Welcome to your CDP Water Security Questionnaire 2022

W0. Introduction

W0.1

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

Heading towards celebrating its 100th anniversary in 2024, İşbank has been operating as the symbol of trust and stability in all segments of the society with all the values it has created. Established as the 1st national bank of the Republic, İşbank has been one of the prominent economic actors in the country with its support for economic development. İşbank leads the banking sector in Turkey with its products and services offered in the corporate, commercial, retail and private banking segments. İşbank Group is an integrated group with its subsidiaries operating in many sectors. As of the end of 2021, İşbank has direct partnership in 29 companies. The number of companies controlled directly/indirectly by Bank is 132. With its wide shareholder base, the number of İşbank shareholders is nearly 175 thousand. İşbank Member's Supplementary Pension Fund, an institution that has the membership of nearly 49 thousand employees and retirees, holds 37.26% of the Bank's capital. Representing trust and prestige in the eyes of society, İşbank's 22,802 employees serve approximately 21 million customers as of 2021 year-end. With its total asset size of TRY 926.6 billion along with 1,174 domestic branches & 6,476 ATMs in total, İşbank is the largest private bank in Turkey. With its 21 overseas branches in total, the Bank provides services in 14 branches in the Turkish Republic of Northern Cyprus, two each in the UK, Iraq, Kosovo, and one in Bahrain. Alongside its widespread branch network, İşbank expands its digital service channels day to day and strengthens its competitive position. Global trends, social risks imposed by population growth and inequality, environmental factors related to climate change, and increasing transparency expectations from all stakeholders have been redesigning ways of doing business in the banking sector as well as in many others. This transformation process, offering opportunities if well managed in addition to a number of threats it brings along, obliges banks, which are among the key elements of sustainable development, to implement new approaches in business models. We, as the "Bank of Turkey," both contribute to the national economy & social development in line with our founding philosophy & adapt the change and transformation with a holistic viewpoint. Within this framework, we fulfil the commitments of the

Principles of the UNGC, and thus contribute to the SDGs with a responsible financing approach, which handles economic, social & environmental effects as a whole. We have updated our material issues in the field of sustainability considering risks & opportunities and analysed the global trends that have an influence on our operations, in 2021. Sustainability priorities were revised in accordance with the AA1000 Stakeholder Engagement Standard in such a way that it reflected the opinions of İşbank employees and external stakeholder expectations. Sustainability has been placed among the strategic priorities, and it has been integrated into core business by embedding ESG considerations into risk management processes, product & service development and long-term strategies at İşbank. As a financial institution, we are aware of our responsibility in transitioning to carbon neutral economy. In 2020, İşbank has determined its emission reduction strategy and targets to become a carbon-neutral bank in terms of environmental impacts arising directly from its operations. We have further strengthened our commitment to supporting the transition to a net-zero economy by joining the industry-led, UN-convened Net-Zero Banking Alliance (NZBA) in 2022. The Alliance brings together banks worldwide committed to aligning their portfolios with net-zero emissions by 2050 in line with the targets set by the Paris Climate Agreement. İşbank provides financial support for renewable energy projects and diversifies the portfolio of environment-friendly products. As of the end of 2021, renewable energy projects accounted for 71% of the total energy generation projects portfolio. While the financing for renewable energy increases, İşbank continues to reduce financing share of energy generation from coal and natural gas fired power plants in the energy portfolio. “Loans for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation” have been added to the Exclusion list in 2020, İşbank has taken another step to lead the sector and decided not to finance “new coal mining investments” and “gold mining conducted by using cyanide” in 2021. Moreover, the Bank develops collaborations with international financial institutions to finance renewable energy and energy efficiency. The weight of products that support the green economy, such as sustainability-linked syndicated loans, sustainability-linked loans, Solar Loan by İşbank, Energy Efficiency Loan, Irrigation Systems Loan, Marine Conservation Loan, in the Bank's product portfolio is increasing day by day.

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, 2021	December 31, 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	TRAISCTR91N2 (for Group C shares)

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	As a business in banking and financial services sector, İşbank's direct and indirect operations do not use water as an input for processes. Water is mainly used for sanitation, hygiene purposes and human use. İşbank cares about the quality of employee health and hygiene conditions by providing good quality freshwater for human consumption. Water is critical for human life and well-being. That is why we strive for procuring an important amount of freshwater in our facilities for human use. Drinking water for our Main Facilities (the Head Office (Kule), Tuzla Technology and Operation Center (TUTOM), Ankara Technology and Operation Center (ATOM), and Atlas Data Center) and branches is provided by contracted institutions and suppliers that meet certain conditions. Hence, direct use importance rating is considered to be "important". On the other hand, for indirect use category, since the activities include the operations and outcomes of our portfolio, meaning the environmental aspects of our customers and respective projects financed by İşbank, the Bank provides an Environmental and Social Risk Assessment procedure during credit underwriting process that includes the assessment of water-related risks and relevant action plans of these projects. Therefore, for the quality of freshwater; İşbank's indirect use importance rating is considered to be "important". Turkey is among the list of water stressed countries and İşbank owns a nation-wide coverage in terms of branch network. The fact that water is getting scarce may affect the direct and indirect importance rating of water quality and cause future dependency to increase. As İşbank, we plan to deal with such situation by following closely the latest technologies on water efficient performances present in the market.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	As a business in banking and financial services sector, İşbank does not depend on recycled, brackish and/or produced water for use in its direct or indirect operations. Since water is mainly used for domestic purposes, WASH services and human use, water sourced must be ready to use without passing through any additional process. Therefore, both direct use importance rating and indirect use importance rating for recycled, brackish and/or produced water are considered to be "neutral". İşbank is striving for efficient

			use of water. That is why İşbank is working towards collection, purification and reuse of rainwater and aims a decrease in the use of water. To provide water efficiency in our Head Office, TUTOM and Atlas Data Center Buildings, rainwater coming from precipitation is collected and reused after relevant purification processes applied. Through these reusing applications, İşbank has recycled/reused 7.946 megaliters/year of water in 2021. The bank aims for increasing the amount of rainwater collected through a number of infrastructural improvements. Considering the fact that water is getting scarce, the importance for both our direct and indirect operations may increase in the following years.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Water for İşbank operations is procured from relevant municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ) and other third party sources. Total water withdrawal volume is monitored and collected through water bills monthly for our Main Facilities (the Head Office (Kule), Tuzla Technology and Operation Center (TUTOM), Ankara Technology and Operation Center (ATOM), and Atlas Data Center) and our branches. Total water withdrawal volumes are recorded by İşbank's related divisions and reported regularly on a monthly basis.
Water withdrawals – volumes by source	100%	Water for İşbank's operations is procured from relevant municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ) and third party sources. All facilities of İşbank consume municipal water and drinking water for domestic use and human consumption respectively. Withdrawn water volumes are recorded and monitored through water bills in terms of municipal and purchased water. Therefore, İşbank keeps track of the volume of water withdrawn by its source regularly on a monthly basis.

Water withdrawals quality	100%	Water for İşbank operations is procured from relevant municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ) and other third party sources. Water withdrawal quality is monitored by these relevant municipalities and authorities in accordance with the applicable rules and regulations. Municipalities are in charge of controlling the quality of water withdrawn regularly by checking its parameters such as its pH, turbidity, odor, minerals, etc. After being controlled, then water becomes available for domestic use (excluding drinking water). In addition, İşbank takes samples and monitors the quality of its tanker water before the allowance for human use. The samples are controlled in accredited laboratories and reported accordingly. All facilities of İşbank use the water of which its parameters are approved by relevant authorities.
Water discharges – total volumes	100%	Water discharges from İşbank facilities are sent to relevant municipal and authority treatment plants. Then, they carry out treatment in line with the standards set by municipalities and/or authorities. Water is mainly used for sanitation, hand washing and waste disposal. However, unlike last year's reporting content; this year the amount of water consumed by humans (drinking purposes, brewing tea/coffee, etc.) are also considered and its data are included in the reporting content. For that matter, total water discharges for İşbank is controlled and monitored on a monthly basis through water bills. Water discharges include the water withdrawal for domestic use and water collected from precipitation. Total volume of such use is discharged entirely to the sewage system of the relevant municipality.
Water discharges – volumes by destination	100%	Water discharges from İşbank facilities are sent to relevant municipal and authority treatment plants. Then, they carry out treatment in line with the standards set by municipalities and authorities. 100 % of the Bank’s wastewater is sent to treatment plants, which is controlled and monitored regularly by water bills of municipality on a monthly basis. The entire volume of wastewater ends up at the treatment plant of the municipality, which counts for third party destinations.
Water discharges – volumes by treatment method	Not relevant	Water discharges from İşbank facilities are sent to relevant municipal and authority treatment plants. Then, they carry out treatment in line with the standards set by municipalities and

		authorities. Discharged water goes through the processes, methods and standards set by those relevant municipalities and authority. Being a business in banking and financial services sector, we only produce domestic wastewater. We do not produce industrial wastewater that would result from our operational activities. Hence, as a banking sector company, İşbank is not required to perform wastewater treatment for our discharged water in our facilities. Therefore, it is not relevant for us to track the treated water volume since the wastewater is sent to municipality's sewage system directly. It will not be relevant to track the treated water volume for the future because İşbank will continue to discharge all of its domestic wastewater to municipality's sewage system in the following years.
Water discharge quality – by standard effluent parameters	100%	Water discharges from İşbank facilities are sent to relevant municipal and authority treatment plants. Then, they carry out treatment in line with the standards set by municipalities and/or authorities. İşbank directly discharges water to municipalities and/or authorities therefore it is not possible to keep track of the effluent parameters of the discharged water. The discharge parameters are monitored and checked through municipalities, which fulfills the requirements.
Water discharge quality – temperature	Not relevant	Water discharges from İşbank facilities are sent to relevant municipal and authority treatment plants. Then, they carry out treatment in line with the standards set by municipalities and/authorities. The required discharge parameters are met by carrying out relevant treatment techniques through municipalities. According to its activities, İşbank discharges only domestic wastewater into the system, therefore the temperature characteristic of municipal wastewater is not affected from our discharged water. Therefore, it is not relevant to consider the temperature criteria. It will not be relevant for İşbank's wastewater to affect the temperature of domestic wastewater for the future because İşbank will continue its operations, which only result in the discharge of domestic wastewater in the following years.
Water consumption – total volume	100%	Water consumption of İşbank consists of water consumed through human use such as drinking purposes and water used in kitchen services. Water consumption is measured by third party sources' bills of purchased potable water on a monthly basis, which include the amount of water consumed in our Main Facilities and our

		branches. Drinking water is supplied via water tankers and other third party sources that provide bottled water.
Water recycled/reused	1-25	In İşbank's biggest facilities such as our Head Office (Kule), TUTOM and Atlas Data Center buildings, rainwater is collected in tanks. After being filtered, it is used for filling up the flush tanks and watering the WCs. Collected and used rainwater is calculated through the processes set by İşbank. In 2021, rainwater collected in our Main Facilities are 4.52 megaliters/year in TUTOM, 0.41 megaliters/year in Atlas Data Center and 3.01 megaliters/year in our Head Office Building. These values are reported and monitored on a monthly basis by relevant divisions of our bank.
The provision of fully-functioning, safely managed WASH services to all workers	100%	100% Water is mainly used for sanitation, hand washing and waste disposal. WASH services that are available for all employees are essential for İşbank. That is why, in all facilities of İşbank, the provision of fully-functioning, safely managed WASH services to all employees is of high priority. In case of any water shortages, our Head Office, ATOM and TUTOM buildings hold their own water storage tanks, which provide water for domestic use. Municipalities are in charge of controlling the quality of water withdrawn regularly by checking its parameters such as its pH, turbidity, odor, minerals, etc. on a monthly basis. After being controlled, then water becomes available for domestic use (excluding drinking water). In addition, İşbank takes samples and monitors the quality of its tanker water monthly before the allowance for human use.

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	275.64	Lower	Total water withdrawal is the sum of water used by all facilities of İşbank, including our Main Facilities (the Head Office (Kule), Tuzla Technology and Operation Center (TUTOM), Ankara Technology and Operation Center (ATOM), and Atlas Data Center) and branches. In our case for total withdrawal value, we include water withdrawn from the municipality, the amount of rainwater collected and water used for human consumption. The amount of total water withdrawn from the municipal water sources counts for 262.23 megaliters/year and İşbank collects its rainwater and reuses it after relevant treatment, which counts for 7.95 megaliters/year. Water used for human consumption has been measured as 5.47 megaliters/year for the reporting year, which has also been added to total water withdrawal volume. The volume of water withdrawn from the municipality is monitored and collected through water bills, the amount of rainwater collected is measured through water meters and water for drinking purposes data is measured from the bills of purchase prices of the bank. All efficiency and improvement efforts made within the scope of ISO 14001 management system as well as the reduced number of workforce at the Bank facilities due to COVID-19 precautions, have resulted in considerable reduction in water use compared to the previous year. In 2021, in order to increase water efficiency, İşbank started to install aerators on the batteries in the WC areas. The water flow rate, which is 5 to 9 L/min depending on the brand/model in existing old type faucets, is reduced to 1.3~1.9 L/min. ", 75% savings achieved in the replaced batteries, and it is aimed to save 15% water in total usage. In 2022, 3 floors in the Head Office will be completely renewed (including WC and kitchen areas) and vertical fresh water pipelines (at least in 30 floors) will be renewed to prevent possible leaks from old pipelines, which will result in decreased water withdrawal volumes for the future.
Total discharges	270.17	Lower	100% of İşbank's wastewater is discharged into the municipal sewage system. Water is mainly used for sanitation, hand washing and waste disposal purposes. Total discharged water is the sum of water withdrawn from third party sources, which are the amount of water withdrawn from the municipality that is monitored through water bills and water collected through rainwater collection system inserted in 3 buildings of Main Facilities where monitored by the water meters . As well as all municipal water withdrawn becomes wastewater, the collected rainwater is treated and reused also becomes wastewater and is sent to discharge point.

			All efficiency and improvement efforts as well as the reduced number of workforce at the Bank facilities due to COVID-19 precautions have resulted in 12.27 megaliters of reduction in total discharge compared to the previous year. Improvement efforts such as activities related to renewals and corrective maintenance of the plumbing system of our facilities resulted in reducing the water leakages and relative water accidents. For the following years starting from 2022, 3 floors in the Head Office will be completely renewed (including WC and kitchen areas) and vertical fresh water pipelines (at least in 30 floors) will be renewed to prevent possible leaks from old pipelines which will result in decreased water discharge volumes for the future.
Total consumption	5.47	Lower	As a business in banking and financial services sector, İşbank's direct and indirect operations do not use water as an input for processes. Water is mainly used for sanitation, hand washing and waste disposal. By means of total withdrawal; that would comprise the withdrawal volumes of all our facilities, which are the Main Facilities and all our branches, is calculated as such: Sum of total consumption and total discharge are equal to total withdrawal volume. For the previous reporting year, water volume through human consumption for all our facilities was not included in the calculations, however this year the values are gathered and incorporated in the results. Total water consumption of İşbank counts for 5.63 megaliters/year for the previous year. Resulting values are collected from our Main Facilities and branches. The comparison has been made with the previous year's consumption volume and due to COVID-19; employees experiencing hybrid-working model, there has been a decrease in the water consumption amount. Due to uncertainties in COVID-19 pandemic situations, our working model may change in each direction, being hybrid or conventional in the future. Hence, it would not be possible to determine the future trend of water consumption of our facilities for the following years.

W1.2d

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain

Row 1	Yes	76-99	About the same	WWF Water Risk Filter	As İşbank, for determining the proportion of withdrawals from water stressed areas, we have benefited from WWF Water Risk Filter Tool that enables companies to prioritize action on addressing water risks for enhancing business resilience and contributing to a sustainable future. The Water Risk Filter helps to make analysis on overall water risks of companies. Overall risk is a comprehensive risk layer which aggregates three water risk types: physical, regulatory, and reputational - aligned to the UN Global Compact CEO Water Mandate framework. As the risk filter ranges between 1.0 – 5.0; the risk score of Turkey is calculated as 2.94 (medium), which ranks 140th place in the list of countries around the world. Our Main Facilities (the Head Office (Kule), Tuzla Technology and Operation Center (TUTOM), Ankara Technology and Operation Center (ATOM) and Atlas Data Center) of İşbank are located in Marmara Region and Central Anatolian Region, whereas the rest of the facilities (branches and regional offices) are spread throughout the country. During the Risk Analysis, we have marked the branches in a geographical-region based manner on the map and reached an indication on the intensities of our branches' water withdrawal where the water risks are higher/lower in which regions of the country. With this methodology, we acquired the areas with less water stress. According to calculations conducted by İşbank in WWF's Water Risk Filter Tool, the branches located in Black Sea Region withdraw water from less water stressed areas that contributes to 6.8% of the overall sources of water withdrawal distribution in the country. Therefore, it is obtained that 93.2% of İşbank's water withdrawal is from water stressed areas and the rest is considered to withdraw water from lower water stressed areas.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	7.95	Much higher	In İşbank's Head Office, TUTOM and Atlas Data Center facilities, with the help of proper piping system, rainwater is collected and stored in tanks. After filtering, rainwater is used for filling up the flush tanks and watering the WCs. İşbank has recycled/reused 7.95 megaliters/year of water in 2021. In 2021, collected rainwater amounts are 4.52 megaliters/year for TUTOM, 0.41 megaliters/year for Atlas Data Center and 3.01 megaliters/year for the Head Office. These values are almost doubled in this reporting year compared to previous one due to improved infrastructure and capacity of İşbank's rainwater collection systems and proper maintenance and close monitoring applications.
Brackish surface water/Seawater	Not relevant			İşbank's withdrawals do not include brackish surface water/seawater. İşbank uses third party sources being water supplied from municipalities and via tankers. Therefore, withdrawals from brackish surface water or seawater is not relevant for İşbank's water withdrawal.
Groundwater – renewable	Not relevant			İşbank does not use groundwater for its domestic purposes. Water for İşbank operations is procured from relevant municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ). Renewable groundwater is not counted among the sources from which İşbank withdraws water.

Groundwater – non-renewable	Not relevant			İşbank does not use non-renewable groundwater for its domestic purposes. Water for İşbank operations is procured from relevant municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ). Non-renewable groundwater is not counted among the sources from which İşbank withdraws water .
Produced/Entrained water	Not relevant			İşbank's water supply comes from municipalities and the only close approximation of producing water could be İşbank's rainwater collection and usage. Apart from this, İşbank does not withdraw produced/entrained water.
Third party sources	Relevant	267.7	Lower	Most of İşbank's water is sourced from municipalities and authorities such as Istanbul Water and Sewerage Administration (İSKİ) and total water withdrawal volume is monitored and collected through water bills on a monthly basis. Other than domestic use, drinking water is supplied by water tankers and bottled water.Total water withdrawal from third party sources includes water withdrawn from municipality and amount of drinking water supplied via water tankers and bottled water. All efficiency and improvement efforts as well as the reduced workforce at İşbank facilities due to COVID-19 precautions have resulted in a reduction in water use compared to the previous year. Due to COVID-19 pandemic, our employees have experienced the hybrid working model which resulted in less water demand in our Main Facilities therefore, lower volumes of water withdrawal compared to 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			İşbank withdraws its water from municipality and discharges it into sewage system directly. The wastewater discharged from all facilities of the bank does not meet with fresh surface water as a discharge destination.
Brackish surface water/seawater	Not relevant			İşbank withdraws its water from municipality and discharges it into sewage system directly. The wastewater discharged from all facilities of the bank does not meet with brackish surface water or seawater as discharge destinations.
Groundwater	Not relevant			İşbank withdraws its water from municipality and discharges it into sewage system directly. The wastewater discharged from all facilities of the bank does not meet with groundwater as a discharge destination.
Third-party destinations	Relevant	270.17	Lower	Water withdrawal is taken as the sum of water used for domestic purposes, rainwater collected and water used for drinking purposes. Regarding such, total water discharged to 3rd party destinations include wastewater discharge to municipal sewage system directly, which is the sum of collected rainwater used for filling up the flush tanks and watering the WCs and domestic wastewater. All water discharges from the buildings of İşbank are sent to municipal sewage system that is included in the 3rd party destinations. After the water is discharged, relevant municipal and authority treatment plants are in charge. All efficiency and improvement efforts and reduced number of workforce at the Bank facilities due to COVID-19 precautions have resulted a reduction in discharge compared to the previous year. Improvement efforts such as activities related to renewals and corrective maintenance of plumbing system of our facilities resulted in reducing water leakages and relative water accidents.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	45,837,737,000	275.64	166,295,664.635031	Total water withdrawal efficiency is expected to increase due to anticipated decrease in total water withdrawal volumes. With the innovations and improvements in our water plumbing systems and rainwater collection systems, amount of water withdrawn will decrease in the following years.In addition, we expect a considerable increase at the revenue side, which will further contribute to the increase in efficiency.

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

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

Row 1

% of suppliers by number

1-25

% of total procurement spend

51-75

Rationale for this coverage

Considering the importance of water efficiency, we take water-related risks and opportunities into account not only in our direct operations, bu also throughout our value chain. In accordance with our Sustainability Policy, we strive to minimize the negative environmental and social impacts arising from our suppliers and to maximize positive impacts. Within the scope of Supplier Code of Conduct approved by the Board of Directors, we expect our suppliers to meet certain requirements like having a written environmental / sustainability policy in line with the size and nature of their activities to prevent, reduce and control adverse environmental impacts arising from their activities.

In addition to these requirements expected , suppliers from which the Bank procures a large amount of products/services are requested to reply a Supplier Sustainability Performance Measurement Survey which includes 35 questions in the main fields of environment, labor and human rights, ethics and sustainable procurement. Under the environment pillar of the survey, suppliers are requested to answer questions related to water management and waste management. Suppliers who take the survey represent 71% of the procurement spend and 5.2% of suppliers by number for 2021. This survey was intended to see the current status of suppliers in terms of sustainability and to raise awareness of sustainability among suppliers.

Impact of the engagement and measures of success

Supplier Sustainability Performance Measurement Survey consists of questions encompassing environment, ethics and employee rights. The questionnaire includes water-specific questions. In terms of water-related issues, the questionnaire requests information on water management policies, reporting practices and actions to increase water efficiency of the supplier companies. The information is used to determine whether the supplier in question has relevant processes and/or applications in place to manage water-related issues with care and effectiveness. The survey gives us an opportunity to make a due diligence about our suppliers' sustainability performance.

Comment

W1.4b

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

Type of engagement

Onboarding & compliance

Details of engagement

Other, please specify

Compliance with corporate Sustainability Policy and Supplier Code of Conduct

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

We expect each of our suppliers to comply with the current Sustainability Policy and Supplier Code of Conduct, both of the policies are approved by Board of Directors. With these two policies, which have become a part of the contract, full compliance is expected from the companies. The compliance status of the suppliers is checked by the bank with the documents requested at the contract signing stage and the company visits afterwards. For this reason, while the percentage of our suppliers by number who comply is 100%, their share in our total procurement spend is also 100%.

Impact of the engagement and measures of success

In accordance with the Sustainability Policy, İşbank endeavors to minimize the negative environmental and social impacts caused by suppliers, and to raise the positive effects to maximum levels. In this context, the Bank respects environmental and social criteria in its supplier selection. The requirement to take environmental impacts into consideration during procurement activities is set out in the Procurement Policy. Various criteria are evaluated, such as whether the supplier company has an active environmental management system in place, whether the legal requirements for the disposal of waste generated from the activities carried out for the Bank are met, whether recycled materials are used, and the frequency of environmental emergencies. In procurement with high environmental impact, suppliers are expected to submit the required documents related to the subject. No goods or services are purchased from those suppliers who fail to meet the expectations.

Comment

W1.4c

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

We believe that most of risks associated to water arises from loan portfolio for the banking sector. Therefore, we prioritize engagements in our value chain with customers beyond our suppliers.

We evaluate our commercial loan portfolio's exposure to water-related risks and opportunities. Potential E&S risks and impacts of the investment projects financed by the Bank are evaluated. As a part of E&S assessment, national laws and regulations, including the Regulation on Water Pollution Control, Regulation on Urban Waste Water Treatment, Regulation on Surface Water Quality are considered for all projects financed by İşbank, customers are required to comply with all applicable regulations.

One of the sectors we prioritize in terms of engagement is agriculture, as agriculture is vital for securing water efficiency. İşbank adopts an approach that combines digitalisation and sustainability in agriculture and thus bringing agriculture, technology and finance together. We aim to create water efficiency and resource productivity with our activities in this field, thereby contributing food safety. To give an example, thanks to the recommendations given to farmers as well as the data obtained from 30 agricultural monitoring&forecast stations granted to them under the Digital Agriculture Project led in collaboration with Vodafone Business, use of input materials including agricultural fertilizers, pesticides and water was reduced, productivity was increased, and environmental waste was reduced. According to the initial results obtained from the agricultural monitoring and forecast tools which began to be used under the project, farmers gained an additional economic benefit of TL 57 million from 27 tools through reduction in use of input materials and increased productivity thanks to the early warnings as well as recommendations sent to 13,200 farmers on irrigation, fertilization and use of pesticides.

W2. Business impacts

W2.1

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

Yes

W2.1a

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

Country/Area & River basin

Turkey

Other, please specify

Kızılırmak, Marmara and Sakarya River Basins

Type of impact driver & Primary impact driver

Acute physical

Heavy precipitation (rain, hail, snow/ice)

Primary impact

Increased operating costs

Description of impact

In 2021, a total of 37 branches experienced water-related events which did not lead to any major impacts on our business. Floods caused by heavy rainfall, heavy snowfall, and failures of branch plumbing resulted from heavy precipitation have brought short term interruptions of business continuity that lasted for 1 work day or less. Of these 37 branches faced with the accidents, according to magnitude of precipitation; a number of branches were shut down earlier than regular working hours to ensure the employee safety. However, İşbank's operations were not affected significantly during such periods.

Company specific description: Due to the heavy rain and flood events, 6 branches were physically damaged in İzmir in January 2021. Heavy precipitation in Aegean Region caused structural deterioration on the walls and ground floors of these branches, which required special attention on not only cleaning and repairing but also infrastructure improvement. The Bank has successfully implemented an appropriate recovery strategy in terms of business continuity and physical damages.

Scale of the impact: Impact was classified as operational cost because it was associated with an increase in maintenance costs of the branches

in İzmir. Total cost for İşbank to repair the damages and improve the infrastructure was 16,884 TRY, which is not considered as substantive. Overall, the business interruptions mentioned above did not cause any significant financial or reputational loss.

Primary response

Improve maintenance of infrastructure

Total financial impact

16,884

Description of response

The primary response to these events were to repair the damage of the flooding to continue operations and improve the infrastructure of branch buildings to mitigate future physical risks. 16,884 TRY is the total costs of the restorations made for 6 damaged buildings, which include the costs of maintenance and infrastructure improvements such as replacing the old materials of walls and roofs with more durable ones to provide better insulation from water leakages. In order to prevent the clogging in the drains due to heavy precipitation, proper infrastructural changes have been applied. Such infrastructural improvements were out of insurance coverage. On the other hand, the Bank aims to implement the appropriate recovery strategy in terms of business continuity within 1 working day and always ensures the health and safety of its employees as a priority. Business continuity is ensured via an alternative terminal located in another branch that is not affected by the weather event or through remote working.

For example during the heavy rain that took place in İzmir in Jan '21, 12 branches faced with business continuity interruption; out of 12, 6 branches were physically damaged. All of these branches were temporarily closed in order not to take risks in terms of the health and safety of employees and customers. For all 12 branches, business continuity actions were applied and no customer dissatisfaction or any quantifiable losses occurred due to the disruptions.

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Value chain stage

Direct operations
Supply chain
Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Enterprise risk management

Tools and methods used

Enterprise Risk Management

Contextual issues considered

Water availability at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
Regulators
Suppliers

Comment

İşbank's ERM framework constitutes of 5 pillars which are 1. Strategy, 2. Organization and governance, 3. Risk Management Processes, 4. Culture, communication and training, 5. Infrastructure. Moreover, "Risk Management Processes" include 1. Risk identification, 2. Assessing and prioritizing risks, 3. Risk measurement, 4. Control activities and 5. Risk monitoring and reporting. Although we do not define water risk as a standalone risk category in our managerial taxonomy, water risks related to "physical damage" in terms our own operations are considered as a part of "Physical Damage/Risk" category of İşbank's operational and climate change risk taxonomies, so they are assessed in the scope of our enterprise risk management framework. In addition, Bank annually conducts an "Environmental Risk Assessment" for its direct operations, including water-related risks such as, water waste management, compliance with regulatory requirements, employee health and safety and supplier related risks, etc.

W3.3b

(W3.3b) 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.

Fundamental risk assessment methodologies embed in our ERM framework are Top-Down Risk Assessment (TDRA) and Risk-Control Self-Assessment (RCSA).

Physical risks related to water (such as damage to property as a result of floods, heavy rainfall, etc.) are assessed in TDRA. TDRA is an approach used to evaluate and prioritize operational risks that may be exposed during the execution of activities. The main objective is to prioritize risks with a forward-looking and top-down perspective, taking into account the scope, volume and complexity of the Bank's activities and risk appetite. In the TDRA study, the net risk (residual risk) level of each operational risk category is determined according to the gross risk level (risk before controls) and control system adequacy. The gross level of each risk is determined by the potential impact level and the probability of the impact occurring. In order to calculate the potential impact, internal loss data, external loss data, scenario analysis, possible sanctions and impact on reputation are taken into account. Indicators used to determine the level of control system adequacy of risk include internal and external audit findings, customer complaints, lawsuits against the bank, trainings, internal policies, major incidents and branch outages. Control adequacy level for the risk type is calculated by weighting the scores resulting from the analysis of the components. For assessing the net risk level, the location of the gross risk score and control adequacy level in a 4X4 Net Risk Matrix is taken into account. In this way, the risks in different parts of the matrix are evaluated at the levels of “High”, “Medium-High”, “Medium-Low”, “Low” according to the colors they take.

Bank also utilizes RCSA methodology to assess risks in a specific business unit or a process. For each year, Bank conducts an “Environmental Risk Assessment” for its direct operations, including water-related risks such as, water waste management, compliance with regulatory requirements, supplier related risks, etc. The risk assessment process includes the following steps: 1. Risk identification, 2. Risk measurement/evaluation, 3. Risk mitigation 4. Risk reporting. RCSA starts with identifying and defining risks by examining the nature of the activity, its operation, the profile of the employees carrying out the activity, the loss events related to the activity in the past, the audit reports submitted by the supervisory authority and the external auditor, the internal audit, internal control and risk management findings, risk indicators, etc. Interview, survey and meeting techniques are used to complement and support each other. Risk evaluation is done in a similar way to TDRA, but with a bottom-up approach, starting from the sub-processes. “Impact-Probability Analysis” method is applied in order to determine the level of risks determined through surveys, interviews and/or working group meetings. In this method, the probability of the risks occurring, the level of impact they will create if they do occur, and the adequacy of the existing controls against the risks that may be exposed are evaluated. Gross risk level, adequacy of controls and net risk level are determined in a 4-point scale separately for each risk. It is essential that the evaluation is done by the people who do the work. As a result of Impact-Probability Analysis, each risk is evaluated according to the relevant risk level and the analysis results are reported. For risks with a “High” or “Mid-High” level,

appropriate risk strategy (mitigation, avoidance, transfer and acceptance) is determined. If the risk management strategy to be implemented is to develop additional controls to reduce the impact and/or probability of its occurrence, the work to be done is put forward concretely and followed up as an “Action Plan”.
Five fundamental stakeholders in İşbank’s ecosystem are employees, customers, Investors, regulators, suppliers and local communities in which we operate and thus they are considered in the risk assessments. Since they have the potential to drastically change the level of the water-risk that the Bank is exposed to; physical damages caused by water-related events, customer complaints, possible regulatory sanctions, reputational impact of any kind of unfavourable activity, the effect of any illegal practice on local communities, water-related employee safety issues as well as any risk bearing activities of other value chain members such as suppliers are taken into account while assessing the risks with TDRA and RCSA.

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

İşbank Environmental and Social Policy, which is approved by the Board of Directors, sets forth the principles to be considered by İşbank concerning its activities that have environmental and social impacts. All the investments financed by İşbank is required to comply with applicable national laws and regulations (including the Water Pollution Control Regulation, Urban Wastewater Treatment Regulation, surface water quality regulation and water pollution control regulation, etc..) and it is committed by our customers by loan agreements on each transactions. As per principle 7 of the Policy, the potential environmental and social impacts arising from the investment projects that are financially supported by the Bank are evaluated within the contexts of national and international law, regulations and good practices, and new investment projects that exceed of USD 10 Million investment cost are subjected to Environmental and Social Risk Assessment. In line with the risk category determined as a result of comprehensive assessments and on a best effort basis it is expected to comply with international standards and guidelines (IFC PSs, EBRD PCs, EPs).

Isbank's definition of substantive financial impact (or strategic impact) relies on its four-point-scale risk assessment methodology, which is based on the comparison of the magnitude of the expected loss (or a decrease in profits) from a risk factor (or types of risks with the same underlying root cause) with Bank's average yearly expected operational income for the next 3 years, and its likelihood. Impact categories are identified as "low", "mid-low", mid-high" and "high" and their impact components are determined as a specific proportion (%0,01, %0,1 and %1) of yearly average of next 3 years' estimated Net Operating Income (NOI = Gross Operating Income – Expected Credit Loss – Other Provision Expenses – Personnel Expense – Other Operating Expenses), which is calculated in ICAAP. For instance for 2021, an expected financial impact magnitude up to 1,4 million TRY was defined as "low", between 1,4 million and 14 million TRY as "medium-low", between 14 million TRY and 140 million TRY as "medium-high", above 140 million TRY as "high". Any risks with an expected loss amount above 14 million TRY (high and mid-high categories) are by definition considered to have a substantive financial impact on our business. Combining the potential impact of a risk with its likelihood (low, mid-low, mid-high and high) gives us the Expected Gross Loss Matrix. By adding control efficiency to the picture, we reach to the Net Risk Matrix.
For any risks that might have financial and strategic impact on our business, such as climate change risk or water-related risks, definition of substantive impact and its thresholds does not differ from the methodology explained above.

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	4	26-50	Facilities that are exposed to water risk with the potential to have a substantive financial or strategic impact are our Main Facilities which are the Head Office, TUTOM, ATOM and Atlas Data Center. According to WWF Risk Analysis conducted by İşbank, our 4 buildings which comprise around 30% of company wide representation in terms of total water withdrawal; are located in water stressed areas of Turkey, distributed in Marmara River Basin and Sakarya/Kızılırmak River Basin (Ankara Subbasin) of Marmara Region and Central Anatolia Region respectively.

W4.1c

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

Country/Area & River basin

Turkey

Other, please specify

Marmara

Number of facilities exposed to water risk

3

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

Unknown

Comment

According to the results of WWF's Risk Analysis (Water Risk Filter Global Dataset) of İşbank's facilities, 3 facilities that are our Head Office, Tuzla Technology and Operation Center and Atlas Data Center buildings, located in Marmara Region, are said to be among the facilities that are exposed to water risk. Such facilities are located in the water stressed areas, being Marmara River Basin and they are the facilities that pose significant financial and/or strategic risk of impact to our organization.

Country/Area & River basin

Turkey

Other, please specify

Ankara Subbasin

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

Unknown

Comment

According to the results of WWF's Risk Analysis (Water Risk Filter Global Dataset) of İşbank's facilities, one facility Ankara Technology and Operation Center, located in Central Anatolian Region, is said to be among the facilities that are exposed to water risk. ATOM is located in the water stressed area, being Ankara Basin, which is the subbasin of Kızılırmak River Basin and it is considered as the facility that poses significant financial and/or strategic risk of impact to our organization.

W4.2

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

Country/Area & River basin

Turkey

Other, please specify

Country-wide

Type of risk & Primary risk driver

Acute physical

Flood (coastal, fluvial, pluvial, groundwater)

Primary potential impact

Impact on company assets

Company-specific description

As a business in banking and financial services sector, İşbank's direct and indirect operations do not use water as an input for processes. Therefore, the most fundamental water-related risks come from the damage that water-related events can cause to Bank's and customers' assets. Because of climate change, the frequency of extreme weather events are increasing. In this framework, one of the main risk that may cause a substantial impact on our business is flood risk which may cause physical damage to Bank assets and/or customer assets located in bank buildings (eg: assets in safe deposit boxes). Particularly, in a flood event happened in Bayramyeri/Denizli Branch, safe deposit box room was flooded and some customers suffered losses, which were borne by the Bank. In this particular event, the impact was about 33,500 EUR (about 505,404 TRY by 2021YE). In addition to that, between 2012 and 2021, the Bank suffered a total loss of 201,323 TRY (inflation adjusted) in 11 different incidents due to its assets being damaged in flood incidents.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

706,727

Potential financial impact figure - maximum (currency)

4,174,321

Explanation of financial impact

We calculate the estimated impact in a 10-years horizon (2022-2031). We expect the minimum impact of physical damage to be the 10-years inflation adjusted historical gross loss amount (201,323 TRY). Our estimation of the maximum impact figure depends on assumption that the frequency of physical flooding events in the next decade will double the last 10 years historical data, considering the fact that 8 out of this 12 events happened in 2021. Thus, the estimated impact is 402,646 TRY. The amount of cash stored in safe deposit boxes on the other hand is unpredictable and can reach tremendous amounts. For the minimum impact figure 10-years historical gross loss amount (33,500 EUR = 505,404 TRY by 2021YE) is taken into account. For the sake of simplicity and prudence, we assume a sum of 250,000 EUR (about 3,771,675 TRY by 2021YE) customer loss (which is recompensed by the Bank) in the next 10 years as a maximum amount. As a result, we estimated that flood risk related damages would lead to a total potential loss of 706,727 – 4,174,321 TRY.

Primary response to risk

Improve maintenance of infrastructure

Description of response

It is vital to repair the damage of the flooding to continue operations and improve the infrastructure of buildings to mitigate future physical risks. As a result, our primary response strategy is mitigation of the risk with improving the maintenance of the office buildings, such as improving water sewage, strengthening the building roofs, etc.

Cost of response

201,323

Explanation of cost of response

Estimated impact amount 201,323 TRY is the reported and inflation adjusted total costs of the restorations made for damaged office buildings in the last 10 years.

W4.2a

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

Country/Area & River basin

Turkey

Other, please specify

Country-wide

Stage of value chain

Other, please specify

Downstream

Type of risk & Primary risk driver

Acute physical

Flood (coastal, fluvial, pluvial, groundwater)

Primary potential impact

Other, please specify

Devaluation of collateral and potential for stranded, illiquid assets

Company-specific description

İşbank considers that the Bank is exposed to certain water-related physical risks (e.g. floods, heavy rain, ect.) through its customers. One of the important areas for this exposure is the existing collateral base. In case of severe events, collaterals pledged to the bank may lose value due to damage to properties. For example, severe floods would cause İşbank's collateral book to decline in value. To assess the exposure of the collateral base to flood risk, the Bank has categorized its property liens into 5 risk categories based on their location.

Timeframe

More than 6 years

Magnitude of potential impact

High

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

801,032,420

Explanation of financial impact

For the minimum financial impact we assume a scenario that no collateral devaluation caused any financial loss. On the other hand, we considered a hypothetical case to calculate the maximum financial impact of devaluation of collaterals due to flood risk. Three parameters were considered in the calculation.

1) Which cities can be considered high risk in terms of flood risk?

Certain cities are more prone to flood risk than others. Based on historical flood data provided by the Meteorological Service of the Turkish State, the bank identified that around 55% of its collateral portfolio in terms of value is in high risk cities.

2) What is the proportion of the value that will remain due to high flood risk?

As part of the credit policies the collaterals need to be insured. However, the insurance pay-out may not cover the flood damage in full (e.g. insurance coverage may be different than value, some collaterals may not be insured for certain risks). Therefore, only a portion of the value is assumed to remain after the flood events. A conservative assumption of 50% is used in quantification.

Considering these 2 parameters, the bank estimated that flood risk related damages would lead to a decrease of the collateral book value by 23,739MM TRY at maximum.

3) What is the substantive portion of this risk?

İşbank considers this risk as substantive only in case the customer in question defaults, therefore the total impact for this risk is calculated by the multiplication of the decrease of the collateral book value by the average probability of default. 12-month average observed default rate for 202101-202112, 3.37%, is used as a proxy to estimate average probability of default.

Considering cities exposed to higher flood risk and distribution of İşbank's collaterals to these cities, potential value loss in collateral value due to flood as well as default cases where devaluation of collaterals will become substantive for the bank, the Bank estimated that flood risk related damages would lead to a potential value decrease of 0 – 801 MM TRY of its collateral book.

Primary response to risk

Downstream

Other, please specify

Collateral valuation and insurance agreements

Description of response

İşbank manages these risks in three ways:

1) Collateral view: As part of the risk assessment process, a physical risk heatmap is created incorporating various risk types. İşbank reviews collateral locations in the risk identification process to assess exposure to physical risks

2) Collateral valuation: İşbank periodically evaluates the value of collaterals that are pledged with collateral value review process

3) Insurance arrangements: As part of the credit process and policies, İşbank requires all properties to be insured by its customers.

Cost of response

0

Explanation of cost of response

There is no additional cost assumed for managing these risks since the mitigants mentioned above form part of the Bank's business as usual practice.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

In the summer 2021, Turkey's Marmara Sea was faced with a severe mucilage (also known as sea snot) problem whose main trigger is warming related to climate change. Following the event, the Marmara Sea Action Plan was announced together with the central government, local governments, universities, professional chambers, non-governmental organizations and other stakeholders of the Union of Marmara Municipalities (MBB), whose mission is to act together to protect the Marmara Sea. With this plan, it was aimed to transform all of the existing wastewater treatment plants in the region into advanced biological treatment plants and to carry out studies in line with the objectives of preventing the discharge of wastewater into the Marmara Sea without advanced biological treatment. The opportunity identified by İşbank is providing a new credit facility called Marine Conservation Loan, the first of its kind in the sector in terms of its environmental impact, to provide financial support to customers that want to invest in or improve their existing wastewater treatment, wastewater recovery or ballast water treatment systems to prevent or reduce sea pollution incidents and preserve the seas.
İşbank's strategy to realize opportunity consists of carrying out activities to enhance awareness and conducting engagement with various institutions. İşbank contributed to the production of a documentary called "Marmara, A Hope" (available on You Tube: https://www.youtube.com/watch?v=G7ptB1f_M7E) in which experts on the subject discuss the causes and consequences of mucilage in the light of the latest research, and explain what needs to be done to bring Marmara back to life. In terms of engagement, we are in close contact with Turkish Marine Research Foundation (TUDAV) which is dedicated to marine conservation and ensuring achieving SDG14 through research, information and knowledge management, education and awareness-raising for different stakeholder groups. We sponsored a two-day event "2022 Marmara Sea Symposium" organized by TUDAV which brings together 189 scientists and experts from 56 institutions (available on

You Tube: https://www.youtube.com/watch?v=n6-3_w7XdnY and https://www.youtube.com/watch?v=msji1WEk_Ak) in January 2022. Apart from these engagements, we are organizing "Green Transformation in SMEs" seminars for Organized Industrial Zones and energy fairs in order to enhance awareness among our clients.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,400,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Estimation of financial impact figure is based on the future projections of the credit balance. We expect the credit balance to reach TRY 100 million at the end of 2022 with the help of strong credit base as wells as due to increased awareness on the issue and communication efforts. Out of the credit balance projected, annual interest income of TRY 1.4 million is calculated (profit margins are based on conservative forecasts). In 5 years' time, we expect the market size expand considerably as the regulations will lead the companies to improve their existing wastewater treatment. This will increase the credit balance of Marine Conservation Loan as we forecast a market share above 50% specific to this credit type.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

İşbank supports sustainability to create a positive impact on food safety and resource efficiency in agriculture. Agriculture is the largest user of water with almost 75 % of the total consumption in Turkey. The opportunity identified is providing a new credit facility namely Irrigation Systems Loan that serve to increase the quality and efficiency of water usage in agriculture. With the credit we aim to transform the existing irrigation systems into a more water efficient pressurized irrigation systems. The productivity of agricultural soil in Turkey is approx. 155 USD for 1000 decare of land (1 hectar). According to our analysis, more efficient irrigation system makes double the productivity. Therefore, we aim to enlarge the impact by providing finance to increasing number of farmers. As the awareness among the farmers enhance, we expect the demand for Irrigation Systems Loan to increase substantially and the credit balance of the Loan to double every year in 5 years time period. İşbank's strategy to realize opportunity consists of carrying out activities to enhance awareness, coordinating marketing campaigns and conducting engagement activities with influential NGOs. İşbank contributed to the production of a documentary called "Water in Agriculture" which is about the correct use of water in agriculture (modern irrigation techniques, drought, wrong product selection and faulty irrigation methods are discussed). In the documentary we enforced the message that the most of the water sources are consumed in agriculture, therefore farmers should prefer effective and sustainable irrigation systems. The documentary was broadcasted on local TV channels 24 times in total. Besides it is available on youtube and viewed 128,000 times.

In terms of engagement, we contacted Pressure Irrigation Industry Association (BASUSAD- a Turkish NGO) before designing the credit product in order to benefit from their expertise about irrigation systems. We also consulted Frankfurt School of Business. We arranged online meetings with them, and we together put the criteria of eligibility for the credit product. We also conducted a marketing campaign so that the farmers can be informed about this product. Our sales teams tried to reach out the branches of the irrigation systems companies and conducted face-to-face marketing. We also made a marketing communication, like creative hand booklets about the campaign and sending sms texts to the customers.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

7,280,000

Potential financial impact figure – maximum (currency)

14,560,000

Explanation of financial impact

Estimation of financial impact figure is based on the future projections of the credit balance. We expect to extend credits amount to between TRY 17.5 million to TRY 35 million at the end of 2022. We estimate 100% of increase per each year. So in 5 years we expect that we can reach an amount of TRY 280 million (approximatively) at minimum and TRY 560 million at maximum.
Based on a conservative forecast, we considered net interest/comissions income as 2.6%; so for a minimum amount of loans of TRY 280 million net income is expected to be TRY 7.28 million in total. The maximum potential financial figure is calculated with the same calculation method regarding TRY 560 million credit balance.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Head Office (Kule)

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Latitude

41.0827

Longitude

29.0122

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

28.76

Comparison of total withdrawals with previous reporting year

Lower

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

3.01

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

25.75

Total water discharges at this facility (megaliters/year)

28.14

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

28.14

Total water consumption at this facility (megaliters/year)

0.62

Comparison of total consumption with previous reporting year

Lower

Please explain

Water for our Head Office (Kule) operations is procured from relevant municipality and body that is Istanbul Water and Sewerage Administration (İSKİ). Total water withdrawal for our Head Office includes water consumption for drinking purposes, rainwater collected through the building's piping system and water withdrawn for domestic use from the municipality. In this case, water withdrawal from fresh surface water is reported as collected rainwater amount and third party sources are reported in terms of purchased potable water and domestic water. Total water consumption is the amount of water used for human consumption. Water discharged from İşbank is released to third party destinations being municipal sewage system that includes the sum of collected rainwater and domestic wastewater.
Withdrawal, discharge and consumption values are considered in the "lower" category when compared to last year's data since employees are experiencing hybrid working model rather than being at the office for the entire work-time due to COVID-19 pandemic situations. Therefore, the water withdrawal and consumption volumes have decreased. The irrelevant data points with respect to our operations are stated as zero due to numeric-row-profile. Required explanations regarding data irrelevance of these points are given in questions W1.2h and W1.2i.

Facility reference number

Facility 2

Facility name (optional)

Tuzla Technology and Operation Center (TUTOM)

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Latitude

40.8413

Longitude

29.309

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

30.69

Comparison of total withdrawals with previous reporting year

Lower

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

4.52

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

26.17

Total water discharges at this facility (megaliters/year)

30.15

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

30.15

Total water consumption at this facility (megaliters/year)

0.54

Comparison of total consumption with previous reporting year

Lower

Please explain

Water for Tuzla Technology and Operation Center (TUTOM) operations is procured from relevant municipality and body that is Istanbul Water and Sewerage Administration (İSKİ). Total water withdrawal for TUTOM includes water consumption for drinking purposes, rainwater collected through the building's piping system and water withdrawn for domestic use from the municipality. In this case, water withdrawal from fresh surface water is reported as collected rainwater amount and third party sources are reported in terms of purchased potable water and domestic water. Total water consumption is the amount of water used for human consumption. Water discharged from İşbank is released to third party destinations being municipal sewage system that includes the sum of collected rainwater and domestic wastewater.
Withdrawal, discharge and consumption values are considered in the "lower" category when compared to last year's data since employees are experiencing hybrid working model rather than being at the office for the entire work-time due to COVID-19 pandemic situations. Therefore the water withdrawal and consumption volumes have decreased . The irrelevant data points with respect to our operations are stated as zero due to numeric-row-profile. Required explanations regarding data irrelevance of these points are given in questions W1.2h and W1.2i.

Facility reference number

Facility 3

Facility name (optional)

Ankara Technology and Operation Center (ATOM)

Country/Area & River basin

Turkey

Other, please specify

Ankara Subbasin

Latitude

39.9171

Longitude

32.7875

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

3.96

Comparison of total withdrawals with previous reporting year

About the same

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

3.96

Total water discharges at this facility (megaliters/year)

3.79

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

3.79

Total water consumption at this facility (megaliters/year)

0.17

Comparison of total consumption with previous reporting year

About the same

Please explain

Water for Ankara Technology and Operation Center (ATOM) operations is procured from relevant municipality and body that is Ankara Water and Sewerage Administration (ASKI). Total water withdrawal for ATOM includes water consumption for drinking purposes and water withdrawn for domestic use. In this case, water withdrawal from third party sources are reported in terms of purchased potable water and domestic water. Total water consumption is the amount of water used for human consumption. Water discharged from İşbank is released to third party destinations being municipal sewage system, which is domestic wastewater only. Withdrawals from rainwater is not performed in ATOM Building.

Withdrawal, discharge and consumption values are considered being about the same because the hybrid working model was not performed by all means and therefore it did not have considerable impact on the amount of water used in the building unlike Head Office and TUTOM facilities.

The irrelevant data points with respect to our operations are stated as zero due to numeric-row-profile. Required explanations regarding data irrelevance of these points are given in questions W1.2h and W1.2i.

Facility reference number

Facility 4

Facility name (optional)

Atlas Data Center

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Latitude

40.8929

Longitude

29.3749

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

17.51

Comparison of total withdrawals with previous reporting year

Much higher

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

0.41

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

17.1

Total water discharges at this facility (megaliters/year)

17.48

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

17.48

Total water consumption at this facility (megaliters/year)

0.03

Comparison of total consumption with previous reporting year

About the same

Please explain

Water for Atlas Data Center operations is procured from relevant municipality and body that is Istanbul Water and Sewerage Administration (İSKİ). Total water withdrawal for our Atlas Data Center includes water consumption for drinking purposes, rainwater collected through the building's piping system and water withdrawn for domestic use from the municipality . In this case, water withdrawal from fresh surface water is reported as collected rainwater amount and third party sources are reported in terms of purchased potable water and domestic water. Total water consumption is the amount of water used for human consumption. Water discharged from İşbank is released to third party destinations being municipal sewage system that includes the sum of collected rainwater and domestic wastewater.
Withdrawal and discharge values are considered in the "much higher" category when compared to last year's data due to improved infrastructure and capacity increase in rainwater collection system of the building. Total consumption values have not changed considerably since the number of employees working in Atlas Data Center were the same for the entire time in the reporting year. The irrelevant data points with respect to our operations are stated as zero due to numeric-row-profile. Required explanations regarding data irrelevance of these points are given in questions W1.2h and W1.2i.

W5.1a

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

Water withdrawals – total volumes

% verified

76-100

Verification standard used

For our Main Facilities including our Head Office, TUTOM, ATOM and Atlas Data Center 100% of İşbank's water withdrawal by total volumes data has been third party verified by KPMG through providing independent limited assurance in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised). Water data of our Main Facilities and branches are being recorded on a regular basis by Construction & Real Estate Management Division of İşbank regularly monitors and records water data of the Bank in line with ISO14001 Environmental Management System standards.

Water withdrawals – volume by source

% verified

Not verified

Please explain

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

Water discharges – total volumes

% verified

76-100

Verification standard used

For our Main Facilities including our Head Office, TUTOM, ATOM and Atlas Data Center 100% of İşbank's water discharge by total volumes data has been third party verified by KPMG through providing independent limited assurance in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised). Construction & Real Estate Management Division of İşbank regularly monitors and records water data of the Bank in line with ISO14001 Environmental Management System standards.

Water discharges – volume by destination

% verified

Not verified

Please explain

Water discharges – volume by final treatment level

% verified

Not verified

Please explain

Water discharges – quality by standard water quality parameters

% verified

76-100

Verification standard used

Water discharges-quality by standard water quality parameters is verified within the scope of ISO 14001 certification process.

Water consumption – total volume

% verified

76-100

Verification standard used

For our Main Facilities including our Head Office, TUTOM, ATOM and Atlas Data Center 100% of İşbank's water consumption by total volumes data has been third party verified by KPMG through providing independent limited assurance in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised). Construction & Real Estate Management Division of İşbank regularly monitors and records water data of the Bank in line with ISO14001 Environmental Management System standards.

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain

Row 1	Company-wide	Description of business dependency on water Description of business impact on water Reference to international standards and widely-recognized water initiatives Company water targets and goals	İşbank has two publicly available policies in place to manage sustainability and water-related issues: 1-Sustainability Policy 2-Environmental and Social Impact Policy. In these policies, which are both approved by the Board of Directors, İşbank commits to reduce its negative environmental footprint. In this respect, the Bank targets to improve its performance on efficient use of water, as well as energy efficiency, reducing GHG emissions, waste generation and recycling. İşbank Environmental and Social Impact Policy sets forth the principles considered by İşbank concerning its activities that have environmental and social impacts. The Bank takes into account water-related risks arising from both its direct operations and lending activities. The potential environmental and social impacts arising from the investment projects that are financially supported by the Bank are evaluated within the context of national and international law, regulations and good practices, and new investment projects that exceed a certain level of investment cost are subjected to Environmental and Social Risk Assessment. The wetlands defined as threatened ecosystems and protected by the RAMSAR Convention are in the Exclusion List and not financed by İşbank. Exclusion List of İşbank is available as an annex to its Environmental and Social Impact Policy. Both of the mentioned policies are available at: https://www.isbank.com.tr/en/about-us/our-policies

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain

Board-level committee	The Board of Directors has ultimate oversight of the Bank's work to identify, assess and integrate sustainability-related risks and opportunities throughout the organization. The Board of Directors has tasked a sub-committee, the Sustainability Committee, to focus on sustainability & related issues. One expression of the importance of sustainability & water related matters at İşbank is that the Committee is chaired by the Chairperson of the Board of Directors and has two additional Board members as well as ten Deputy Chief Executives. By the leadership of Board Chair, the Board of Directors considers sustainability issues including water-related ones when guiding our business strategy and major plans of action. The Sustainability Committee provides the opportunity for business units to be represented in an inclusive manner and monitors ESG issues in a holistic way. In 2021, the Sustainability Committee met 4 times with the full participation of the members and took 4 decisions. One of the decisions taken is the expansion of the ISO 14001 Environmental Management System (EMS) to all locations of the Bank. Locations that have EMS are starting to monitor their water consumption data monthly and starting to report quarterly in order to raise awareness about how much they consumed and achieve higher water efficiency. In this way, an awareness about their consumption is created and they are in a position to take the necessary actions in line with the given targets. The fact that the locations are able to monitor their own data in units of consumption amounts going beyond cost-optimization point of view is a very important issue in terms of taking precautions aiming at water-efficiency. Moreover, consumption data and trend is also regularly presented to the Sustainability Committee in the context of the Annual Management Review Meetings in line with EMS procedures. In this way, senior level oversight –including Board and C-suite members- is ensured.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures	The Sustainability Committee provides the opportunity for business units to be represented in an inclusive manner and monitors ESG issues including water-related issues in a holistic way. Deputy Chief Executive in charge of Investor Relations & Sustainability function assumes the role of Chief Sustainability Officer (CSO) who is responsible for steering İşbank's sustainability initiatives and represents the Bank in sustainability communication including stakeholder engagement. Apart from board-level Sustainability Committee and the

		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 Setting performance objectives	CSO, there is Sustainability Coordinator and Sustainability Working Group (WG). Head of Investor Relations & Sustainability serves as the Sustainability Coordinator to ensure sustainability issues are effectively embedded in the Bank's executive bodies. To this end, the Sustainability WG is convened regularly, which contains representatives from all key areas of the Bank, such as credit underwriting, risk management, project finance, product development and marketing, procurement, construction & real estate management, talent management. The objective of the Sustainability WG is to ensure sustainability issues including water-related ones are embedded in business decisions and there is appropriate flow of information across all divisions. Our Sustainability Coordinator who is responsible for ensuring effectiveness of work among the executive organs, is able to raise any related issue, progress & development anytime as important matters arise, on the agenda of the Board of Directors through the Sustainability Committee.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	Important but not an immediate priority	At İşbank Board-level Sustainability Committee focuses on sustainability & related issues including water-related ones. Although water-related risks and opportunities are crucial for direct and indirect operations, the climate-related issues were given priority at the board level. We plan to address this within the next two years.

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)

Chief Sustainability Officer (CSO)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Deputy Chief Executive in charge of Investor Relations & Sustainability function assumes the role of Chief Sustainability Officer (CSO) (Sustainability Leader) who is responsible for steering İşbank's sustainability initiatives and represents the Bank in sustainability communication. The Chief Sustainability Officer is responsible of determining, analyzing and managing the water related risks and opportunities in concern of banking practices and water-related risks and opportunities of our own operations.

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	All C-Suite Executives have cost optimization targets including the water and energy consumption costs of İşbank

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Sustainability Officer (CSO) Other, please specify All C-Suite Executives	Improvements in efficiency - direct operations Other, please specify Taking part in BIST (Borsa Istanbul) Sustainability Index	All C-Suite Executives have cost optimization targets including the water and energy consumption costs of İşbank. This target is included in their performance cards which affects their annual remuneration. C-Suite Executive who is in charge of investor relations and sustainability function, namely the CSO/Sustainability Leader of the Bank has an additional target of taking part in BIST Sustainability Index. Taking part in the mentioned Index requires fulfillment of a set of ESG criteria including water consumption. This target is assured via performance card, which affects annual remuneration.
Non-monetary reward	No one is entitled to these incentives		

W6.5

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

Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Compliance is the foremost duty and responsibility of all managers and employees of the Bank at any level. For this reason, consistent compliance is ensured in every place and region where the Bank operates. Necessary actions are carried out in the entire Bank within the framework of the strategy determined by the senior level management. In this framework, engagement activities are provided within the framework of the implementation instructions and policies determined by the Head Office.

With this awareness, all studies, including water-related issues, carried out within the scope of the Sustainability Management System are audited by the Board of Inspectors that operates under the control of the Board of Directors. Part of the audit process carried out is to ensure that the activities carried out take a common approach consistent with the bank's strategy.
Audit reports that created as a result of the audit process are submitted to the İşbank Audit Committee, senior management, and related divisions after being classified according to their severity and priority. If inconsistency is discovered the corrective measures taken in order to address audit findings are monitored by the Board of Inspectors. The Board of Directors closely monitor the activities of the Board of Inspectors through periodic activity reports submitted via the Audit Committee.

W6.6

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

Yes (you may attach the report - this is optional)

https://www.isbank.com.tr/contentmanagement/IsbankSurdurulebilirlikEN/pdf/2021IntegratedReport.pdf
Please refer to pp. 89-91 and 118-119

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	We are offering ever-expanding range of responsible products and services across all segments.With the green loans that we introduced in 2021, such as Marine Conservation Loan and Pressurized Irrigation Systems Loan, we started to provide financial support aiming at wastewater

			management and water efficiency. In order to respond to the current and future needs of our customers, especially in the agriculture sector, we started to make face-to-face contacts with the farmers. We continue to work on the objective of increasing the number of users of our İmeceMobil application aiming at resource efficiency and increasing productivity in agri-business and has approximately 200.000 users, to over 1 million. By reaching more farmers, we plan to make a greater impact on water in long-term. We are working to make agriculture more sustainable by increasing technology investments in this field.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	We have shaped our water-related strategy around the agriculture sector, which is one of the sectors with the highest water consumption. As a bank, we have positioned agriculture as one of our strategic priorities in order to ensure food security through the effective use of agriculture, finance and technology together. It will be among our priorities to encourage our farmers to use technology that saves inputs and increases productivity, to raise awareness in this area and to finance technological transformation. For example, in order to achieve our business objectives in the long term, especially in the field of agriculture, we established the Agricultural Banking Marketing Division by creating an organizational function specialized in agriculture. Thus, we have integrated some of the water-related issues into our organizational structure under the title of agriculture.
Financial planning	Yes, water-related issues are integrated	11-15	Considering the risks and opportunities that the bank may encounter with water in the coming years, we started to take into account the financial effects of these risks and opportunities in preparing the budget. We started to work in this direction by calculating the potential financial effects in the studies carried out within the scope of risk management and business continuity. For example, flooding is one of the main risks in Turkey. Therefore, we calculate the estimated impact of the flood and we know an estimated impact figure in terms of costs. By transforming such risks into financially meaningful metrics, we are able to calculate their financial impact as expenses in the long term.

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)

188

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

69.64

Water-related OPEX (+/- % change)

51

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

69.94

Please explain

Water-related capital expenditure (renovations in buildings' plumbing systems aiming at water-efficiency) is around TRY 4,5 million with an increase of 188% compared to the previous year. Water-related operational expenditure is around TRY 12.7 million in 2021, with an increase of 51% compared to the previous year as a result of raised costs of water supply in the country for the reporting year. Operational water usage quantity is expected to be similar in 2022.
According to data obtained from Central Bank survey, CPI is expected to reach 69.94% at the year-end 2022 in Turkey where İşbank predominantly operates. As CAPEX and OPEX are closely linked to increase in CPI, we expect a parallel rate of increase.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment

Row 1	Yes	Given the growing importance of risks and opps arising from climate change, İşbank is increasingly incorporating climate considerations into business-as-usual processes. In 2020, İşbank has worked with Oliver Wyman to further integrate climate change risk into its risk mgmt framework; and has upgraded its risk taxonomy, positioned climate risk as a strategic risk, and extended its definition to include all types of climate risks (both transition&physical risks) based on TCFD and international regulator recommendations. İşbank disclosed its climate change risk mgmt framework and objectives in 2020 & 2021 ICAAP reports. Also, İşbank's Climate Change Risk Policy, Methodology and Principles Regarding the Measurement and Management of Climate Change Risk (includes the methodology&principles for conducting climate risk heat map and scenario analysis) and Climate Change Risk RACI Matrix documents have been established by Risk Committee, approved by the Board and came into effect in 2021.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	For the qualitative part, İşbank combines climate risk related literature, external studies and expert input to assess climate risk level on a sectoral heatmap. Assessment is translated into a 5-grade risk scale to evaluate vulnerability of each sector in the portfolio to climate change risks. Non-renewable energy generation sector was prioritized for quantitative assessment since by the end of 2021, it accounts for 35% of Bank's total commercial-loan portfolio emissions and approximately 14 billion TRY outstanding loan	In the scenario analysis; as the carbon tax level increases, the change in ECL increases exponentially and reaches its max at the point where all the coal-fired power plants go default and become stranded. There is no doubt that implying a carbon tax on non-renewable energy generation sector will further increase the share of the renewable energy (including hydropower) in the total electricity production of Turkey. More interestingly, we observed that a carbon tax implies	This outcome, endorses the İşbank's strategy of supporting the transition to a low-carbon economy and offering finance solutions for renewable energy investments (including hydropower) to help energy transformation. İşbank targets to increase its %71 share of renewable energy projects in the total energy generation projects portfolio. İşbank also commits to the strategy that 100% of the loans for new

		amount, which makes it by far the most carbon intense sector in its portfolio. For the quantitative part, Isbank incorporates NGFS reference scenarios framework and UNEP-FI/Oliver Wyman's "Transition Check" methodology. In the reporting year 2021, Bank carried out this study for non-renewable energy generation sector to assess the financial effect of a disorderly transition scenario to a 1.6ºC – 2ºC temperature alignment which includes a sudden implementation (0 to 3 years) of a carbon tax. The potential impact of a carbon tax is assessed by stressing financial statements of firms operating in the target sector. In the assessment, key metrics such as revenues, COGS, OPEX, CAPEX are stressed considering supply-demand dynamics of the energy sector, as well as expected changes in macroeconomic outlook of the chosen pathway. Based on the firm based stressed financials, ECL calculation process is re-run to analyze impact for each firm. For the carbon tax, 4 different levels (5$, 15$, 22$ and 35$ per tCO2e) are tested. To calculate the effect of the carbon tax on the energy supply and demand, data such as current electricity price and production in the Turkish economy are gathered form EPIAS and TEIAS. For demand and supply elasticity, academic researches and	increased profit margins for some renewable energy generation companies in İşbank's portfolio, including hydropower plants, because the price of electricity produced is expected to shift upwards in the case of a carbon tax as a result of the differences between supply and demand elasticities. This is considered as an opportunity of transition, since all other factors remain constant, increased customer revenues probably be reflected into İşbank's financials as lower expected credit loss for renewable energy plants and increase the Bank's appetite for financing renewable energy projects.	energy plant investments are extended to renewable energy projects.

		Oliver Wyman's expert opinions are taken into account. For macroeconomic assumptions (inflation, FX rates, GDP growth, interest rates, etc.), calculations of Bank's Economic Research Department are used in order to be in line with Bank's overall strategy. For electricity and coal price assumptions we use a study conducted specifically for İşbank by one of our advisor firms. For emission parameters for each type of energy source, we use Oliver Wyman's recommendations, which are based on IPCC's research. Firm based data such as financials are collected from customers' financial statements and lastly Turkey's energy generation mix and firm-level production mix are derived from EPIAS database.		

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	By implementing low water impact, İşbank considers reduced amount of water usage, increased water efficiency in agricultural applications, prevention of over consumption of water and eliminating water pollution by performing innovative solutions regarding the newest and most environmental friendly technologies. İşbank evaluates its commercial loan portfolio's exposure to water-related risks and opportunities. While evaluating loan applications, İşbank expects all of its customers to comply with the national regulations applicable to their commercial activities. These include regulations concerning water. Furthermore, İşbank also evaluates potential environmental and social (E&S) impacts of the investment projects financed by the Bank. All projects are evaluated according to national laws and regulations, including the Regulation on Water Pollution Control, Regulation on Urban Waste Water Treatment, Regulation on Surface Water Quality and In all projects financed by İşbank, customers are required to comply with all applicable regulations. The products of İşbank, which	(1)Pressurized Irrigation Systems Loan: İşbank has signed a partnership and financing protocol with the Pressurized Irrigation Industrialists Association to ensure widespread use of modern irrigation systems and reduce water consumption. (2)Marine Conservation Loan: The first of its kind in the sector, the Loan is designed to provide financial support to customers that want to invest in, or improve their wastewater treatment/recovery, or ballast water treatment systems to prevent pollution incidents. (3)Digital Agriculture Project&İmeceMobil app: İşbank, initiated the Digital Agriculture Project that uses agricultural forecasting&early warning systems that rely on advanced tech in agri-business. The Bank also introduced İmeceMobile app for use in agricultural production activities. The farmers, who benefited from the irrigation, fertilization and satellite-supported services of the ImeceMobil app, saved 2,100 tons of water per 10 decares.

		are specially designed for low-water impact & water efficiency, are briefly explained in the next column.	

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	The Sustainability Committee aims to ensure that sustainability and water-related issues are embedded in business decisions and there is appropriate flow of information across all divisions. İşbank obtained the ISO 14001 Environmental Management System certification for a total of 802 branches, including Head Office and TUTOM buildings, signaling that the Bank operates an environmental management system at international standards. It is aimed to receive the ISO 14001 Environmental Management System certificate to cover all locations of the Bank in 2022. We are aware of the fact that water-related risks seek for special attention and this subject is considered at corporate level. By doing so, it is required for us to set water-related goals, which will affect our future actions on our water management system in the direction of preventing over consumption of resources and protecting our natural resources. İşbank's water-related goals mainly focus on maintaining buildings' plumbing systems in good condition, minimizing water withdrawal and increasing rainwater collection amount, which leads to reduced environmental impacts of our activities on environment.

W8.1a

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

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Water stewardship

Description of target

By the end of 2022, all İşbank locations will be certified with ISO14001. As a part of the project, all water taps will be renewed that will lead to reduced water withdrawals over the facilities. By implementing innovative solutions for water used for domestic purposes our target is to reduce company-wide water withdrawal by approximately %15.

Quantitative metric

% reduction in total water withdrawals

Baseline year

2019

Start year

2021

Target year

2022

% of target achieved

57.2

Please explain

The plan is to reach the reduction target with the use of aerators in the buildings Bank operates. Although different brands of products are used, average aerator provides between 60% and 70% water saving depending on the faucet it is attached to. The installation of aerators has been completed in our Head Office, TUTOM and ATOM buildings. The aim was to install the aerators to all our branches within the scope of ISO14001 until the end of 2021. Since all service buildings will be included in the scope of ISO14001 in 2022, we aim to complete the installation of aerators for all of the locations by the end of 2022. Moreover, as the remote monitoring software is planning to be put into use in the field of sustainability, the amount of water savings will be monitored effectively. Water taps are renewed in 57.2% of all locations by the end of 2021. The target is to complete the project for all locations of İşbank by the end of 2022.

Target reference number

Target 2

Category of target

Monitoring of water use

Level

Company-wide

Primary motivation

Recommended sector best practice

Description of target

Water related data are recorded by relative Divisions of our Bank on a monthly basis currently. Water withdrawn from third party sources being municipalities and purchased water amounts are kept by water bills regularly. In order to ease the process monitoring, avoid technical errors and calculation errors; the system will be switched to an automated framework by the end of 2022; electronic water meters will be installed in 285 branches of İşbank. Such innovation will result in continuous monitoring and reporting that will increase the accuracy of data.

Quantitative metric

% sites monitoring water withdrawals total volumes

Baseline year

2021

Start year

2022

Target year

2023

% of target achieved

0

Please explain

Currently, water data of İşbank are being recorded in terms of water bills from the municipalities (for domestic water amount), readings from the water meters (for collected rainwater amount) and bills of purchase price (for potable water amount supplied via tankers and bottled water). However, in order to increase the accuracy of data and facilitate the recording process by the end of 2023, the recording system will be switched to an automated version entirely. This way it would be easier to reach the water data as well as data related to other resources.

W8.1b

(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

Country level

Motivation

Reduced environmental impact

Description of goal

The agriculture industry is one of the vital industries for sustainable development. İşbank supports the efforts toward increasing agricultural productivity through p During the pandemic, it is witnessed how risky it may become to meet agricultural and food needs when disruptions occur in the supply chain. Given its added value in terms of the economy, İşbank places agricultural banking among its strategic priorities. Our activities in this field are based on financing the transition of producers by combining finance and technology efficiently. Within this framework, we offer innovative products and services, such as ImeceMobil, to support this transition, and build it on structures that are specially designed with narratives where producers and consumers meet. ImeceMobil is an application which enables farmers to monitor the condition of their lands and the health of their crops. The application also prevents excessive fertilization that pollutes the environment by offering fertilization suggestions and helps farmers avoid incorrect irrigation practices by making irrigation suggestions to reduce use of water, which also allows them to keep costs under control and achieve better crop yields.

Baseline year

2019

Start year

2020

End year

2025

Progress

Within the scope of ImeceMobil application, the condition of farmers' lands, the health of their crops and fertilization and irrigation applications are the indicators used to assess the progress. Under the Digital Agriculture Project led in collaboration with Vodafone Business, use of input materials including agricultural fertilizers, pesticides, environmental waste and water usage was reduced, productivity was increased with the help of recommendations given to farmers according to the data obtained from 30 agricultural monitoring and forecast tools granted to them. According to the initial results obtained from the agricultural monitoring and forecast tools, which began to be used under the project, farmers gained an additional economic benefit of TL 57 million from 27 tools through reduction in use of input materials and increased productivity thanks to the early warnings as well as recommendations sent to 13,200 farmers on irrigation, fertilization and use of pesticides. The total number of farmer customers of İşbank was 357 thousand as of year-end 2021 and İşbank's target is to reach 750,000 users of ImeceMobil until the end of 2025.

W9. Verification

W9.1

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

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water withdrawal and discharge data alongside rainwater usage is verified.	ISAE 3000	Independent limited assurance was provided by KPMG in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).
W1 Current state	Total Water Consumption	ISAE 3000	Independent limited assurance was provided by KPMG in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).
W1 Current state	Amount of recycled water	ISAE 3000	Independent limited assurance was provided by KPMG in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).

W10. Sign off

W-FI

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

W10.1

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

	Job title	Corresponding job category
Row 1	Chief Financial Officer & Chief Sustainability Officer of İşbank	Chief Financial Officer (CFO)

W10.2

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

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms