives joined marine cleaning activities of TURMEPA and WWF Turkey. Moreover, in December Yapı Kredi carried out an NGO fair for New Year, this fair allowed TURMEPA to hand out children's books on marine preservation and sell marine friendly cleaning products.
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 Environmental and Social 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 with its Compliance Office, 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	Not considered	There are no other stakeholders.

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.**

**Direct Operations:** 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 about physical, reputational and regulatory water related risks. 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.

**How outcomes are used:** 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.

**Lending Activities:** 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 an investment amount USD 10 million and above are subject to this assessment with regard to environmental and social aspects. This system proceeds to collect information such as customer and project risks including water related risks; inform customers regarding necessary actions to be taken based on the project risk score; and gather additional information if necessary.

**How outcomes are used:** Based on the outcomes of the ESRA system investors are required to take necessary environmental measures to manage water related risks such as water stress, water contamination etc. Also, outcomes may impact the Bank's business decisions regarding loan agreements. Any project that does not comply with YKB's Sustainability Management System and its Exclusion List is not financed.

## W4. Risks and opportunities

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### W4.1

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**(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

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**(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 applying to both direct and supply chain operations. 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 (indicator),
- 2) reputational cost; significant loss of reputation among all stakeholders (indicator) 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 (indicator),
- 4) legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation (indicator).

Substantive water related impact example: Disruption of operations in branches due water related acute physical risks such as flooding.

### W4.1b

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**(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 financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
--------	--

**Number of facilities exposed to water risk**

5

**% company-wide facilities this represents**

100%

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

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

**% company's total global revenue that could be affected**

100%

**Comment**

No additional comments

#### W4.2

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

**Country/Area & River basin**

Turkey	Other, please specify (Mediterranean Basin)
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**Type of risk & Primary risk driver**

Physical	Flooding
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**Primary potential impact**

Increased cost of capital

**Company-specific description**

Flooding: IPCC Changes in Climate Extremes and their Impacts on the Natural Physical Environment Report suggests that anthropogenic influence on changes in some components of the water cycle (precipitation, snowmelt) affect floods. Although direct impact of climate change on floods is open for discussion, it is suggested that higher precipitation levels and snowmelts that are also triggered by climate change lead to higher potential for flooding. Warmer atmosphere levels lead to heavier precipitation and evaporation levels, triggering floods. Moreover, rising temperatures that cause snowmelts in the mountains can lead to winter flooding. According to Disaster and Emergency Management Presidency's (AFAD-Turkey) flood occurrence mapping in Turkey, Northeastern Anatolia region is more prone to reoccurrence of flooding incidents. However, when the map is analyzed it is observed that death rates are dispersed throughout all regions of Turkey, suggesting that even in the lower probability of disaster occurrence the impacts can be high. Yapı Kredi has 846 branches located in all regions of Turkey. In the case of a flooding incident Yapı Kredi's operational continuity can be effected.

**Timeframe**

Current up to one year

**Magnitude of potential impact**

Medium

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

34100

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

In 2019, 13 incidents of flooding took place in 12 branches of Yapı Kredi. Total cost of the damages caused by the incidents were 31,000. The calculation is based on insurance bills. In a scenario where probability of these disasters increase in the short term, occur in the five buildings under the scope of the report and consequently leading to 10% increase in the cost of damages would equal to a potential financial impact of 34,100. It should be noted that the five buildings under the scope of the report are larger in size in comparison with branches.

**Primary response to risk**

Improve maintenance of infrastructure

**Description of response**

Action implemented: Yapı Kredi's Business Continuity Management Policy is a guidance for minimizing operational risks. In addition to said policy, Yapı Kredi ensures business continuity through the Contingency Plan, and Crisis Management and Business Recovery Plans. In order avoid such incidents frequency of periodic maintenance activities such as maintenance of isolation and drainage pumps were increased. It is difficult to find lasting solutions to decrease the risk of flooding when a branch is located near rivers, but in order to mitigate the risks and be prepared the branches purchased sandbags that hold back rising floodwaters.

**Cost of response**

24000

**Explanation of cost of response**

In a scenario where 50 sandbags are bought per branch,  $50 \times 12$  (branch number) = 600. Market price of a sandbag is around TRY 40.  $600 \times 40 =$  TRY 24,000 cost of sandbags for 12 branches ( assuming that the same damage would occur in 5 buildings which are larger in size in comparison with 12 branches).

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W4.2a

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

**Country/Area & River basin**

Turkey	Other, please specify (Mediterranean Basin)
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**Stage of value chain**

Other, please specify (Customers)

**Type of risk & Primary risk driver**

Physical	Drought
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**Primary potential impact**

Reduced revenues from lower sales/output

**Company-specific description**

Rising mean temperatures especially during summers can lead to droughts and decreased capacity of hydroelectric power plants in the future. Either decreased water capacity lead to disruption of the operations. Yapı Kredi's lending activities are located in Turkey, which is in the Mediterranean Basin that will be greatly effected by rising mean temperatures, thus droughts. The potential capacity disruptions of the hydroelectric power plant projects financed by Yapı Kredi might increase the credit risk of the aforementioned projects, impacting Yapı Kredi's revenues from its corporate and commercial banking activities.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

43000000

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

Potential financial impact figure is based on a hydroelectric power plant whose average yearly electricity production is 800,000 MWh. In a scenario where 10% of decrease in its capacity in a year due to rising temperatures will lead to 720,000 MWh average yearly electricity production. If the revenue generated from the first and the second productions based on market electricity sales price for renewable energy in Turkey (USD 73 /MWh) is calculated, the calculation would be as follows: USD 58,400,000 (revenue from the full capacity) \* USD 52,560,000 (revenue from the 10% decreased capacity)= USD 5,840,000 revenue loss of the investor due to decrease in the power plant's capacity in a year. USD 5,840,000 = TRY 43,076,540 Since the projects are financed in \$s Yapı Kredi has used the current conversion factor (24 August 2020) to give an estimate figure where \$1 is equivalent to ₺7.38. It should be noted that although this fluctuation of capacity increases the credit risk of the project, financial impact calculated is for the investor, please see "Description of response and explanation of cost calculation" for further understanding.

**Primary response to risk**

Downstream	Other, please specify (Technical Analysis Prior to Lending and Cash Sweeps)
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**Description of response**

For each hydroelectric power plant project Yapı Kredi requests a technical analysis conducted by an external technical expert to prepare a report on water flow fluctuations taking into account long term trends (50-70 years). Once the technical report is presented Yapı Kredi conducts internal stress tests that go beyond the report's expectations in order to ensure management of credit risk in an optimum manner. No project that do not pass the internal stress thresholds is financed. Moreover, the Bank ensures both a decrease in capacity is managed during the construction phase of the project. The years where a power plant's capacity is lower than expected are compensated with cash sweep actions in the following years.

**Cost of response**

110640

**Explanation of cost of response**

The stress tests are conducted by credits team and do not require additional costs to the Bank. Average market cost of a technical analysis by an external expert ranges from USD10K to USD20K (varies according to size of the project). As an average cost per project Yapı Kredi took USD15K into consideration which led to TRY 110,640 Since the anlayses are paid in \$s Yapı Kredi has used the current conversion factor (24 August 2020) to give an estimate figure where \$1 is equivalent to ₺7.38.

**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 portfolio 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, a single figure estimate

**Potential financial impact figure (currency)**

5000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**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, water accounting data, and a comparison with the previous reporting year.**

**Facility reference number**

Facility 1

**Facility name (optional)**

Banking Base

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin)
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**Latitude**

40.84

**Longitude**

29.41

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

89.22

**Comparison of total withdrawals with previous reporting year**

Lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

5.993

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

83.23

**Total water discharges at this facility (megaliters/year)**

83.03

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

83.033

**Total water consumption at this facility (megaliters/year)**

6.19

**Comparison of total consumption with previous reporting year**

Higher

**Please explain**

Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Yapı Kredi used WWF Water Risk Filter to classify the basin's stress level. Volumes are sourced from the water bills and third party suppliers. Withdrawal from third party sources include municipal suppliers and water tanker suppliers. Third party destination is the municipal sewerage system. Water consumption include water for human consumption supplied from water tanker suppliers. The zero values are irrelevant to Yapı Kredi's business in line with its statements in the questions W1.2h and W1.2i.

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**Facility reference number**

Facility 2

**Facility name (optional)**

Plaza D Block

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
--------	--

**Latitude**

41.08

**Longitude**

29.01

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

29.24

**Comparison of total withdrawals with previous reporting year**

Higher

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

29.246



**Total water discharges at this facility (megaliters/year)**

29.07

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

29.078

**Total water consumption at this facility (megaliters/year)**

0.16

**Comparison of total consumption with previous reporting year**

Higher

**Please explain**

Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Yapı Kredi used WWF Water Risk Filter to classify the basin's stress level. Volumes are sourced from the water bills and third party suppliers. Withdrawal from third party sources include municipal suppliers and water tanker suppliers. Third party destination is the municipal sewerage system. Water consumption include water for human consumption supplied from water tanker suppliers. The zero values are irrelevant to Yapı Kredi's business in line with its statements in the questions W1.2h and W1.2i.

**Facility reference number**

Facility 3

**Facility name (optional)**

Darıca Arşiv

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
--------	--

**Latitude**

40.78

**Longitude**

29.37

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

1.48

**Comparison of total withdrawals with previous reporting year**

Higher

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

0.13

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0.227

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

1.121

**Total water discharges at this facility (megaliters/year)**

1.12

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

1.121

**Total water consumption at this facility (megaliters/year)**

0.36

**Comparison of total consumption with previous reporting year**

This is our first year of measurement

**Please explain**

Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Yapı Kredi used WWF Water Risk Filter to classify the basin's stress level. Volumes are sourced from the water bills, third party suppliers and an in-house water meter. Withdrawal from third party sources include municipal suppliers. Third party destination is the municipal sewerage system. Withdrawal from fresh surface water is the rainwater harvested by the facility. Water consumption include water for landscape irrigation sourced from the well and rainwater harvesting. The zero values are irrelevant to Yapı Kredi's business in line with its statements in the questions W1.2h and W1.2i.

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**Facility reference number**

Facility 4

**Facility name (optional)**

Bayramoğlu

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
--------	--

**Latitude**

40.78

**Longitude**

29.34

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

6.71

**Comparison of total withdrawals with previous reporting year**

Much lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

6.7

**Total water discharges at this facility (megaliters/year)**

6.7

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

6.7

**Total water consumption at this facility (megaliters/year)**

0.01

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Yapı Kredi used WWF Water Risk Filter to classify the basin's stress level. Volumes are sourced from the water bills and third party suppliers. Withdrawal from third party sources include municipal suppliers and water tanker suppliers. Third party destination is the municipal sewerage system. Water consumption include water for human consumption that is sourced from water tanker suppliers. The zero values are irrelevant to Yapı Kredi's business in line with its statements in the questions W1.2h and W1.2i.

**Facility reference number**

Facility 5

**Facility name (optional)**

Yeniköy Koru

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin )
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**Latitude**

41.12

**Longitude**

29.07

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**

1.99

**Comparison of total withdrawals with previous reporting year**

Higher

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

1.99

**Total water discharges at this facility (megaliters/year)**

1.99

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

1.99

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

Higher

**Please explain**

Yapı Kredi would classify any percentage change above 10% as "much lower" or "much higher". Yapı Kredi used WWF Water Risk Filter to classify the basin's stress level. Volumes are sourced from the water bills and third party suppliers. Withdrawal from third party sources include municipal suppliers. Third party destination is the municipal sewerage. The water consumption is zero because no water was used for landscape irrigation nor for human consumption. The zero values are irrelevant to Yapı Kredi's business in line with its statements in the questions W1.2h and W1.2i.

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## W5.1a

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

#### Water withdrawals – total volumes

**% verified**

76-100

**What standard and methodology was used?**

Our environmental data including water withdrawal was assured in 2019 in accordance with ISAE 3000 (Revised). 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 2019 in accordance with ISAE 3000 (Revised). Our water withdrawal is also certified with ISO 14046.

#### Water withdrawals – quality

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

#### 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?**

<Not Applicable>

#### Water discharge quality – quality by standard effluent parameters

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

#### Water discharge quality – temperature

**% verified**

Not verified

**What standard and methodology was used?**

<Not Applicable>

#### Water consumption – total volume

**% verified**

76-100

**What standard and methodology was used?**

Our environmental data including water consumption was assured in 2019 in accordance with ISAE 3000 (Revised). Our water consumption in volumes is also certified with ISO 14046.

#### Water recycled/reused

**% verified**

76-100

**What standard and methodology was used?**

Our environmental data including water reused (rainwater harvesting) was assured in 2019 in accordance with ISAE 3000 (Revised). Our reused water (rainwater harvesting) is also certified with ISO 14046.

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	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to stakeholder awareness and education</p>	<p>Overview of Policy Content: Yapı Kredi has a water policy within the scope of Environmental Management System which indicates business dependency on water, impact on water, targets, water related performance standards for direct operations, reference to international standards and water initiatives, and goals to draw attention to water issues and raise awareness within the value chain. Hence, the scope of this policy is company-wide. In the policy it is acknowledged that Yapı Kredi's direct water impact is limited and Yapı Kredi does not depend on water resources from a water affected area for its direct operations. Yapı Kredi's Environmental and Social Risk Assessment System prepared in accordance with the international standards (IFC Environmental and Social Performance Standards) allows Yapı Kredi to manage its impact on water via its lending activities. Targets: Yapı Kredi has a company wide target to reduce its water consumption by 4% in 2020 taking 2015 as the base year. In this policy Yapı Kredi also commits to provide training to its employees and its subcontractors that are working on-site. Yapı Kredi also had targets in 2019 to reduce water consumption at its Head Office buildings and obtain ISO 14046 Direct Water Footprint for its Head Office and facility buildings. Description of business dependency on water: As a Bank Yapı Kredi's dependency on site water is limited, however via its lending activities water resources make up an important component of its hydroelectric portfolio. Description of business impact on water: Yapı Kredi has an impact on water resources via its lending activities such as financing hydroelectric power plants and agricultural activities. Yapı Kredi manages environmental impacts including water impacts via its Environmental and Social Risk Assessment System based on IFC Performance Standards and local regulation. Yapı Kredi water impact through its operational activities is limited, however Yapı Kredi closely monitors its direct water footprint and takes necessary measures to reduce its direct impact.</p>

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	<p>Yapı Kredi's sustainability related issues are managed under the Sustainability Committee, established in 2014, co-chaired by a Board Member and Corporate Communications Director. The main responsibilities of the Sustainability Committee are to formulate Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, to integrate this strategy and policies into the operations of the company, and to monitor the sustainability performance. The Sustainability Committee also includes COO, CFO, CRO as well as the AGMs of relevant departments. Ideally meeting twice a year (at least once a year) to monitor and guide developments with regard to sustainability, the Sustainability Committee reports annually to the Executive Committee and to the Board of Directors. As the co-chair of the Sustainability Committee, the aforementioned director on the Board is responsible for the overall sustainability strategy of the Bank including water-related issues, since water management is part of Yapı Kredi's Environmental Management which is coordinated under overall Sustainability Management System. Water Related Decision Made By the Individual: In 2019 Yapı Kredi decided to further expand the scope of ISO 14046 direct water footprint certification to its other business operations.</p>

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 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 headed by a Director of the Board. The Sustainability Committee, created in 2014, also comprises the COO (on ad hoc basis), CFO, CRO, as well as the Assistant General Managers of relevant departments. The Committee reports to the Board and Executive Committee on annual basis. Sustainability Committee reviews and guides Yapı Kredi's sustainability strategy, plans of action implemented at the Bank following its decisions, risk management policies, sustainability expenditure, targets and objectives and overall sustainability performance. While acting upon these mechanisms when necessary the Sustainability Committee's decisions are presented to the Board for their approval. Description how the selected governance mechanisms contribute to the Board's oversight of water issues: While reviewing Yapı Kredi's strategy and business plans Sustainability Committee's insights are taken into account. Environmental Management System (EMS) and Environmental and Social Risk Assessment (ESRA) System, two mechanisms approved by the Board allow Yapı Kredi to run its business while managing its direct and indirect water impacts. Moreover, via ESRA System while reviewing and guiding the risk management policies risks of certain sectors that have an important impact on water and reputational risks that might arise from water risks are taken into account. Performance outcomes of EMS and ESRA are shared with the Sustainability Committee, relevant expenditures for water management in the buildings and performance requirements of relevant staff are considered. Lastly, water performance is also taken into account for social responsibility projects. In the reporting year Yapı Kredi contacted several actors in the civil society to further contribute to water security and sanitation.

**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**

Sustainability Committee's Position in the Corporate Structure: Yapı Kredi's environmental activities are supervised under the Sustainability Committee, co-chaired by a Director of the Board. The Sustainability Committee comprises the COO (on ad hoc basis), CFO, CRO, as well as the Assistant General Managers of relevant departments. The Committee reports to the Board on annual basis. A description of the nature of the report to the Board: Sustainability Committee's presentations are sent to the Board prior to the Board meetings. During the Board meetings, the Director on Board who is also co-chairing Sustainability Committee, represents the Committee and is responsible for sustainability related issues on the Board. Details on the water related responsibilities of the Committee: The Committee is responsible for overall water management of the Bank including water impact arising from its direct operations (buildings) and indirect impact from its banking activities.

**W6.4**

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

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	

**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?**

**A description of the process to ensure consistency:** Yapı Kredi's direct water footprint is limited. However in order ensure alignment with its water commitments Yapı Kredi annually carries out ISO 14046 direct water footprint verification and limited assurance in line with ISAE 3000/3000 (Revised) of its water consumption. For its indirect impact of its lending activities Yapı Kredi's Environmental and Social Risk Assessment System is put in place, where Yapı Kredi's environmental teams engage with its clients to minimize their environmental impacts including water impacts.

**An explanation of which action is taken if inconsistency is discovered:** Water targets relating to Yapı Kredi's direct operations are monitored annually and are part of relevant staff's performance assessment. In case of inconsistency, relevant department works towards improving and aligning the outcome with the commitment. In the case of ESRA in case of inconsistency the environmental teams try to engage and seek further support from environmental experts assigned for the project. In both cases, should the need arise, the inconsistency is discussed at the Sustainability Committee where high level of decision making members are able to take action.

**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)

2019\_integrated\_report.pdf

*In 2019 Yapı Kredi published two mainstream financial reports; Annual Report and Integrated Report. Due to legal timing requirements Yapı Kredi does not publish an Integrated Annual Report, at least for the time being.*

**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 indirect impacts are considered in its business objectives. Moreover, coronavirus outbreak in 2019 accentuated the importance of water resources, in terms of Water, Sanitation and Hygiene (WASH). Water issues that are integrated into business plan: Water scarcity is deemed important to be considered since projections demonstrate that due to climate change water availability will decrease in the Mediterranean basin. Although as a Bank operational water consumption is not capital, water is an important renewable energy source that might have an impact on Yapı Kredi's lending activities. These activities are impacted in the longterm (over 5 years or so). In addition after the coronavirus outbreak in 2019, all aspects of WASH are considered in the business plans at the operational and risk management level, all business plans are reviewed in order to better respond to such challenges. Example of Integration: In 2017 Environmental and Social Risk Assessment System was integrated to Yapı Kredi's lending policies, which also takes into account water scarcity issues in its lending activities.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	To reach its long-term business objective of responding to water scarcity, Yapı Kredi aims to raise awareness on water related issues with its customers, clients and general public via training and social media programs. In addition Yapı Kredi plans to collaborate further with civil society on water related issues via corporate social responsibility projects. Example of Strategy of Achieving Long Term Objectives: Yapı Kredi is in the process of preparing an online training program on environment for its stakeholders that comprises water scarcity issue. In addition to better address water related risks Yapı Kredi launched an internal study on TCFD.
Financial planning	Yes, water-related issues are integrated	5-10	Yapı Kredi has two dedicated employees that ensure the effective implementation of Environmental and Social Risk Assessment System within the bank, ensuring Bank's environmental and social risk management of its lending activities including water management. Therefore, Yapı Kredi invests in human capital to ensure its environmental and social risks are well managed. Example of Financial Planning: While reviewing its corporate social responsibility projects Yapı Kredi included water management projects and sponsorships in its financial planning. Moreover, as part of TCFD Yapı Kredi intends to include water related risks' financial disclosures in its financial planning.

**W7.2**

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

Row 1

**Water-related CAPEX (+/- % change)**

-20.31

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

-60.74

**Water-related OPEX (+/- % change)**

-10.56

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

-20

**Please explain**

Explanation of % change: Yapı Kredi's CAPEX decreased from the previous year because in order to increase water efficiency Yapı Kredi has already renovated and repaired majority of its water installations in 2018 including faucets and water pipelines. Yapı Kredi's OPEX has decreased from the previous year because water withdrawal from the municipality supplier decreased thanks to CAPEX investments that ensured water efficiency, Yapı Kredi harvested rainwater in one of its buildings, Yapı Kredi's employee number decreased leading to lower volumes of water consumption and Yapı Kredi also decreased the volume of water in the toilet flush tanks. Water related CAPEX and OPEX expenditure: Water related CAPEX expenditure includes renovation of faucets with photocell batteries in the remaining buildings, infrastructure investment for water harvesting, repairation of water installations. Water related OPEX includes water withdrawal from the municipality suppliers and water procured in tankers.

**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 scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Nationally determined contributions (NDCs)	We consider Turkey's INDC in our direct operations as a climate-related scenario. This scenario is a 21% decrease 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 responsibly. 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 while analyzing this scenario.	We consider Turkey's INDC in our direct operations as a climate-related scenario. This scenario is a 21% decrease 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 responsibly. Anticipated timescale for your response: We are committed to reduce our GHG emissions in line with Turkey's scenario by 2030. Efficient water management to better respond to impacts of climate change such as droughts will also be taken into account during this period. Description of operational or strategic response to the water related outcomes: Emission reduction activities may cause change in water consumption directly or indirectly. Decreasing our water consumption also means 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 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

Water stewardship

### Description of target

Yapı Kredi's long-term corporate goals include reducing the water consumption at head office buildings (where majority of its employees are located) by 4%. Fully aware that the world's water resources are limited, Yapı Kredi believes water security is an issue every actor should act on. This includes monitoring its own water consumption as part of its efforts to ensure efficient use of natural resources. Since Yapı Kredi is in the financial sector and its water withdrawal is limited to water usage in the office buildings, Yapı Kredi sets realistic targets considering water consumption needs of the personnel. Yapı Kredi's 2019 water efficiency efforts include renovating bathrooms with photocell faucets, collecting rainwater in Darıca Arşiv, repairing water installations, awareness raising communications and monitoring water consumption. Yapı Kredi monitors water withdrawal in its head offices via third party bills.

### Quantitative metric

% reduction in total water withdrawals

### Baseline year

2015

### Start year

2015

### Target year

2020

### % of target achieved

88.7

### Please explain

Yapı Kredi's target is to decrease water withdrawal of Yapı Kredi by 4% from 2015 to 2020. Yapı Kredi's water withdrawal in 2019 decreased by 3.55% in comparison with its 2015 water withdrawal volume. Hence, Yapı Kredi achieved 88.7% of its target in 2019 and aims to achieve 100% of this target by 2020.

### Target reference number

Target 2

### Category of target

Water withdrawals

### Level

Site/facility

### Primary motivation

Climate change adaptation and mitigation strategies

### Description of target

One of Yapı Kredi's short term goal was reducing the water withdrawal of its head offices, where majority of its workforce is located, by 1% from 2018 to 2019. Fully aware that the world's water resources are limited, Yapı Kredi approaches 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). Yapı Kredi put in place water efficiency measures such as renovating bathrooms with photocell faucets, repairing water installations, awareness raising communications and monitoring water consumption.

**Quantitative metric**

% reduction in total water withdrawals

**Baseline year**

2018

**Start year**

2019

**Target year**

2019

**% of target achieved**

100

**Please explain**

Yapı Kredi's one year target was to decrease water withdrawal of its head offices by 1% from 2018 to 2019. 2018 water withdrawal was 118,462 cubic meter of water and 2019 water withdrawal was 111,791 cubic meter of water. Yapı Kredi achieved and went beyond its target of reducing water withdrawal of its head offices by 1% by reducing its water consumption by 5.63%.

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**Target reference number**

Target 3

**Category of target**

Monitoring of water use

**Level**

Brand/product

**Primary motivation**

Recommended sector best practice

**Description of target**

Fully aware that the world's water resources are limited, Yapı Kredi treats the issue of water shortage through a holistic approach. This includes monitoring its own water consumption in line with international standards as part of its efforts to ensure efficient use of natural resources. Hence, one of Yapı Kredi's short term goal was to successfully obtain Statement of Conformity of Yapı Kredi's Direct Water Footprint certification of its head offices and service buildings in line with ISO 14046 standards. The audit system would allow to correct any miscalculations for reporting and further enhance the transparency of the Bank. In 2020 Yapı Kredi's 2019 direct water footprint was verified by independent audit firm RINA.

**Quantitative metric**

% sites monitoring water withdrawals total volumes

**Baseline year**

2018

**Start year**

2019

**Target year**

2019

**% of target achieved**

100

**Please explain**

The target of obtaining Statement of Conformity of Yapı Kredi's Direct Water Footprint certification of its head offices and service buildings in line with ISO 14046 standards is achieved after the completion of the audit process in May 2020. The certification may be reviewed in the question W9.1a. Since it is a certification this is not a cumulative target which will be realized over the years.

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**W8.1b**

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**(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 trainings )

**Level**

Company-wide

**Motivation**

Water stewardship

**Description of goal**

Fully aware that the world's water resources are limited, Yapı Kredi treats the issue of water shortage through a holistic approach. Yapı Kredi believes behavioral change is an important component of water stewardship, every actor including individuals and companies can make their contribution towards a sustainable economy and lifestyle. With this purpose in mind every year Yapı Kredi has a goal of conducting awareness raising activities including trainings annually,

**Baseline year**

2018

**Start year**

2018

**End year**

2019

**Progress**

Indicators used to assess progress: Number of employees that took the environmental trainings (subjects including water security). Measurement of success: In 2019 801 hours of environmental training was offered to 3,003 Yapı Kredi employees. Limited assurance by an independent audit firm is obtained to verify the number of employees that took the environmental training annually.

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**Goal**

Other, please specify (Awareness raising communication campaigns)

**Level**

Company-wide

**Motivation**

Shared value

**Description of goal**

Fully aware that the world's water resources are limited, Yapı Kredi treats the issue of water shortage through a holistic approach. Yapı Kredi believes behavioral change is an important component of water stewardship, every actor including individuals and companies can make their contribution towards a sustainable economy and lifestyle. With this purpose in mind every year Yapı Kredi has a goal of conducting awareness raising activities to create a corporate consciousness on environmental protection and water security.

**Baseline year**

2018

**Start year**

2018

**End year**

2019

**Progress**

Indicators used to assess progress: Number of corporate post in intranet/mailings that contribute to raise awareness on water security. Number of activities conducted to help create a shared value among employees to reinforce corporate identity on sustainability as a whole and specifically water security consciousness. Measurement of success: Since it is difficult to measure behavioral change Yapı Kredi measures number of activities and communications conducted throughout the year. In 2019 12 internal communications, 3 of which solely focused on water security, were posted in the intranet platform. In the communications water stress by regions were mapped; water terminology such as "water stress", "virtual water", "water footprint" were defined; domestic, industrial and food water footprints were illustrated. As an internal communication campaign "Respect to Environment" in March to commemorate World Water Day and International Day of Forests, Yapı Kredi posts water and forests related communications for a week to raise awareness on water and forests related subjects. As an integral part of the campaign Yapı Kredi organized a creative reading activity for Yapı Kredi employees in 2019 that simulated an interactive process of understanding environment's place in the people's daily lives.

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**W9. Verification**

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**W9.1**

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

Yes

EYYKB2019AssuranceStatementIRENG19.06.2020.pdf

YAPIKREDI\_WFP\_Certificate of Conformity\_2019\_signed.pdf

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**W9.1a**

**(W9.1a) 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 (W1.2b)	ISAE 3000	Independent limited assurance was provided for all locations of Yapı Kredi including but not limited to the scope of the CDP Reporting by EY in compliance with ISAE 3000 (Revised). This is a standard annual assurance system that Yapı Kredi voluntarily carries out with an independent audit firm.
W1 Current state	The Direct Water Footprint Inventory Report (W1.2b, W1.2h)	Other, please specify (ISO 14046:2014)	This report summarizes the findings of the verification of the WFP by RINA of the products/services/organization reported in the cover, performed on the basis of the verification criteria/requirements of an agreed system/scheme.
W6 Governance	Members of the Sustainability Management Structure (W6.2, W6.3)	ISAE 3000	Independent limited assurance was provided by EY on Yapı Kredi's Sustainability Committee's structure and members, a structure co-chaired by a Board member.
W8 Targets	Environmental trainings that also addresses water security (W8.1b)	ISAE 3000	Independent limited assurance was provided by EY on trainings provided by Yapı Kredi to its employees. Accordingly, in 2019 801 hours of environmental training was offered to 3,003 Yapı Kredi employees. This is a standard annual assurance system that Yapı Kredi voluntarily carries out with an independent audit firm.
W2 Business impacts	Water related regulatory violations and fees (W2.2)	ISAE 3000	Independent limited assurance was provided by EY on "monetary value of fines received on account of noncompliance with the Environmental Law and regulations". Accordingly Yapı Kredi did not received any fines on the account of noncompliance with the Environmental Law and regulations that includes water related regulatory violations and fees.

**W10. Sign off**

**W-FI**

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

No additional comment

**W10.1**

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

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

**W10.2**

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

No

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

**Please confirm below**

I have read and accept the applicable Terms