

W0. Introduction

W0.1

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

Şekerbank T.A.S. was founded in 1953 as the "Sugar Beet Cooperative Bank" in Eskişehir, Turkey. The founding mission of the bank was to fund the needs of sugar beet producers, farmers and the sugar industry in order to finance agriculture, rural development and local production. Today, Şekerbank has a well-penetrated branch network and broad geographical coverage with its 64 years of experience. With its Community Banking mission, spanning from village to city, Şekerbank is one of the leading banks to service the agriculture sector, micro, small and medium enterprises (MSMEs) and to support initiatives and production. Throughout its 64-year journey Şekerbank has carried out its activities under the framework of sustainable development and has been committed to creating economic, social, and cultural value and improving local and rural development, especially within the Anatolian region in Turkey. Positioning itself as 'Turkey's key bank' in the international scene through niche and local banking services, Şekerbank pursues its mission of supporting producers and offering broad-based banking services to segments lacking sufficient access to financial services, especially unbanked segments under the scope of financial inclusion. Within its sustainable development strategy, in 2009, Şekerbank developed a leading product in Turkey called EKOkredi (EKOlloan) for the financing of energy efficiency projects (waste management, insulation, modern irrigation etc.) by SMEs, individuals, industrial and agricultural enterprises under favourable conditions. Through EKOkredi, the Bank has introduced over 100 thousand people to energy savings thus far. EKOkredi, selected as one of the best sustainability practices to represent Turkey at the Rio+20 summit, continues to be one of the Bank's key business initiatives and a strategic standpoint for raising energy awareness and efficiency at national levels. Through EKOkredi, Şekerbank provides foreign resources obtained from international financial institutions for the financing of energy efficiency projects and passes these resources on to its broad-based customer profile. Şekerbank, as part of its strategy to operate as a sustainable bank, has supported international initiatives such as COP 21, and signed the Caring for Climate platform and the Carbon Pricing Leadership Index initiative in Paris, as well as embraced the IFC (International Finance Cooperation) Social and Environmental Performance Standards. In addition to this, Şekerbank complies with the Social and Environmental Exclusion Risk of European Investment Bank and the EBRD (European Bank for Reconstruction and Development). Within the scope of combating climate change, we signed the "Energy Efficiency in Buildings" charter on January 10, 2013, by invitation of the Turkish Business Council for Sustainable Development (TBCSD). We are committed to setting targets and policies to achieve energy efficiency improvements in our offices and to reduce our carbon emissions as a member of the TBCSD, which is a branch of the World Business Council for Sustainable Development (WBCSD). In 2015, the Sustainable Development Department was established under the Strategy EVP, reflecting the strategic importance of sustainable development both in the Bank's history and in its vision of the future. The SDB department's main functions include incorporating and aligning the global Sustainable Development Goals into Bank projects, as well as analyzing Bank projects through the lens of the banks' sustainable development strategy. In addition, we apply Social and Environmental Management System Regulations (SEMS) to all our customers (consumer loans are excluded) , which is an integrated part of our credit application system and was recently updated by the Sustainable Development Banking Department in collaboration with IFC. Also, as part of our internal strategy to reduce our environmental footprint, all electronic waste collected within Şekerbank is delivered to professional recycling companies and eliminated under conditions in accordance with human health and environmental conservation. Throughout 2017, technological waste collected in our Bank was delivered to licensed waste disposal companies. As part of the waste disposal program and in partnership with TEMA's (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) tree planting initiative, 3,000 oak sapling trees were planted respectively. Lastly, in August 2015, Şekerbank moved its HQs to a new building that was intentionally designed as more energy and resource efficient and has obtained its Energy Performance Certificate, in addition to the LEED Gold certificate.

W0.2

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

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

W0.3

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

Turkey

W0.4

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

USD

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

## W1. Current state

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### W1.1

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(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	Vital	Neutral	As an organization active in the banking industry, our operations are not water intensive. However, we are active all over Turkey through a number of branches, regional headquarters and service buildings. Therefore, as we provide access to freshwater for employees and customers who visit our facilities, consumption is important for our operations. In addition to this, many of our clients in our loan portfolio are exposed to water risks. Change in the quality and quantity of water may affect our customers' businesses which would in return have certain impacts on our business
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	We use municipal water sources and a small amount of bottled water for drinking. Recycled water is not currently necessary to run operations in the Bank. However, potential projects and feasibility studies to use recycled water for sanitation use (ie. toilet water) can be examined in the future.

### W1.2

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(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	76-99	We obtain all our water needs for 272 branches and 9 Regional Headquarters and 2 Headquarters from municipal networks. During the reporting period we were able to compile data from 98% of the facilities. It was not possible to collect data from 5 of the facilities (3 regional offices and 2 branches) since the facilities are located in places where more than one business place exists and the facilities use shared water. The amount of water and the invoices are not accurate on facility basis
Water withdrawals – volumes from water stressed areas	100%	According to DSİ (State Hydraulics Works), water available for human consumption in Turkey is 1519 m3/year, and it is expected to be 1120m3/year in 2030 based only on the projected population increase. Our loans for agricultural purposes are a significant part of portfolio, therefore we evaluate our risks for agricultural loans based on river basins. We have operations in all water basins of Turkey. The river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Gediz, Buyuk Menderes and Konya Kapali river basin carry the highest water risk which may affect the Bank's agricultural loan portfolio negatively in these regions. (Turkey Water Risks Report, 2014) 2 regional offices and 11% of branches are located in these river basins. We also evaluate reducing water consumption at all our facilities (272 branches, 9 Regional Headquarters and 2 Headquarters)
Water withdrawals – volumes by source	76-99	We obtain our water for 272 branches, 9 Regional Headquarters and 2 Headquarters from municipal networks. As our branches are located in different parts of Turkey, it is not feasible to define the sources of the municipalities which provide water to the branches, however most of the water is consumed by the headquarters located in İstanbul; therefore the sources of water can be listed as Ömerli, Büyükçekmece and Melen 1-2 Dams based on the information at <a href="https://www.iski.istanbul/web/tr-TR/kurumsal/iski-hakkinda1/su-kaynaklari1">https://www.iski.istanbul/web/tr-TR/kurumsal/iski-hakkinda1/su-kaynaklari1</a>
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sectors]	<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	76-99	We obtain our water for 272 branches, 9 Regional Headquarters and 2 Headquarters from municipal networks. The municipality conducts quality analysis of the supplied water therefore we do not monitor the quality of water ourselves. The analysis results of the water are published by the İstanbul Metropolitan Municipality where our main consumption is provided from. The link related to the reports is as follows; <a href="https://www.iski.istanbul/web/tr-TR/su-kalite-raporlari">https://www.iski.istanbul/web/tr-TR/su-kalite-raporlari</a>
Water discharges – total volumes	76-99	Water use is primarily linked to employees, guests who come to the branches, for cleaning activities and landscape purposes. There is no production process within the Bank that requires water consumption (for example, products or crops). As such, water withdrawal is estimated to be the same as water discharge. Water from the Bank's facilities (for 272 branches and 9 Regional Headquarters and 2 Headquarters) is discharged directly to municipal sewage system and sent to municipal treatment plants.
Water discharges – volumes by destination	76-99	Water from the Bank's facilities (for 272 branches, 9 Regional Headquarters and 2 Headquarters) is discharged directly to municipal sewage system and sent to municipal treatment plants. Although it is not currently feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. The Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP.
Water discharges – volumes by treatment method	76-99	Water from the Bank's facilities (for 272 branches, 9 Regional Headquarters and 2 Headquarters) is discharged directly to municipal sewage system and sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. The Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP.
Water discharge quality – by standard effluent parameters	76-99	Water from the Bank's facilities (for 272 branches, 9 Regional Headquarters and 2 Headquarters) is discharged directly to the municipal sewage system and sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. The Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP. The municipality conducts quality analysis of the supplied water therefore we do not monitor the quality of water discharge ourselves. The analysis results of water are published by İstanbul Metropolitan Municipality where our main consumption is provided from. The link related to the reports is as follows; <a href="https://www.iski.istanbul/web/tr-TR/su-kalite-rapor">https://www.iski.istanbul/web/tr-TR/su-kalite-rapor</a>
Water discharge quality – temperature	76-99	Water from the Bank's facilities (for 272 branches, 9 Regional Headquarters and 2 Headquarters ) is discharged directly to municipal sewage system and sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. The Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP
Water consumption – total volume	76-99	We obtain all our water and drinking water needs from municipal networks and bottled water suppliers. Therefore, we are able to closely monitor our direct water withdrawals
Water recycled/reused	Not relevant	As a matter of efficiency, we are considering to reuse the rain water for landscaping purposes at our General Headquarters
The provision of fully-functioning, safely managed WASH services to all workers	76-99	Şekerbank provides adequate clean water for drinking and cleaning purposes and sanitation facilities for both its employees and customers. In order to meet certain hygiene quality standards, all Şekerbank facilities follow an in-house standard. In addition, to ensure the quality and quantity of fresh water, Şekerbank began a project in 2014 to deploy domestic water reservoirs in all of its facilities for daily use of its employees in the case of a lack of water from local municipal networks. As of the end of 2018, 108 of our branches have fresh water reservoirs to use in case of water scarcity. We provide external service for sanitation and cleaning purposes. The service provider has designated personnel for OHS and monthly visit our facilities. On the other hand, our OHS staff monitors the compliance of service provider against legal requirements such as the requirements of Labour Law and OHS regulations.

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	50.2	Lower	We are supplying all our water needs from municipal sources as our facilities consist of office buildings (272 branches and 9 Regional Headquarters, 2 Headquarters).
Total discharges	50.2	Lower	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water is discharged directly to the municipality's network and treated in WTPs.
Total consumption	51.7	Lower	We have officially started tracking our water consumption as of 2014. In addition, in 2015, we updated our standards for data collection through investments made in IT infrastructure. Beginning in 2016 the database allowed branch operations managers to report monthly on municipal and drinking water usage. As part of our efforts to reduce water consumption and raise awareness, the Sustainable Development Banking department led several trainings for employees on sustainability and water issues. In 2017, the Bank changed its bottled water procurement strategy and began to supply all bottled water from a single supplier. Thus, the accuracy of the data and the inclusion has been improved.

**W1.2d**

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

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	0	About the same	Other, please specify (Turkey Water Risks Report, 2014)	According to DSI (State Hydraulics Works), the amount of water available for human consumption in Turkey is 1519 m3/year, however it is expected to be 1120m3/year in 2030 based only on the projected increase in population. Although, according to national and international reports related to water scarcity, currently no official water stress areas are defined for Turkey. However, we have assessed our future risks related to water as Şekerbank and provided information related to those 3 river basins and the facilities located in these river basins in our report. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Büyük Menderes and Konya Kapali river basin carries the highest water risks which could affect the Bank in terms of client potential. There is also another aspect to be considered, which will be the agricultural loans extended to this sector. The facilities (272 branches, 9 Regional Headquarters and 2 Headquarters ) have been defined based on their existence at the basins. On the other hand, the loans extended for agricultural purposes are important part of our loan portfolio, therefore we evaluate our risks for agricultural loans based on river basins.

**W1.2h**

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities use fresh surface water since all of our facilities are using municipal resources
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities use brackish surface water/Seawater since all of our facilities are using municipal resources
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities use groundwater - renewable since all of our facilities are using municipal resources
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities use groundwater - non-renewable since all of our facilities are using municipal resources
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities use produced/entrained water since all of our facilities are using municipal resources
Third party sources	Relevant	50.2	Lower	We are supplying all our water needs from municipal sources as our facilities (272 branches and 9 Regional Headquarters, 2 Headquarters) consist of office buildings. In the scope of our renovation plan of our branches, we changed faucets and toilet reservoirs with water saving ones. As part of our efforts to reduce water consumption and raise awareness, the Sustainable Development Banking department led several trainings for employees on sustainability and water issues. Therefore we reduced our water withdrawal compare to the previous year.

**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>	None of our facilities discharge to fresh surface water since all of our facilities discharge to municipal network.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities discharge to brackish surface water/seawater since all of our facilities discharge to municipal network.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	None of our facilities discharge to groundwater since all of our facilities discharge to municipal network.
Third-party destinations	Relevant	50.2	Lower	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water is discharged directly to the municipality's network and treated in WTPs.

**W1.4**

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

Yes, our customers or other value chain partners

**W1.4c**

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

As a financial institution, our water risks arise from our loan portfolio within our value chain. As Şekerbank, we have been assessing the external environmental and social impacts of financed projects including indirect water risks through our Social and Environmental Management System (SEMS) which is an integrated part of our lending processes since 2009. The total amount of the loans extended to agricultural sector consists of 11% of our total loan portfolio. On the other hand, The Water Risks Report of WWF related to Turkey shows that, the 89% of the water footprint belongs to agricultural sector. For this reason, our current loan portfolio which strongly relates to water usage is monitored on river basin basis in order to calculate the financial risks that should arise due to water shortage or scarcity. Şekerbank, a party to The United Nations Global Compact (UNGC), Carbon Disclosure Project (CDP) Climate Change and Water Programs, Women's Empowerment Principles (WEPs), The United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is targeted to assure a certain level of awareness of the sustainability approach of the Bank among its suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy.

**W2. Business impacts**

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**W2.1**

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

Yes

**W2.1a**

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

**Country/Region**

Turkey

**River basin**

Other, please specify (Sakarya, Ceyhan, Doğu Karadeniz)

**Type of impact driver**

Physical

**Primary impact driver**

Flooding

**Primary impact**

Increased operating costs

**Description of impact**

4 of our branches located in 4 different river basins had negatively affected from flood in 2018. The cost of the damages calculated around 650 USD for 2018. The amount spent to infrastructure was less than 1% of our operating costs.

**Primary response**

Infrastructure maintenance

**Total financial impact**

650

**Description of response**

In selection of new branch locations, we consider flood risk and try to select low flood risk locations. We also deploy "water alarms" in our branches in order to protect our branches. We are also deploying check-valve systems to our branches' sewage connection points to prevent flood

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**W2.2**

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**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

**W3. Procedures**

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**W3.3**

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

Yes, water-related risks are assessed

**W3.3a**

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**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

**Direct operations**

**Coverage**

Full

**Risk assessment procedure**

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

**Frequency of assessment**

Six-monthly or more frequently

**How far into the future are risks considered?**

>6 years

**Type of tools and methods used**

International methodologies

Other

**Tools and methods used**

Environmental Impact Assessment

Internal company methods

External consultants

**Comment**

We assess direct risks with different methods by our Construction Department, customer portfolio risks through the Social and Environmental Management System (SEMS), which is fully integrated to the loan application system, water footprint is reported through the CDP Water Program and to improve reporting and raise awareness amongst our employees training activities are arranged. Lastly, we work with external consultants to update our sustainability strategy, which is based on the SDGs.

**Supply chain**

**Coverage**

Full

**Risk assessment procedure**

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

**Frequency of assessment**

Six-monthly or more frequently

**How far into the future are risks considered?**

>6 years

**Type of tools and methods used**

International methodologies

Other

**Tools and methods used**

Environmental Impact Assessment

Internal company methods

External consultants

**Comment**

Şekerbank, a party to CDP and UNEP-FI expects its suppliers to refrain activities which can violate the provisions of the initiatives and aims to assure certain level of awareness of its sustainability approach among suppliers. Through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.

**Other stages of the value chain**

**Coverage**

Full

**Risk assessment procedure**

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

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

>6 years

**Type of tools and methods used**

International methodologies

Other

**Tools and methods used**

Environmental Impact Assessment

Internal company methods

External consultants

**Comment**

We assess customer portfolio risks with a mechanism to identify sustainability risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts and integrated to credit application process. SEMS is based on the extensive international information developed by the International Finance Corporation (IFC) which is a member of the World Bank Group.

**W3.3b**

**(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability and quality is critical for the continuation and sustainability of our operations at the local level. Therefore we monitor water consumption of our branches considering the river basin they are located on. In addition, new locations for planned branches are evaluated by the Construction Department of the Bank and locations with flood risks are avoided. In addition to this, we are exposed to certain risks through our financial products offered to customers. Agricultural activities which are highly dependent on water availability constitute 11% of our total loan portfolio. Therefore it is important for the Bank to assess risks which may arise from the agricultural loans. We consider the data released by official bodies and NGOs on water availability at basin/catchment in Turkey and assess the risks related to the agricultural loans. Moreover, we monitor these environmental risks through the Social and Environmental Management System (SEMS) and work with external consultants to better understand the basin level risks when necessary.
Water quality at a basin/catchment level	Relevant, always included	Water availability and quality is critical for the continuation and sustainability of our operations at the local level. Water from the Bank's facilities (for 272 branches and 9 Regional Headquarters and 2 Headquarters) is discharged directly to the municipal sewage system and sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey, standards for water discharge through primary, secondary, and tertiary treatments are applied. The Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP. The municipality conducts quality analysis of the supplied water therefore we do not monitor the quality of water ourselves. The analysis results of water are published by Istanbul Metropolitan Municipality where our main consumption is provided from. The link related to the reports is as follows; <a href="https://www.iski.istanbul/web/tr-TR/su-kalite-raporlari">https://www.iski.istanbul/web/tr-TR/su-kalite-raporlari</a> Our construction department also monitors and take necessary actions to mitigate the water related physical risks of our headquarters and branches.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	As a bank, our activities are low water-intensive. However, we are exposed to certain risks through our financial products and we assess customer portfolio risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts. Stakeholder conflicts, if any, are considered as part of SEMS. We have also introduced our customers to a specific type of loan which includes financing modern irrigation equipment in order to enable farmers to use less water. In this way, we aim to enable our customers to save energy and time and also provide other stakeholders benefits from the reduced use of water as natural resource.
Implications of water on your key commodities/raw materials	Relevant, always included	While the Bank does not produce material goods that are water-intensive, as a bank with hundreds of branches across Turkey, consistently good quality and quantity of water is essential to our branch network. Currently, water quality and quantity levels are sufficient, and to deal with shortages we have deployed water tanks across our branch network. However, we need to monitor risks which may arise from our agricultural loans since a significant part of our portfolio is made up of farmers who are directly impacted by water quality, quantity and consistency. The Bank considers the data released by official bodies and NGOs on water availability at basin/catchment in Turkey and assesses its risks due to the agricultural loans. We also have introduced our customers to a specific type of loan which includes financing modern irrigation equipment in order to enable farmers use less water. In this way we aim to enable our customers to save energy and time and also provide other stakeholders benefits from the reduced use of water as natural resource.
Water-related regulatory frameworks	Relevant, always included	We are operating in a low water-intensive industry. Therefore, changes in regulations and tariffs do not necessarily have a significant impact on our operations. However, we are exposed to certain risks through our financial products offered to agricultural, industry and energy sectors, so we especially follow regulations that can impact these loans and customers. Even though the numbers are few and far between, as part of our renewable energy loans extended to hydroelectric projects we especially take into account any changes in related regulations. Regarding our loan portfolio, water related regulatory frameworks are always included in the application of SEMS.
Status of ecosystems and habitats	Relevant, always included	While monitoring ecosystems is not a direct part of our operations, as part of our efforts to be exemplary environmental stewards, we do assess and follow up on our customer's potential environmental risks under our Social and Environmental Systems Manual (SEMS). Since SEMS regulations are in line with IFC Performance Standards, the assessment process for projects includes different criteria on possible ecosystem and habitat effects on local level.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We continuously make assessments for WASH in line with our in house rules for hygiene at every Bank facility to ensure the health and safety of our employees. In addition to this, we try to evaluate the quantity and quality of water for our employees on a continuous basis. We provide external service for sanitation and cleaning purposes. The service provider has a designated personnel for OHS. On the other hand, our OHS staff monitors the compliance of service provider against legal requirements such as the requirements of Labor Law and OHS regulations. The service provider is evaluated according to internal supplier criteria for social, environmental and ethical principles of the Bank during supplier selection processes.
Other contextual issues, please specify	Please select	

**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	We are exposed to water risks through our loan portfolio. We have financial products offered to customers active in agriculture, energy and industry. Water related risks may have negative or positive effects on these customers' businesses which in return may have effect on our business. For example, in case of water scarcity loans extended to agricultural or renewable energy sectors are more vulnerable while of our industrial clients are fragile against increased input costs or tighter regulations. We assess customer portfolio risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts. Other than that, we work with external consultants due to risk classifications of SEMS. Agricultural activities which are highly dependent on water availability constitute 11% of our total loan portfolio. Therefore it is important for the Bank to assess risks which may arise from agricultural loans. Besides, 11% of our branches located on possible water stress basins, we consider 78 Mio USD of our loan portfolio should be monitored more closely due to their relatively higher level of exposure to water risks. Moreover, we have introduced our customers with a specific type of loan which includes financing modern irrigation equipment in order to enable farmers use less water. We also carry out collaborations with national and international stakeholders for opportunities of water related projects. Other than that, we work with external consultants due to risk classifications of Social and Environmental Management System (SEMS)
Employees	Relevant, always included	We are responsible to provide water to our employees with enough quality and quantity for use, sanitation and cleaning purposes. Therefore, we always try to deploy water reservoirs in our self-managed buildings and branches across Turkey in different basins with different water risks. In addition to this, we supply bottled drinking water to all our facilities. Also, we held trainings for more than 2000 employees regarding the efficient consumption of water in 2018. In our offices and branches, one of the major risk for our employees is the water cut. So, currently to deal with shortages we have employed water tanks across our branch network. There are 108 water tanks deployed at our branches, also all the Regional Headquarters and General Headquarters buildings have water tanks in order to utilise in any water cut. Regardless, all employees are informed on the efficient use of natural resources through intranet and social media on special days such as UN World Water Day to raise awareness. Besides, in line with our responsible banking mission, we posted messages on social media on the water day in order to increase awareness among public.
Investors	Relevant, always included	As a part of our general risk management policy which is also regulated by the banking authority, we share our risk evaluations with our investors annually. Although water risks are not classified under a separate title, it can be considered a part of the risk evaluation process. It is a part of our sustainability strategy to take place in platforms that combat climate change, determine and assess the environmental and social impacts of conducting banking activities and work on minimizing these impacts. We voluntarily participate the CDP Water Programme which implies our pro-active approach to water related risks. In order to inform the stakeholders including investors, we disclose our sustainability performance through our annual report and also sustainability report which released biennially. Moreover, having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability performance.
Local communities	Relevant, always included	Our activities are not water intensive. However, we are following our customers' exposures through our Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts. Since SEMS regulations are in line with IFC Performance Standards, the assessment process for projects includes different criteria on local level.
NGOs	Relevant, always included	NGOs are one of the determinant stakeholders while also increase the benefit of the efforts put forth for sustainable development, and we cooperate with some NGOs to increase awareness. For example, we are an active member of BCSD Turkey, UNGC and UNEP-FI. We support sustainable development of Turkey through increased awareness and supporting scientific studies on this topic. Şekerbank is an active member of "Sustainable Agriculture Committee" BCSD Turkey and "Sustainable Finance Committee" at BCSD Turkey. As an output of studies through these memberships the Declaration on Sustainable Finance – a statement of commitment to consider environmental and social impacts in project finance was signed in September 2017. Şekerbank is one of the signatory banks of this declaration and also one of the most active committee members who strongly supported the working group for three years to this end.
Other water users at a basin/catchment level	Relevant, always included	Our activities are not water intensive. However, we are following our customers' exposures through our Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts regarding IFC Performance Standards. On the other hand, 7% of our branches deployed with photocell faucets last year. We also have changed toilet reservoirs with water saving ones of our 4 branches, thus the 97.1% of our branches are equipped with water saving toilet reservoirs. Also it has been planned that 8 other branches' faucets will be replaced with the water saving faucets
Regulators	Relevant, always included	Regulators ask for the comments made by financial institutions from time to time during the preparation or revision of legislations. In line with its leading role in financing sustainable development, Şekerbank always collaborates with regulators on invitation and contributes to studies enhancing the capacity of the Turkish financial sector in the field of sustainable banking. Şekerbank also closely tracks relevant events and organizations such as workshops held by regulators and participates where relevant. For example in 2016, Şekerbank was invited to join a workshop held by the Ministry of Environment and Urbanisation to comment on the financing energy efficiency. In the following months and while preparing for the proclamation of the National Energy Efficiency Action Plan, the ministry invited Şekerbank to share its recommendations on extending the taxonomy advantages considered for some loans through energy efficiency loans. The action plan was published at the beginning of 2018. Also we respond to the queries of the Banking Regulation and Supervision Agency on sustainable development issues for the finance sector and submit our comments when required. We are also a member of The Role of The Financial Sector in Sustainable Growth Working Group within The Banks Association of Turkey. The bank was also invited to attend the workshops for the 11th Development Plan of the State by The Ministry of Development on the preservation of the environment and natural resources where topics like natural accounting for the goods and services of the ecosystems and taxonomy of the loans pertaining to energy efficiency were addressed.
River basin management authorities	Relevant, always included	Agricultural activities which are highly dependent on water availability constitute 11% of our total loan portfolio. Therefore it is important for the Bank to assess risks which may arise from agricultural loans. We consider the data released by official bodies and NGOs on water availability at basin/catchment in Turkey and assess the risks due to the agricultural loans.
Statutory special interest groups at a local level	Relevant, sometimes included	Local communities' reactions for changes in the water resources are considered in project finance assessments. It is a priority that the loan applicant company should meet with the local communities to inform them on the planned project. Also, there should be a functioning complaint mechanism for locals. This issue is also monitored as a part of the credit assessments in the framework of the IFC standards in the context of SEMS.
Suppliers	Relevant, always included	Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were disclosed at our web site for the access to our stakeholders in 2018.
Water utilities at a local level	Not relevant, explanation provided	Our activities are not water intensive. However water withdrawal and discharge from our branches, regional headquarters and headquarters are conducted through the municipality infrastructure and required agreements are made with the relevant body at a local level.
Other stakeholder, please specify	Relevant, sometimes included	We carry out collaborations with national and international stakeholders for opportunities of water related projects.

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.**

Water availability and quality is critical for the continuation and sustainability of our operations. We monitor water consumption of our facilities and new locations for planned branches are evaluated by Construction Department and locations with flood risks are avoided. We are also exposed to certain risks through our loan portfolio. Agricultural activities which are highly dependant on water availability constitute 11% of our total loan portfolio. Therefore it is important for the Bank to assess risks which may arise from the agricultural loans. We consider the data released by official bodies and NGOs on water availability at basin/catchment and assess the risks accordingly. We monitor environmental risks through the SEMS, which is based on the analysis of environmental and social impacts regarding IFC PSs. A party to CDP Climate Change and Water Programs and the UNEP-Fi we expect suppliers to refrain activities which can violate the provisions of the initiatives. It is targeted to assure a certain level of awareness among the suppliers through social, environmental and ethical principles. It is aimed to apply a selection process based on compliance with the Bank's sustainability strategy. The principles will be published at our web site in 2018. NGOs are one of the determinant stakeholders for sustainable development to increase awareness. Şekerbank is an active member of "Sustainable Agriculture Committee" and "Sustainable Finance Committee" at BCSD Turkey. As an output of studies the Declaration on Sustainable Finance – a statement of commitment to consider environmental and social impacts in project finance was signed in September 2017. Şekerbank is one of the signatory banks of this declaration. Regarding other stakeholders, we are in contact with certain IFI for a project aiming to reduce the use of water at industrial facilities. We are screening our portfolio to choose the customers especially located in the river basins that we consider under water risk

**W4. Risks and opportunities**

**W4.1**

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

Yes, only within our direct operations

**W4.1a**

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

We assess our water risks from three different aspects: 1- Risks to our physical operations 2- Risks transferred to us through our customer portfolio . 3- Risks of our suppliers. We think that the first group of risks is limited and manageable. We already invested on infrastructure and can monitor our consumption on monthly basis from our Headquarters related to the facilities, we have renovation plans conducted yearly basis by related divisions of the Bank with a sustainable approach and we try to raise the awareness of our personnel in order to mitigate the risks. Last year, we also have changed our bottled water purchase process and began a centralised purchase system that allows our general management to monitor and measure the bottled water consumption closer. The second group of risks may have more important effects on our long-term business. Therefore, we try to follow and manage these risks through our "risk management" tools developed in-house. Water related risks may force us to further develop our product portfolio to a certain extent to include new products to mitigate or adapt to water risks, such as our modern irrigation systems for farmers under EKO kredi which helps increase water efficiency us for farmers. It is also important to note that Şekerbank is one of the leading privately owned domestic bank that is active in agriculture with its 11 % of total loan dedicated to agriculture which is highly sensitive to water risks. Therefore, we evaluate our risks for agricultural loans according to river basins. Since, 11% of our branches located on possible water stress basins, these branches extended around 17% of the total agricultural loans in 2017. Thus, we consider that 1.87% of our total loan portfolio should be monitored more closely due to they expose to water risks more than the others. We also try to develop a certain level of awareness of the sustainability approach of the Bank among the suppliers. The social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles will be published at our web site for the access of our stakeholders in 2018.

**W4.1b**

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	31	1-25	There are 31 branches located at the three river basins that we consider of having potential water risks. The loans extended via these branches to support agricultural facilities considered to be monitored closely.

**W4.1c**

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

**Country/Region**

Turkey

**River basin**

Other, please specify (Gediz)

**Number of facilities exposed to water risk**

7

**% company-wide facilities this represents**

1-25

**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**

Less than 1%

**Comment**

As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural loan portfolio might be negatively affected because of the loans extended to agriculture and industry in this region. (Turkey Water Risks Report, 2014)

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**Country/Region**

Turkey

**River basin**

Other, please specify (Buyuk Menderes Basin)

**Number of facilities exposed to water risk**

13

**% company-wide facilities this represents**

1-25

**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**

Less than 1%

**Comment**

As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural loan portfolio might be negatively affected because of the loans extended to agriculture and industry in this region(Turkey Water Risks Report, 2014)

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**Country/Region**

Turkey

**River basin**

Other, please specify (Konya Kapali Basin)

**Number of facilities exposed to water risk**

11

**% company-wide facilities this represents**

1-25

**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**

Less than 1%

**Comment**

As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural loan portfolio might be negatively affected because of the loans extended to agriculture and industry in this region. (Turkey Water Risks Report, 2014)

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W4.2

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

**Country/Region**

Turkey

**River basin**

Other, please specify (Gediz, Buyuk Menderes, Konya Kapali)

**Type of risk**

Physical

**Primary risk driver**

Increased water stress

**Primary potential impact**

Increased operating costs

**Company-specific description**

Only a few of our facilities are exposed to flood risks which are addressed at the facilities and included in the scope of Emergency Response Plans. Also planned locations for branches are evaluated by Construction Department of the Bank and locations with flood risks are avoided. Water availability and quality is critical for the continuation and sustainability of our operations at local level and we monitor water consumption of our branches considering the river basin they are located on. We are also exposed to certain risks through our loan portfolio. Agricultural activities which are highly dependent on water availability constitute 11% of our loan portfolio therefore it is important to assess risks which may arise from agricultural loans. We consider the data released by official bodies and NGOs on water availability at basin level and assess the risks accordingly. We monitor environmental risks through SEMS which is based on the analysis of environmental and social impacts regarding IFC PSs. We introduced a specific loan which includes financing modern irrigation equipment in order to enable farmers save energy and provide stakeholders benefit from the reduced use of water. We also reduced our water consumption at our facilities by deploying photocell faucets in 7% of our branches last year. Also by renovations 97.1% of our branches are equipped with water saving toilet reservoirs by the end of 2018. We plan to install water saving faucets at 8 other branches next year.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

Likely

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

78000000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact**

There are 31 branches located at the three river basins that we consider as having potential water risks. The loans extended via these branches to support agricultural facilities are considered to be monitored closely. The number calculated above is for 2018.

**Primary response to risk**

Greater due diligence

**Description of response**

11% of our branches are located on possible water stress basins (31 branches) and these branches extended around 19.7% of the total agricultural loans. Thus, we consider 2.01% of our total loan portfolio should be monitored more closely since they are exposed to water risks more than the others.

**Cost of response**

72056

**Explanation of cost of response**

To ensure water availability for daily use, we deploy water tanks at our branches and also provide water tanks at Regional and General Headquarters for water cut. Also we construct check valve systems at municipal sewage connection points to prevent flood and "water alarm" systems to protect our IT infrastructure. We replaced toilet reservoirs and faucets with water saving ones in many of our branches. The cost is calculated for 31 branches located at probable water stress areas. Cost is one off.

**W4.2c**

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

	Primary reason	Please explain
Row 1	Other, please specify (Framework is in approval process)	Şekerbank has developed social, environmental and ethical principles for its suppliers to apply a selection process. The main driving force to develop the principles is that; Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI), expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is targeted to assure a certain level of awareness of the sustainability strategy of the Bank among the suppliers. The principles were published at our web site for the access of our stakeholders in 2018. Water availability and quality is critical for the continuation and sustainability of our operations at the local level. Therefore we monitor water consumption of our branches considering the river basin they are located on. Besides, new locations for planned branches are evaluated by Construction Department of the Bank and locations with flood risks are avoided. In addition to this, we are exposed to certain risks through our financial products offered to customers. Agricultural activities which are highly dependent on water availability constitute 11% of our total loan portfolio. Therefore it is important for the Bank to assess risks which may arise from the agricultural loans. We consider the data released by official bodies and NGOs on water availability at basin/catchment in Turkey and assess its risks due to the agricultural loans. Moreover we monitor these environmental risks through the Social and Environmental Management System (SEMS). We are following our customers' exposures through our SEMS, which is based on the analysis of environmental and social impacts regarding IFC Performance Standards.

## W4.3

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### (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

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### (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

We have provided our customers in all segments with our EKO kredi loans, which finances energy efficiency investments, especially in agriculture. We have a credit line called EKO kredi Agriculture since 2009. The aim of this product is to introduce the idea of "efficiency" amongst the farmers in the fields of energy and water through introduction of modern irrigation systems, solar panel systems, and organic greenhouses. EKO kredi Agriculture includes financing modern irrigation equipment in order to enable farmers to reduce the use of water. In this way we aim to enable our customers to save energy and time. Şekerbank funds 100% of modern irrigation systems in agriculture so that farming families increase their productivity via sustainable farming. We carry out collaborations with national and international stakeholders for opportunities of water related projects

#### Estimated timeframe for realization

1 to 3 years

#### Magnitude of potential financial impact

Unknown

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

No, we do not have this figure

#### Potential financial impact figure (currency)

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

#### Explanation of financial impact

We have developed several products that can help mitigate water related risks and increase water efficiency. There are also some substitute and more affordable products provided by the state banks within the market. However, our products could be further improved in line with the customer needs. In this case, our targeted customers benefit from government supports and we could also receive high demand from our farmer customers. However we could not know clearly the potential financial impact of these products. In addition to that, we could indicate that these types of products are much more important for farmers located on possible water-stressed areas. Branches located on possible water stress basins extended around 19.7% of the total agricultural loans in 2018. Thereby, we could consider that these customers who are located on potential water-stressed areas and utilise loans from our bank could potentially use our products that can help mitigate water related risks.

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#### Type of opportunity

Efficiency

#### Primary water-related opportunity

Improved water efficiency in operations

#### Company-specific description & strategy to realize opportunity

Şekerbank, within the renovation budget of the branches, calculates both climate and water related issues. On water issues, we have deployed water tanks, changing the toilet reservoirs and changing the faucets with water saving ones. Every year 10-12 branches' renovation is planned.

#### Estimated timeframe for realization

1 to 3 years

#### Magnitude of potential financial impact

Unknown

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

No, we do not have this figure

#### Potential financial impact figure (currency)

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

#### Explanation of financial impact

As a result of renovation programme of the Bank and thanks to monitoring activities, the total amount of water withdrawal at these branches decreased from 1792 m3 to 1330 m3 as of 2018. Total withdrawals of these branches decreased by 25.8% in comparison with 2017. Since we have operations in over 70 different cities in Turkey and the water consumption unit price differs in each municipality, it is not applicable to collect all the pricing information due to lack of online disclosure.

### Type of opportunity

Markets

### Primary water-related opportunity

Stronger competitive advantage

### Company-specific description & strategy to realize opportunity

We carry out collaborations with national and international stakeholders for opportunities of water related projects. As a matter of fact we had discussions with a certain IFI to conduct a project aiming to reduce the use of water at industrial facilities in Turkey.

### Estimated timeframe for realization

1 to 3 years

### Magnitude of potential financial impact

Unknown

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

No, we do not have this figure

### Potential financial impact figure (currency)

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

### Explanation of financial impact

The launch of EKO kredi provided IFI interest at the Bank in utilising sustainability funds. By scaling up the EKO kredi the Bank also increased its brand value. Both extending the funds obtained from IFI's to the customers for energy efficiency with favourable interest rates and improving the conditions in the Bank allowed the Bank to also increase its competitive advantage in the market.

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## W5. Facility-level water accounting

### W5.1

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

#### Facility reference number

Facility 1

#### Facility name (optional)

Group of Şekerbank Branches and Other Buildings in Gediz River Basin (7)

#### Country/Region

Turkey

#### River basin

Other, please specify (Gediz River Basin)

#### Latitude

38.6141

#### Longitude

27.3687

#### 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)

0.75

#### Comparison of withdrawals with previous reporting year

About the same

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

0.75

#### Comparison of discharges with previous reporting year

About the same

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

0.77

#### Comparison of consumption with previous reporting year

About the same

#### Please explain

There are 7 branches in this Gediz river basin. The latitude and longitude information is the one which's withdrawal amount is the highest.

**Facility reference number**

Facility 2

**Facility name (optional)**

Group of Şekerbank Branches and Other Buildings in Buyuk Menderes River Basin (13)

**Country/Region**

Turkey

**River basin**

Other, please specify (Buyuk Menderes Basin)

**Latitude**

37.785063

**Longitude**

29.088406

**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)**

1.27

**Comparison of withdrawals with previous reporting year**

Lower

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

1.27

**Comparison of discharges with previous reporting year**

Lower

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

1.31

**Comparison of consumption with previous reporting year**

Lower

**Please explain**

There are 13 branches in this Buyuk Menderes river basin. The latitude and longitude information is the one which's withdrawal amount is the highest.

---

**Facility reference number**

Facility 3

**Facility name (optional)**

Group of Şekerbank Branches and Other Buildings in Konya Kapali River Basin (11)

**Country/Region**

Turkey

**River basin**

Other, please specify (Konya Kapalı Basin)

**Latitude**

37.87415

**Longitude**

32.485081

**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)**

1.09

**Comparison of withdrawals with previous reporting year**

Lower

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

1.09

**Comparison of discharges with previous reporting year**

Lower

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

1.12

**Comparison of consumption with previous reporting year**

Lower

**Please explain**

There are 11 branches in this Konya Kapalı river basin. The latitude and longitude information is the one which's withdrawal amount is the highest

---

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

**Facility reference number**

Facility 1

**Facility name**

Group of Şekerbank Branches and Other Buildings in Gediz River Basin (7)

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

0

**Brackish surface water/seawater**

0

**Groundwater - renewable**

0

**Groundwater - non-renewable**

0

**Produced/Entrained water**

0

**Third party sources**

0.75

**Comment**

There are 7 branches in this Gediz river basin and we obtain all withdrawals from municipality.

---

**Facility reference number**

Facility 2

**Facility name**

Group of Şekerbank Branches and Other Buildings in Buyuk Menderes River Basin (13)

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

0

**Brackish surface water/seawater**

0

**Groundwater - renewable**

0

**Groundwater - non-renewable**

0

**Produced/Entrained water**

0

**Third party sources**

1.27

**Comment**

There are 13 branches in this Buyuk Menderes river basin and we obtain all withdrawals from municipality.

---

**Facility reference number**

Facility 3

**Facility name**

Group of Şekerbank Branches and Other Buildings in Konya Kapali River Basin (11)

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

0

**Brackish surface water/seawater**

0

**Groundwater - renewable**

0

**Groundwater - non-renewable**

0

**Produced/Entrained water**

0

**Third party sources**

1.09

**Comment**

There are 11 branches in this Konya Kapali river basin and we obtain all withdrawals from municipality.

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## W5.1b

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

**Facility reference number**

Facility 1

**Facility name**

Group of Şekerbank Branches and Other Buildings in Gediz River Basin (7)

**Fresh surface water**

0

**Brackish surface water/Seawater**

0

**Groundwater**

0

**Third party destinations**

0.75

**Comment**

There are 7 branches in this Gediz river basin and we discharge all water to municipality network.

---

**Facility reference number**

Facility 2

**Facility name**

Group of Şekerbank Branches and Other Buildings in Buyuk Menderes River Basin (13)

**Fresh surface water**

0

**Brackish surface water/Seawater**

0

**Groundwater**

0

**Third party destinations**

1.27

**Comment**

There are 13 branches in this Buyuk Menderes river basin and we discharge all water to municipality network.

---

**Facility reference number**

Facility 3

**Facility name**

Group of Şekerbank Branches and Other Buildings in Konya Kapali River Basin (11)

**Fresh surface water**

0

**Brackish surface water/Seawater**

0

**Groundwater**

0

**Third party destinations**

1.09

**Comment**

There are 11 branches in this Konya Kapali river basin and we discharge all water to municipality network.

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## W5.1c

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

**Facility reference number**

Facility 1

**Facility name**

Group of Şekerbank Branches and Other Buildings in Gediz River Basin (7)

**% recycled or reused**

None

**Comparison with previous reporting year**

About the same

**Please explain**

We do not use any recycled water in our operations.

---

**Facility reference number**

Facility 2

**Facility name**

Group of Şekerbank Branches and Other Buildings in Buyuk Menderes River Basin (13)

**% recycled or reused**

None

**Comparison with previous reporting year**

About the same

**Please explain**

We do not use any recycled water in our operations.

---

**Facility reference number**

Facility 3

**Facility name**

Group of Şekerbank Branches and Other Buildings in Konya Kapali River Basin (11)

**% recycled or reused**

None

**Comparison with previous reporting year**

About the same

**Please explain**

We do not use any recycled water in our operations.

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W5.1d

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

**Water withdrawals – total volumes**

**% verified**

76-100

**What standard and methodology was used?**

Şekerbank's total water withdrawal for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006

**Water withdrawals – volume by source**

**% verified**

76-100

**What standard and methodology was used?**

Şekerbank's total water withdrawal for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006

**Water withdrawals – quality**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

**Water discharges – total volumes**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

**Water discharges – volume by destination**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

**Water discharges – volume by treatment method**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

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

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

**Water discharge quality – temperature**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

**Water consumption – total volume**

**% verified**

76-100

**What standard and methodology was used?**

Şekerbank's total water consumption for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006

**Water recycled/reused**

**% verified**

Not verified

**What standard and methodology was used?**

We have not verified our data for 2018.

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## W6. Governance

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### W6.1

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

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

**W6.1a**

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitment to stakeholder awareness and education Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change Other, please specify (Other policy, noted in comment box below)	Availability and quality is critical for the continuation of agricultural activities which are highly dependent on water, constitute 11% of our total loan portfolio. Therefore it is important for us to assess risks which may arise from the agricultural loans. We monitor these environmental risks through the Social and Environmental Management System (SEMS), which is based on IFC Performance Standards. SEMS is an integrated part of our credit application process. Also it is targeted to assure a certain level of awareness through social, environmental and ethical principles among the suppliers, in line with the Bank's sustainability strategy. Our sustainability policy is published on our company website. <a href="https://www.sekerbank.com.tr/docs/default-source/english_doc/regulation-on-sustainable-development.pdf?Status=Master&amp;sfvrsn=2">https://www.sekerbank.com.tr/docs/default-source/english_doc/regulation-on-sustainable-development.pdf?Status=Master&amp;sfvrsn=2</a> (Regulation on Sustainable Development)

**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
Other C-Suite Officer	The Executive Vice President of Strategy (Chief Strategy Officer) coordinates water risk management throughout the year in collaboration with the Sustainable Development Banking Department and with cooperation from other departments such as Project Finance, FI. The EVP then reports the process to the CEO and Board of Directors regularly.

**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	Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	Once a year for policy matters issues and twice a year for financial matters. Also some scheduled meetings are organised with our board members.

**W6.3**

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

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

Other C-Suite Officer, please specify (Chief Strategy Officer)

**Responsibility**

Other, please specify (Incorporating and aligning the global Sustainable Development Goals into Bank projects, as well as analyzing Bank projects through the lens of the banks' sustainable development strategy.)

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

With awareness for sustainability vision and a deep rooted knowledge in banking Şekerbank has determined financing sustainable development as the main basis for its operations by aiming to increase the value it adds to its customers, shareholders, employees, the public and the environment. The sustainability principles, which are determined and monitored at Şekerbank's Board of Director's level and executed by the General Manager (CEO) and Executive Vice President (Chief Strategy Officer), are integrated with the Bank's main fields of operation and are implemented in coordination with all administrators as well as the field. In 2015, the Sustainable Development Department was established under the EVP of Strategy (Chief Strategy Officer). The SDB department's main functions include incorporating and aligning the global Sustainable Development Goals into Bank projects, as well as analyzing Bank projects through the lens of the banks' sustainable development strategy.

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

**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?**

In 2016, Şekerbank invited to join the workshop held by the Ministry of Environment and Urbanisation to comment on the financing energy efficiency. In the forthcoming months and while preparing for the proclamation of the National Energy Efficiency Action Plan, the ministry invited Şekerbank to contribute to the taxonomy of the loans will be extended through energy efficiency. The bank also has been invited to the workshops for 11th Development Plan of the State by The Ministry of Development on preservation of environment and natural resources where the topics like natural accounting for the goods and the services of the ecosystems and taxonomy of the loans will be extended through energy efficiency has been addressed. Also we respond to the queries of Banking Regulation and Supervision Agency through Turkish Banks Association on sustainable development issues for the finance sector and submit our comments when required. We are also a member of The Role of The Financial Sector In Sustainable Growth Working Group.

**W6.6**

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

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

**W7. Business strategy**

**W7.1**

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	In order to define strategic business plans related with water issues, we follow DSI's (State Hydraulics Works), short term and long term water policies and strategies. As DSI's long term strategy defined as 2030 goals, we have selected 11-15 time horizon for our long-term business plan. According to DSI, the amount of water available for human consumption is 1519 m3/year, and it is expected to be 1120m3/year in 2030 based only on the projected population increase. Our loans for agricultural purposes are a significant part of our loan portfolio and more exposed to water risks than the others, therefore we evaluate risks for agricultural loans based on river basins. The basins of different index values with respect to Falkenmark Indicators also have different problems with respect to water including water availability, water contamination etc. Gediz, Buyuk Menderes and Konya Kapali basins carry the highest water risk which may affect the Bank in terms of client potential and our agricultural loan portfolio might be negatively affected, by the loans extended to agriculture and industry in this region(Turkey Water Risks Report, 2014), so that they need to be monitored closely. We also introduced a specific type of loan which includes financing modern irrigation equipment in order to reduce water use. Besides we evaluate methods for reducing water consumption at all our facilities including 272 branches, 9 Regional Headquarters and 2 Headquarters.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Şekerbank combats water risks by; 1. Applying SEMS to its loan portfolio 2. Increasing operational control over the consumption without compromising from sustaining the sufficient amount of water for all 3. Introducing appropriate products to mitigate the water related risks
Financial planning	Yes, water-related issues are integrated	11-15	Şekerbank, within the renovation budget of the branches, considers both climate and water related issues. On water issues, we have deployed water tanks, changing the toilet reservoirs and changing the faucets with water saving ones. Every year 10-12 branch renovations are planned as a bank with 272 branches, we are forecasting the end year of our renovation plan could be 2030. On the other hand, Şekerbank monitors and evaluates the loan portfolio risks by sector as a regulator requirement, within this framework, loans extended to agricultural sector have been addressed.

**W7.2**

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

**Row 1**

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

0

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

0

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

-1

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

2

**Please explain**

Operational costs related to withdrawals is decreased by 1% due to the amount of water used at the facilities of the Bank despite of the 12,4% increase of the price. We are expecting our total consumption to be further decreased nonetheless we are expecting unit prices to be increased next, this is why the anticipated OPEX ratio is estimated to be increased by 2%.

**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	No, but we anticipate doing so within the next two years	As a leading bank in Turkey's private sector banking with regard to sustainable development financing, we are well aware of the financial system's exposures to climate-related risks. We participate in events, webinars and follow publications regarding TCFD. Moreover, we plan to obtain consultancy services for capacity building to get ready for TCFD recommendations.

**W7.4**

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

**Row 1**

**Does your company use an internal price on water?**

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

**Please explain**

As a bank, our activities are not water intensive and except for the leakage from our infrastructure from time to time, water consumption is mainly based on our employees. However employee's consumption is limited since the bank assures awareness of the employees on water related issues by trainings and also provides maintenance of infrastructure on a timely basis. Therefore internal price on water is not considered to be calculated.

**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 Site/facility specific targets and/or goals Brand/product specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Since the bank invested in the infrastructure to collect the data related to water consumption for both bottled water and withdrawn water, we can monitor consumption amounts accurately and the system helped the bank to realise its targets in the past years. This infrastructure also helped the related departments to improve their monitoring skills and the operational control of the headquarters over water related issues, thus the bank anticipates to reduce water consumption in its facilities 7% by 2030. The bank also would like to set business targets related to its water efficiency product for modern irrigation systems when the subsidies of the government have ended.

## 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 consumption

#### Level

Company-wide

#### Primary motivation

Commitment to the UN Sustainable Development Goals

#### Description of target

The bank anticipates to reduce the water consumption in its facilities 7% by 2030.

#### Quantitative metric

% reduction in total water consumption

#### Baseline year

2016

#### Start year

2017

#### Target year

2030

#### % achieved

0

#### Please explain

Although our total consumption is higher than the amount in baseline year, our total water consumption is decreased by 5% compared to 2017. We believe that our dedicated budget and increasing efficiency of the materials have been used for renovation of the branches would help to achieve our goals by 2030.

#### Target reference number

Target 2

#### Category of target

Monitoring of water use

#### Level

Company-wide

#### Primary motivation

Cost savings

#### Description of target

We will try to monitor all of our facilities. There are 2 branches and 3 regional headquarters data is missing for this reporting period.

#### Quantitative metric

% sites monitoring water withdrawals total volumes

#### Baseline year

2016

#### Start year

2016

#### Target year

2020

**% achieved**

98

**Please explain**

Since we invested in infrastructure that improved our monitoring capability the accuracy of the data reached to 98%. But as of report date it was not possible to collect data from 5 of the facilities (3 regional offices and 2 branches) since the facilities are located in places where more than one business places exist and the facilities use shared water. The amount of water and the invoices are not accurate on facility basis. In addition, two years ago we changed our bottled water purchasing process and began a centralised purchase system that allows our general management to monitor and measure the bottled water consumption closer.

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**Target reference number**

Target 3

**Category of target**

Water, Sanitation and Hygiene (WASH) services in the community

**Level**

Company-wide

**Primary motivation**

Commitment to the UN Sustainable Development Goals

**Description of target**

The water saving reservoir numbers planned to reach 46.

**Quantitative metric**

Other, please specify (WASH % increase for Bank staff-customers)

**Baseline year**

2016

**Start year**

2016

**Target year**

2030

**% achieved**

82.6

**Please explain**

We have started to change the faucets of our branches with water saving ones, thus far We have changed 38 faucets.

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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**

Promotion of sustainable agriculture practices

**Level**

Business activity

**Motivation**

Increased revenue

**Description of goal**

Our aim is to reach out 65.000 farmer families by the end of 2022.

**Baseline year**

2017

**Start year**

2017

**End year**

2022

**Progress**

In 2018 we reached out to 40.000 farmer families and the 284 million USD loans extended.

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**W9. Linkages and trade-offs**

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**W9.1**

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

Yes

## W9.1a

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

**Linkage or tradeoff**

Linkage

**Type of linkage/tradeoff**

Decreased GHG emissions

**Description of linkage/tradeoff**

Improving water efficiency and sustainable agriculture in Turkey

**Policy or action**

Our financial product called EKOcredi aims to target increasing efficiency in farming practices in Turkey. Our product also helps combating against climate change through increased energy efficiency in agriculture. We calculated that the emission reduction achieved through our all EKOcredi products is around 6.3 million tonnes CO2 as of the end of 2018.

**Linkage or tradeoff**

Linkage

**Type of linkage/tradeoff**

Other, please specify (Water Scarcity)

**Description of linkage/tradeoff**

Improving water efficiency will support producers operating in the water risk areas.

**Policy or action**

We have had discussions with a certain IFI to conduct a project aiming to reduce the use of water at industrial facilities in Turkey. We are assessing the industrial facilities which operate in the river basins with potential water risk exposure.

## W10. Verification

### W10.1

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

No, but we are actively considering verifying within the next two years

## W11. Sign off

### W-FI

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

### W11.1

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

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

### W11.2

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

Please select

[Submit your response](#)

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms