

W0. Introduction

W0.1

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

Founded on October 26, 1987 as Finansbank A.Ş., QNB Finansbank (QNBFB) continues to serve the Turkish economy as one of Turkey’s largest private banks with consolidated assets close to TRY 849 billion (USD 64.9 billion) as of December 31, 2022. Along with a workforce of 11,427 people and 436 branches in 68 cities, including 1 branch in Bahrain, QNB Finansbank offers a broad collection of products and services across a multichannel network. Furthermore, through its subsidiaries and affiliates, the Bank also provides services in factoring, financial leasing, consumer finance, private pension and life insurance, portfolio management, and offers e-transformation products. QNB Finansbank distinguishes itself with its strong shareholder structure, experienced and professional staff, innovative and distinctive products and services, customer-oriented strategies and value-creating social responsibility projects. In June 2016, 99.88% share of QNB Finansbank was acquired by Qatar National Bank (Q.P.S.C.) (QNB Group), and since, the Bank has continued to take steps to further bolster the success story that made it one of Turkey’s largest private banks. Bank’s shares are publicly traded on Borsa Istanbul, with the ticker code “QNBFB”.

Vision

Architecting every individual and commercial financial plan will catalyze Turkey’s success.

Mission

Forging lifelong partnerships with all stakeholders by understanding their needs, finding the right solutions and aiming for maximum customer satisfaction.

Values

- Respect and Commitment
- Being “Us”
- Leadership
- Innovation

QNB Group and QNB Finansbank recognize the significant contribution the Group can make to society by adopting business practices to address ESG topics directly (through their business operations), indirectly (through their financing and community activities), as well as by embedding a culture of sustainability in their DNA. Furthermore, the Group believes that a proactive approach to sustainability strengthens QNB Group’s business resilience and supports sustainable financial performance in times of uncertainty. The Group is committed to creating long-term value for its stakeholders while remaining committed at the same time to the protection of the environment, and its contribution to the societies in which it operates.

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 2022	December 31 2022

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, a Ticker symbol	QNBFB
Yes, an ISIN code	XS2495850419

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	<p>For QNBFB, which plays a role in the financial sector, primary freshwater use is not directly counted as an operational input, while access to a quality freshwater source is critical for water sanitation, hygiene and employee health. Dependence on quality freshwater is rated as "important" due to the need for secure access and the availability at certain times of sufficient water for the operations. When the value chain is analysed, it is evaluated that the use of water is important in the production activities of its suppliers or in the activities of customers to whom the Bank provides loans. Availability of fresh water; especially in sectors such as chemistry, food, textile, mining, agriculture and renewable energy, where high water consumption is observed, has a high importance in lending activities.</p> <p>Future water dependency is likely to differ from the current situation and Turkey, where QNBFB has operations, is considered a water stressed country. Therefore, sufficient amounts of good quality freshwater available for use will get more important in future</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	<p>The use of recycled, brackish and/or produced water in QNBFB's direct and indirect operations do not have an important impact. For this reason, it was chosen as neutral because it is not of great importance yet. In order to provide good quality drinking water, treatment systems are installed in 85% of the QNBFB Buildings. This rate is increasing day by day. Also, rainwater harvesting is done in Kristal Kule, Ümraniye E Block and Erzurum Operations Center (Eromer). Collected rainwater is used for the irrigation. No significant difference in recycled/brackish water/produced water dependency is expected for both direct and indirect operations. However, it is aimed to expand rainwater harvesting by increasing the number of collection systems to reduce the use of fresh water.</p> <p>In their indirect activities, suppliers, and customers in QNBFB's value chain use recycled water where it is applicable. Suppliers and customers can use recycled water on their production lines. For this reason, the importance was chosen as neutral. As suppliers and customers are also located in Turkey, it is predicted that they will face water scarcity in the future. Therefore, its importance is expected to increase in the coming years.</p>

W1.2

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

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	We measure water withdrawals in real time using "on-site" water flow meters. Values read in the flowmeter are invoiced and the tracking is done monthly on invoices.	We carry out various projects to reduce resource consumption and increase operational efficiency. Meanwhile, we monitor the water withdrawal as a KPI to see current status and impact of improvements.
Water withdrawals – volumes by source	100%	Monthly	The water used in all locations are supplied from municipal network for water withdrawal. We measure water withdrawals in real time using "on-site" water flow meters. Values read in the flowmeter are invoiced for each branch and the tracking is done monthly on invoices.	Municipal Water and Sewerage Administration agencies report and publicly share information about water withdrawal from each dam on their websites. These reports are followed within the scope of operational efficiency. So, location-based projects can be implemented. Solutions can be developed to prevent problems that may be encountered with water scarcity.
Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Monthly	The water used in all locations are supplied from municipal network for water withdrawal. Water quality reports are published on municipalities websites as public. So, we can track the quality of withdrawn water from public reports. From pH to temperature, total of 46 parameter is evaluated and reported.	Access to a quality freshwater source is critical to water sanitation, hygiene and employee health. In order to protect the health of employees, it is very important that the water drawn is suitable for use. For this reason, the quality of the water supplied is monitored from the monthly reports of the relevant municipality. The quality of the drawn water is constantly monitored by the municipalities and treatments are done based on the Regulation on Water Intended for Human Consumption.
Water discharges – total volumes	100%	Monthly	We measure generated wastewater in real time using "on-site" water flow meters. Values read in the flowmeter are invoiced and the tracking is done monthly on invoices.	All of the generated wastewater from QNBFB is discharged to the municipal sewage system.
Water discharges – volumes by destination	100%	Monthly	The generated wastewater in all locations are discharged to municipal sewer system. We measure discharged wastewater in real time using "on-site" water flow meters. Values read in the flowmeter are invoiced for each branch and the tracking is done monthly on invoices.	All of the generated wastewater from QNBFB is discharged to the municipal sewage system and the sewer line is ended up in municipal wastewater treatment plant.
Water discharges – volumes by treatment method	100%	Monthly	The generated wastewater in all locations are discharged to municipal sewer system. Since sewer line and treatment plants are under the control of the municipalities, measurement done by their control.	Since QNBFB discharges to municipal sewage system, treatment methods can not be tracked. However, municipalities treat wastewater according to Urban Wastewater Treatment Regulation. Turkish Statistical Institute Database (TUIK) publishes wastewater treatment plant technologies and their portion in Turkey. According to TUIK 2020 data, wastewater treatment plants around Turkey has a portion of 56% biological, 18% natural, 21% advanced, and 5.6% physical treatment systems.
Water discharge quality – by standard effluent parameters	100%	Monthly	The generated wastewater characterized as domestic as a result of the sample analysis. COD, BOD and TSS are the main pollutants that are analyzed. Pollutants were classified and identified by taking samples with the methodology described in Water Pollution Control Regulation. QNBFB follows an established government standard called Water Pollution Control for the classification and identification of water bodies and ecosystem.	In order to discharge the generated wastewater to the municipality's sewer line, wastewater characteristics should be domestic. Domestic wastewater characteristic are determined in the Water Pollution Control Regulation.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	100%	Monthly	Besides COD, BOD and TSS; other pollutant such as nitrates and phosphates are analyzed for the characterization of the generated wastewater. Pollutants were classified and identified by taking samples with the methodology described in Water Pollution Control Regulation. QNBFB follows an established government standard called Water Pollution Control for the classification and identification of water bodies and ecosystem.	In order to discharge the generated wastewater to the municipality's sewer line, wastewater characteristics should be domestic. Domestic wastewater characteristic are determined in the Water Pollution Control Regulation.
Water discharge quality – temperature	100%	Monthly	Temperature is another quality parameter that is measured. It is analyzed with the onsite measurement equipment according to Water Pollution Control Regulation	Thermal pollution can play a significant role in ecosystem degradation by altering levels of dissolved oxygen and harming wildlife. So, temperature is measured. Water is discharged at room temperature.
Water consumption – total volume	100%	Monthly	Water consumption is measured monthly using a water balance which considers water withdrawals and water discharges.	QNBFB consumes water in areas such as cleaning, hygiene, employee consumption. In addition, drinking water is provided by internal purification systems without purchasing from outside. QNBFB is trying to increase efficiency and prevent waste at these points. For this reason, monthly monitoring of water consumption in each location is important for improvement activities.
Water recycled/reused	100%	Monthly	Reused water is measured monthly from the tank's capacity.	Rainwater harvesting is done in Kristal Kule building. Collected rainwater is stored in a tank and consumed in the garden irrigation activities.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Monthly	QNBFB uses an internal audit excel tool to measure progress towards WASH services for all employees.	QNBFB provides fully-functioning, safely managed WASH services to all workers.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	116.8	Higher	Increase/decrease in business activity	About the same	Increase/decrease in efficiency	<p>This is the first year of QNBFB's disclosure at CDP Water. For the importance of climate change and resource consumption, the Bank has been keeping water withdrawal as KPIs for many years. Tracking of water withdrawals are done from bills. In this way, water-related data for 2021 and 2022 were obtained and the reporting period was compared with previous years. Thresholds for the comparison and forecast can be described as,</p> <ul style="list-style-type: none"> - +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher <p>Total water withdrawal is calculated as the sum of water withdrawn from the municipal water system which is 116.8 megaliter. Calculations are done by the "Consumption – Withdrawal – Discharge" equation. Change between previous year is calculated as 10% which represents higher. There are three main reasons for this change which are,</p> <ul style="list-style-type: none"> - Decrease in the home office rate - Increase in the employment - Installation of water treatment systems for drinking water instead of PET bottles. <p>Five-year forecast is chosen as about the same. Continuous improvement is made gradually in each location. Water efficient systems are installed. So, an increase in efficiency is expected. The hybrid working system is expected to continue at the same rates, yet employment rates can be increased. So, it is expected to see about the same withdrawal rates in near future.</p>
Total discharges	97.1	Higher	Increase/decrease in business activity	About the same	Increase/decrease in efficiency	<p>QNBFB disclosures to CDP Water for the first time. For the importance of climate change and resource consumption, the Bank has been keeping water discharges as KPIs for many years and reporting the yearly values on Sustainability Reports. Tracking of water discharges are done from bills. In this way, water-related data for 2021 and 2022 were obtained and the reporting period was compared with previous years. Thresholds for the comparison and forecast can be described as,</p> <ul style="list-style-type: none"> - +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher <p>Total water discharges is calculated as the sum of water withdrawn from the municipal water system which is 98.1 megaliter. Calculations are done by the "Consumption – Withdrawal – Discharge" equation. Change between previous year is calculated as 8% which represents higher. There are three main reasons for this change which are,</p> <ul style="list-style-type: none"> - Decrease in the home office rate - Increase in the employment - Installation of water treatment systems for drinking water instead of PET bottles. <p>Five-year forecast is chosen as about the same. Since, water efficient equipments are installed in all locations, increase in efficiency is expected. The hybrid working system is expected to continue at the same rates, yet employment rates can be increased. So, it is expected to see about the same discharges rates in near future.</p>
Total consumption	19.7	Much higher	Increase/decrease in business activity	About the same	Increase/decrease in efficiency	<p>QNBFB disclosures to CDP Water for the first time. For the importance of climate change and resource consumption, the Bank has been keeping water consumption as KPIs for many years and reporting the yearly values on Sustainability Reports. In this way, water-related data for 2021 and 2022 were obtained and the reporting period was compared with previous years. Thresholds for the comparison and forecast can be described as,</p> <ul style="list-style-type: none"> - +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher <p>Total water consumption is calculated as 18.7 megaliter from the equation "Employee number x water consumption per employee x working days x ratio of an employee who works in office". QNBFB adopts hybrid working conditions. So, office working rate is considered. Per capita water consumption is taken as 7.4 L from research. https://www.researchgate.net/figure/Per-capita-frequency-and-amount-of-water-consumption-in-the-residential-and-office_tbl2_323941149</p> <p>Change between previous year is calculated as 22.8% which represents much higher. The main reason for this change is the increase in the office working rate.</p>

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	76-99	About the same	Increase/decrease in business activity	About the same	Increase/decrease in efficiency	WRI Aqueduct	<p>Water stressed areas based simply on physical scarcity is mapped with the WRI Aqueduct Tool. Physical risk quantity indicator is chosen as water stress. Overall water risk is chosen from tool as medium-high (2-3) to extremely high (4-5). Branches of QNBFB which are located on the water stressed areas of Turkey are pinned. Since QNBFB tracks the water withdrawals by location in their KPI's, total amount of withdrawn water is summed for each year. Percentage of withdrawn areas with water stress is determined as 87% with the equation given below as,</p> $\text{Volume withdrawn in water stressed areas} / \text{Total volume of company-wide withdrawals} \times 100$ <p>Scope of the assessment is chosen as full coverage and frequency is determined yearly. It has been observed that the majority of the locations where QNBFB operates are currently located in high-risk areas. Also, no dramatic increase in the number of branches in other regions is not expected in the future. So, five year forecast anticipate that this amount will remain approximately the same in the coming years.</p>

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	3.7	About the same	Maximum potential volume reduction already achieved	QNBFB installed a rainwater collection tank with a 60 m3 volume to the Kristal Kule building. Stored water is used for the landscape irrigation. Change according to previous year is found as less than 1%, so it indicated as about the same. Since the threshold value is evaluated as, -- +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB withdraws water from the municipalities network. So, QNBFB does not use any brackish surface water or seawater in their facilities. Since all the facilities pipelines are connected to municipal network, it is not foreseen to change the water withdrawal source.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB withdraws water from the municipalities network. So, QNBFB does not use any renewable groundwater in their facilities. Since all the facilities pipelines are connected to municipal network, it is not foreseen to change the water withdrawal source.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB withdraws water from the municipalities network. So, QNBFB does not use any non-renewable groundwater in their facilities. Since all the facilities pipelines are connected to municipal network, it is not foreseen to change the water withdrawal source.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB withdraws water from the municipalities network. QNBFB does not have any production unit. So, there is no water production in any of its facilities. Since all the facilities pipelines are connected to municipal network, it is not foreseen to change the water withdrawal source.
Third party sources	Relevant	113.1	Higher	Increase/decrease in business activity	QNBFB withdraws water from the third-party sources which is municipal supplier. Since the home office rates have decreased and treatment systems are installed in the branches water withdrawals are increased. Change according to previous year is found as 10%, so it indicated as higher. Since the threshold value is evaluated as, -- +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB does not discharge its generated wastewater to the fresh surface water directly. Generated wastewater discharges to the municipality's sewer line. Since all the facilities wastewater pipelines are connected to municipal's sewer line, it is not foreseen to change the wastewater discharge destination.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB does not discharge its generated wastewater to the brackish surface water or seawater directly. Generated wastewater discharges to the municipality's sewer line. Since all the facilities wastewater pipelines are connected to municipal's sewer line, it is not foreseen to change the wastewater discharge destination.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	QNBFB does not discharge its generated wastewater to the groundwater directly. Generated wastewater discharges to the municipality's sewer line. Since all the facilities wastewater pipelines are connected to municipal's sewer line, it is not foreseen to change the wastewater discharge destination.
Third-party destinations	Relevant	97.1	Higher	Increase/decrease in business activity	QNBFB does not discharge its generated wastewater to the fresh surface water directly. Generated wastewater discharges to the municipality's sewer line. Since all the facilities wastewater pipelines are connected to municipal's sewer line, it is not foreseen to change the wastewater discharge destination. Since the home office rates have decreased and treatment systems are installed in the branches water withdrawals are increased. Change according to previous year is found as 8%, so it indicated as higher. Since the threshold value is evaluated as, - +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher The collected rainwater was used for irrigation purposes. Harvested rainwater (4%) is less than 5%, so collected rainwater is excluded from discharge accounting.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	Since the water in QNBFB's locations generates from lavatories, cleaning activities and human consumption, the character of the wastewater generated is domestic. For this reason, it is directly discharged to the wastewater channels of the relevant municipalities. Further treatment is done by the municipality.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	Since the water in QNBFB's locations generates from lavatories, cleaning activities and human consumption, the character of the wastewater generated is domestic. For this reason, it is directly discharged to the wastewater channels of the relevant municipalities. Further treatment is done by the municipality.
Primary treatment only	Relevant	25	Much higher	Increase/decrease in business activity	Less than 1%	Primary treatment is only available in the Kristal Kule building. The wastewater generated in the kitchen located in Kristal Kule is subjected to primary treatment before being discharged. A pre-treatment is carried out, which includes the physical removal of oils and grease through the grease removal unit. It is then discharged to the municipal wastewater channel for further treatment. Change according to previous year is found as 35%, so it indicated as much higher. Since the threshold value is evaluated as, - +/- 0-5% change is about the same - +/- 5-15% change is lower/higher - +/- more than 15% change is much lower/higher
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	Since the water in QNBFB's locations generates from lavatories, cleaning activities and human consumption, the character of the wastewater generated is domestic. For this reason, it is directly discharged to the wastewater channels of the relevant municipalities. Further treatment is done by the municipality. So, none of the generated wastewater discharges to the natural environment without treatment.
Discharge to a third party without treatment	Relevant	72.1	Much lower	Increase/decrease in business activity	100%	Since the water in QNBFB's locations generates from lavatories, cleaning activities and human consumption, the character of the wastewater generated is domestic. For this reason, it is directly discharged to the wastewater sewer lines of the relevant municipalities. Further treatment is done by the municipality. So, none of the generated wastewater discharges to the natural environment without treatment.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	Since the water in QNBFB's locations generates from lavatories, cleaning activities and human consumption, the character of the wastewater generated is domestic. For this reason, it is directly discharged to the wastewater channels of the relevant municipalities. Further treatment is done by the municipality.

W1.2k

(W1.2k) Provide details of your organization's emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

	Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	List the specific substances included	Please explain
Row 1	0.1	Nitrates Phosphates	<Not Applicable>	Phosphorus is found in water in the form of phosphate. Domestic wastewater is generally rich in phosphorus compounds. In recent years, phosphate and polyphosphate compounds have been used in large quantities as additives in detergent production. Since detergent is used in cleaning activities, there is phosphate content in wastewater. However, QNBFB discharges wastewater to municipalities sewer line. They treat the wastewater in order to minimize the adverse effect. Treatment is done according to Urban Wastewater Treatment Regulation Discharge Standards.

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	1722400000	116.8	147465753.424658	Water withdrawal efficiency is calculated as, - Revenue / Total withdrawal QNBFB expands its branches around Turkey, yet the revenue is increasing each passing year. So, an increase in total water withdrawal efficiency figure is expected in the future.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	QNBFB is a player in the finance sector. In other words, it does not produce any tangible product. Therefore, it does not contain any substances classified as dangerous by a regulatory agency.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	Yes	<Not Applicable>	<Not Applicable>
Other value chain partners (e.g., customers)	Yes	<Not Applicable>	<Not Applicable>

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)

Number of suppliers identified as having a substantive impact

1902

% of total suppliers identified as having a substantive impact

76-99

Please explain

Water stressed areas based on physical scarcity are mapped with the WRI Aqueduct Tool. The physical risk amount indicator was chosen as water stress. The overall water risk was selected from vehicle to moderate-high (2-3) to extremely high (4-5). QNBFB suppliers located in the water-stressed regions of Turkey were determined. At this point, revisions were made by introducing sustainability criteria to the QNBFB supplier Service contracts, especially in the Service sector, of the suppliers located in the regions with water stress.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	Yes, water-related requirements are included in our supplier contracts	<Not Applicable>

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Complying with going beyond water-related regulatory requirements

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

76-99

Mechanisms for monitoring compliance with this water-related requirement

Grievance mechanism/Whistleblowing hotline

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

QNBFB uses the Grievance mechanism/Whistleblowing hotline as a supplier monitoring method. In order to provide a stronger management in the future, it is planned to establish a more comprehensive audit mechanism with supplier scoring.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

76-99

% of suppliers with a substantive impact

51-75

Rationale for your engagement

QNBFB is taking steps towards the development of a strong and sustainable supply chain. In terms of water, it is thought that evaluating suppliers and setting water-related targets in the supply chain will contribute to the reduction of water dependency. Accordingly, establishing relationships with suppliers identified as having a substantial impact on water safety has been prioritized. After the engagement activities, it is decided that three additional questions will be added to the Supply Contracts and followed as KPI. Questions are given below as,

- Please, indicate your water source. (well-network etc.)
- If there are water recovery systems in the facility, specify the amount of water recovered. (Amount of water discharged, recovered and reused.)
- Please, indicate your annual water consumption amount (m3).

Impact of the engagement and measures of success

Information about water management and administration was given in the training organized by the Supply Chain Management Association (TEDAR). One of the beneficial water-related outcomes of the engagement activity, suppliers priorities regarding water security is understood. Also, the awareness of the suppliers has increased and they will conduct more responsible water management and stewardship. In the event, which QNBFB deeply understood their suppliers, information was obtained on how suppliers would manage water-related risks and improve their water management. The success of engagement was measured by the percentage of suppliers that took action in line with science-based targets.

Comment

No additional comment

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Investors & shareholders

Type of engagement

Innovation & collaboration

Details of engagement

Engage with stakeholders to advocate for policy or regulatory change

Rationale for your engagement

QNB Finansbank is determined to build a better future and to be a responsible partner for all its stakeholders. Accordingly, it engages with policymakers directly and indirectly through trade associations to advocate for policy or regulatory change. In addition, QNBFB supports and recognizes the following conventions, standards and initiatives as part of its ESG commitments and sustainability framework:

- United Nations Global Compact,
- United Nations Sustainable Development Goals (SDG),
- United Nations Guiding Principles for Business and Human Rights,
- International Labour Organisation's (ILO) Declaration of Fundamental Principles of Rights at Work,
- World Bank Environment, Health and Safety Guidelines,
- Global Reporting Initiative (GRI),
- International Capital Markets Association (ICMA) Green and Social Bond Principles,
- International Finance Corporation (IFC) Performance Standards.

Impact of the engagement and measures of success

One of the beneficial results of participation activity is to make our voices heard. A common awareness is created through these initiatives that appeal to large audiences. In this way, it is ensured that the attention of policy makers and legal authorities is drawn to the issue and steps are taken to improve it. In addition, sharing commitment and good practices through this method sets an example for our company or other users, creating a perception of how water security is promoted or protected.

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 (Gediz)
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Type of impact driver & Primary impact driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary impact

Impact on company assets

Description of impact

Flood disaster occurred in the Gediz basin within the reporting period. Total of 2 bank branches which are located in the Izmir and Uşak provinces are affected from the flood in 2022. The flood disaster did not disrupt operational activities and did not damage any equipment. As a result of the flood disaster, financing costs increased due to the discharge of water, trenching, unclogging, spraying operations and cleaning operations. However, the impact of this loss was not considered significant as it accounted for 0.0001% of the revenue.

Primary response

Improve maintenance of infrastructure

Total financial impact

24275

Description of response

The total financial impact has been calculated as 24.275 TRY by considering the costs to be incurred due to cleaning activities, isolation, infrastructure reinforcement works and repair activities to be carried out in the damaged bank branches. It is the sum of the financial consequences of the impact itself and the actual of the response to deal with it. An emergency plan has implemented in flood zones. In order to raise awareness at the corporate level, employees received training on flood disaster and protection methods. Alternative locations were created in risky areas and necessary hardware and information access systems were installed for various business units to continue their activities. Insurance policies were reviewed.

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?

	Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Row 1	No	<Not Applicable>	No additional comment

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified	Please explain
Row 1	Yes, we identify and classify our potential water pollutants	As QNBFB is an organization operating in the financial sector, water is not a direct input to our operations. The main uses of water are cleaning, lavatory, drinking water and irrigation. For this reason, the generated wastewater characterized as domestic and can be discharged into the municipal sewer system in the related region. Pollutants were classified and identified by related municipalities water department by taking samples with the methodology described in Water Pollution Control Regulation. So discharge permission certificate is given in 2022 QNBFB follows an established government standard called Water Pollution Control for the classification and identification of water bodies and ecosystem. Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Suspended Solid (SS) and pH are the main indicators used to identify the characteristics of wastewater. In addition, meals are prepared in the kitchen in the Kristal Kule building. Oil and grease treatment is carried out for the wastewater resulting from the oils used during cooking.	<Not Applicable>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Oil

Description of water pollutant and potential impacts

The concentration of oil is an essential parameter for water quality and safety. If no pre-treatment is applied within the bank, the oil discharged into the system creates sewer blockages. The hardness of the clogs makes them very difficult and costly to clean. Also, it damages the additional wastewater treatment equipment. Furthermore, oil may interfere with aerobic and anaerobic biological processes and inhibits microorganisms. This situation led to decreased wastewater treatment efficiency.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Please explain

Only Kristal Kule has a kitchen that actively cooks. In order to manage the potential impacts, oil and grease separation equipment is installed in the Kristal Kule. The equipment applies pre-treatment of wastewater generated from the kitchen and operates with the %90 removal efficiency. We can measure and evaluate the success from input and output parameters level.

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

- Full

Risk assessment procedure

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

Frequency of assessment

- Annually

How far into the future are risks considered?

- 3 to 6 years

Type of tools and methods used

- Tools on the market
- International methodologies and standards
- Databases
- Other

Tools and methods used

- WRI Aqueduct
- Environmental Impact Assessment
- Regional government databases
- Internal company methods
- Materiality assessment
- Nation specific databases, tools, or standards

Contextual issues considered

- Water availability at a basin/catchment level
- Water quality at a basin/catchment level
- Stakeholder conflicts concerning water resources at a basin/catchment level
- Impact on human health
- 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
- NGOs
- Regulators
- Suppliers
- Water utilities at a local level

Comment

Internal company methods, materiality assessment, nation specific databases, tools, or standards are used for the other types of tools and methods which are specified in dropdown list. In the middle of 2021, QNBFB implemented an internal company method for risk assessment. Method is called as Environmental and Social Risk Assessment Model (ESRA) which is an automated tool for environmental and social risk assessment and supporting procedures in lending processes. In the ESRA, materiality assessment, international and nation specific databases, tools or standards are used. Standards such as ISO 14001 Environmental Management System is followed in operations and certification is obtained for three HQ Buildings.

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.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>QNBFB conducts risk assessment across the entire value chain. Therefore, the coverage is chosen as full. WRI Aqueduct, regional government databases, environmental impact assessments of the projects and nation specific databases, tools, or standards are used to detect water-stressed areas and evaluate their operations. Outputs of these evaluation is integrated into internal company methods for decision-making. Materiality assessment is conducted with the internal and external stakeholders in order to plan future water planning at the facility level and portfolio management. QNB Finansbank applies ESRA to all project loan applications, which are not included in the “QNB Finansbank Exclusion List”, with a minimum loan amount of 10 million USD and a maturity of 24 months or more. Risks are evaluated by Environmental and Social Risk Specialist in 4 classes.</p> <p>Category A: Projects with various, irreversible or unprecedented potential adverse environmental and social impacts or risks.</p> <p>Category B+: Projects that are generally site-specific and can be addressed through mitigation measures but have significant adverse environmental and social impacts and specific risks.</p> <p>Category B-: Projects with limited potential adverse environmental and social impacts or risks that can be addressed through site-specific and well-known mitigation measures.</p> <p>Category C: Projects with minimal or no adverse environmental and social impacts or risks.</p>	<p>QNBFB evaluates quantitative analysis such as water stress risk and qualitative analysis such as water quality parameters of the regions where operational activities are carried out. Therefore, water availability at a pressure/catchment level and water quality at a pressure/catchment level were considered among the contextual problems considered. QNBFB adopts a human and environment-friendly business model in all its business processes and fully complies with legal regulations. For this reason, stakeholder conflicts concerning water resources at a pressure/catchment level, impact on human health, water regulatory frameworks, status of ecosystems and habitats are also evaluated in this category. QNBFB always invests in its employees and strives to provide a high standard of safe, healthy and hygienic working environment. That's why access to fully-functioning, safely managed WASH services for all employees is important.</p>	<p>Each stakeholder has a high importance for QNBFB and their opinions are included in the materiality analysis. However, as an actor in the financial sector, customers are the most important stakeholders in QNBFB's value chain. QNBFB makes great efforts to provide a safe, healthy and hygienic working environment for its employees. Investors are also one of the most important stakeholders in QNBFB's value chain. Since any risk that the bank may encounter with water will also affect the investors, it requires them to have standard practices and take environmental issues into account in their loan allocations. Local committees are one of the stakeholders interacted with in the projects carried out within the scope of the Environmental Impact Assessment (EIA). Also, an Environmental and Social Risk Management Policy is implemented in the lending decision mechanism. NGOs are stakeholders that collaborates in corporate projects. Water utilities at a local level and regulators are among the stakeholders for direct and indirect operations. For QNBFB, responsible procurement means reducing the risks arising from the supply chain by considering the ESG risks and impacts while making the purchasing decision, and establishing long-term, value-creating collaborations based on mutual trust by acting prudently and sensitively in its relations with suppliers.</p>	<p>The QNBFB risk decision making process is defined in the Environmental and Social (E&S) Risk Management Policy. Risks of loan amount exceeding USD 10 M\$ and a tenor of 24 months and more are evaluated by the ESRA. Stakeholder views and outcomes of assessment are considered. If there is significant stakeholder conflict, viable measures are taken to avoid conflicts. The information gathered during the due diligence(DD) are used to determine project's risk levels. Each risk level has different guidelines for suitable project monitoring. If the risk level of project is category A, a detailed E&S DD and additional studies are required for further assessment. An independent E&S Consultant conducts an independent review and risk assessment. The DD report prepared afterward includes a separate E&S Action Plan (ESAP). If the project is B+, the decision to contract an independent E&S Consultant to conduct a further independent review and risk assessment is optional and evaluated by the E&S Specialist. The E&S Specialist makes this decision taking into account the E&S risks specific to the Project and the available E&S information. The due diligence report prepared by the independent consultant may also include the ESAP. If the risk category of the project is determined as B-, the E&S Risk Specialist can finalize the analysis. The ESAP is prepared by the E&S specialist.</p> <p>E&S Risk Management Policy: www.qnbfinansbank.com/medium/document-file-3231.vsf</p>

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

At QNBFB, internal tools and methods are in use as of 2021 to determine the environmental, social and climate-related risks of the bank’s portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio’s climate-related risks and opportunities. All Loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. The water-related risks and opportunities are assessed within the ESRA module. Identified water-related risks and opportunities in the portfolio do not meet the substantive threshold for QNBFB.

Operational risks and their possible financial values are disclosed in QNBFB’s Process Risk Assessment Procedures. During operational risk assessments , the maximum impact score is given for financial impacts over 3 million TRY and action planning is activated for risks above medium severity as the final risk score. In addition, QNB Finansbank directs the business units to take action in operational risk events that occur and have a monetary impact of more than TRY 40,000. Thus, risks with a financial impact of more than 3 Million TRY is a substantive financial impact for QNBFB. These risks are determined according to the criteria in the Process Risk assessment procedure and control actions are taken.

QNBFB continues to work on minimizing and managing water-related risks in project financing. QNBFB is aware that coal power plants put pressure on water resources due to their intense water consumption. For this reason, QNBFB also manages the risk on water resources with its coal exit commitment. QNBFB continues its efforts to increase its share in the portfolio by directing its resources to renewable energy technologies such as solar and wind. While operating in a country facing water scarcity, the Project Finance Team has been taking various measures since the first financial evaluation of the project in order to prevent HPPs from being affected by drought over the years. By examining the precipitation regime map, it is checked whether HEPP is in the region with high drought. Based on this, a technical/financial assessment is made to understand the overall situation. In the first financial evaluation stage, the repayment ability of the Project is checked. At this point, price projection is a very decisive factor. In addition to this, the performance of the power plant itself is considered as a very determining factor.

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	38	1-25	Since QNBFB plays a role in the financial sector, the definition specified as a facility corresponds to branches. The most important water risks for QNBFB originate from the projects it finances. When evaluated in terms of direct operations, risks related to water are physical risks such as drought and flood that will occur in locations where branches are located. Considering both income and water stress risk, it was determined that 38 out of a total of 436 branches of the bank could be damaged by a strategic effect in a possible flood.

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 (Büyük Menderes Resin)
--------	--

Number of facilities exposed to water risk

38

% company-wide facilities this represents

100%

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

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

% company’s total global revenue that could be affected

100%

Comment

There is no additional comments.

W4.2

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

Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)
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Type of risk & Primary risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential impact

Impact on company assets

Company-specific description

According to the Turkey Climate Assessment Report for the Year 2022, although the precipitation in 2022 decreased by 12.1% compared to normal and by 4.0% compared to last year's precipitation, flood disasters increased as it did every year. The year 2022 has been the year with the highest number of extreme events, with 1030 extreme events. There has been an increasing trend in extreme event trends, especially in the last two decades. It has been recorded that the majority of the extreme events that occurred in 2022 were heavy rains with 33.6%. The flood disaster in QNBFB, which has 436 branches throughout Turkey, is important in terms of operational risk assessments. According to flood map of General Directorate of Meteorology Marmara Region has a flooding potential. Marmara region is the place where banks most of the branches and Kristal Kule located.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1411163

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

The damage to the bank's water drainage, cleaning, infrastructure and technological equipment inside the building in the flood was calculated as approximately 1,411,163TRY. The approximate cost is calculated over the average damage cost per branch, which is the result of experiences in the past years. Branches exposed to risk are marked via the WRI aqueduct. Potential financial impact figure was calculated with the formula below as, "Average cost per branch * number of branches"

Primary response to risk

Improve maintenance of infrastructure

Description of response

QNBFB's policy is to continue to meet the needs of its customers without interruption, even under the most adverse conditions. Within this scope, QNB Finansbank Business Continuity & Emergency and Contingency Plan was developed. While determining the risks, different scenarios that may occur as a result of the realization of the defined risks were determined, and business recovery plans were created on the basis of these scenarios. The frequency of periodic maintenance activities, such as the maintenance of insulation and drainage pumps, has been increased to reduce the potential impact against the risk of flooding. Infrastructure systems were monitored regularly, and renovation works were planned. Alternative locations have been created in risky areas, and necessary hardware and information access systems have been established for various business units to continue their activities.

Cost of response

99966

Explanation of cost of response

It is foreseen to invest approximately 99,966 TRY for infrastructure maintenance and improvement works against the related risk. When the cost of the response is compared with the revenue, it is seen cost it is below 1%. Cost of response figure was calculated with the formula below as, "Average maintenance cost per branch * number of branches"

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 (All river basins in Turkey)
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Stage of value chain

Other, please specify (Portfolio)

Type of risk & Primary risk driver

Acute physical	Drought
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Primary potential impact

Changing revenue mix and sources

Company-specific description

According to Turkey's Climate Assessment Report for the Year 2022, precipitation in 2022 decreased by 12.1% compared to normal and by 4.0% compared to last year's precipitation. As one of the effects of climate change, precipitation is expected to decrease in the coming years. Accordingly, it may cause disruption of hydroelectric power plant (HPP) operations. Disruptions in operations will create difficulties in repayment of loans . QNBFB shows high sensitivity in this regard. In order to prevent HPP projects from being affected by drought, the Project Finance Team carries out its work from the first financial evaluation stage. By examining the precipitation regime map, it is checked whether the HPP project is in risky areas. Afterwards, a technical/financial evaluation is made to understand the general situation. The repayment ability of the project is made by considering the price projection. In 2022, as processes are managed with such sensitive evaluations. So, there were no operational disruptions due to drought in the HPP portfolio of QNBFB. However, when the possible risks are evaluated, it will be beneficial to turn to resources such as Wind Power Plant (WPP) and Solar Power Plant (SPP) in portfolio management considering the increase in water stress in the coming years.

Timeframe

4-6 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

400000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Drought is defined by a detailed assessment considering the intensity of precipitation, variation in precipitation durations, and geographical distribution. For Turkey, 2021 has been recorded as the driest year of the last 20 years and the second driest year of the last 41 years. This drought problem in Turkey has negatively affected many sectors such as agriculture, animal husbandry, forestation and electricity generation from hydroelectric power plants, especially in certain geographical regions. In 2021, companies in QNBFB's hydroelectrical power plant (HPP) portfolio experienced 20% revenue loss due to decrease in electricity production which equals to 400,000,000 TRY. However, this situation did not cause repayment irregularity for our Bank. Similar drought and related loss scenarios did not realize in 2022. For the upcoming years in case of any drought occurrence, QNBFB anticipates a similar loss of income for their Clients in the HPP portfolio.

Primary response to risk

Direct operations	Develop new products and/or markets
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Description of response

QNBFB cares about increasing the diversity of projects from the energy sector in its portfolio. For this purpose, new product and/or markets are developed. So, the financing of SPP and WPP projects has become more prominent in QNBFB's portfolio recently. Distribution of the renewable energy portfolio was become as SPP, WPP, and HPP, respectively, in 2022. In order to understand and manage the risks in a better way gives compulsory training related with the Environmental and Social Risk Management.

Cost of response

70000

Explanation of cost of response

Cost of response is calculated based on the training cost per employee. In order to calculate total cost, education cost per employee is multiplied with total employees as below,

Training cost per employee: 2258 TRY

Total Employee: 31

Total cost: Training cost per employee x Total Employee

=31 x 2258 = 70,000 TRY

W4.3

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

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

W4.3a

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

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

QNBFB is continuously working on the projects to improve water efficiency in their operations. As a result of this efforts company-wide benefits can see. Efficiency projects has an substantive impact on both environment and opportunity to reduce operation costs. Two main action is taken to improve efficiency in the operations as faucet aerator installation and rainwater harvesting. Rainwater harvesting is done in Kristal Kule and faucet aerators are installed most of the branches, yet QNBFB aims to increase the scope and number of such projects in all its facilities.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

506096

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Faucet aerators project: Faucet aerators are installed on the tap heads in order to make water consumption more efficient. With aerators that save 40% water compared to a normal faucet head, approximately 467,096 TRY is saved annually. Calculation is done by multiplication of the saved water amount and water price which is almost 10 TRY/m3.

Rainwater Harvesting: Another water-related opportunity is rainwater harvest in Kristal Kule. With rainwater collection, no additional water is drawn for garden irrigation. In this way, rainwater, which is described as clean water, is used efficiently, and contributes to the reduction of water consumption, thus saving approximately 39,000 TRY annually. Calculation is done by multiplication of the harvested water amount and water price which is almost 10 TRY/m3. While adopting good practices, QNBFB aims to increase the scope and number of such projects in all its facilities and to realize water consumption in the most efficient way.

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)

Kristal Kule

Country/Area & River basin

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

Latitude

41.006012

Longitude

29.16976

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

31.97

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**Withdrawals from brackish surface water/seawater****Withdrawals from groundwater - renewable****Withdrawals from groundwater - non-renewable****Withdrawals from produced/entrained water****Withdrawals from third party sources**

28.28

Total water discharges at this facility (megaliters/year)

15.16

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water**Discharges to brackish surface water/seawater****Discharges to groundwater****Discharges to third party destinations**

25.16

Total water consumption at this facility (megaliters/year)

6.8

Comparison of total consumption with previous reporting year

Much higher

Please explain

Kristal Kule is located in the Marmara Region which is highlighted as high water-stressed area according to the WRI Aqueduct Water Risk Atlas. QNBFB supplies water from municipal network and water withdrawal figure of Kristal Kule is tracked monthly via invoices. As a best practice, rainwater harvesting is done in the Kristal Kule. Stored rainwater is used for garden irrigation. Since the water used in all business units is supplied only from municipalities network the withdrawal and discharge sources other than third party is calculated as 0. Total number is calculated with the equation "Consumption = Withdrawal – Discharge."

Comparison with previous reporting year is done based on the threshold values determined as,

- +/- 0-5% change is about the same
- +/- 5-15% change is lower/higher
- +/- more than 15% change is much lower/higher

Main reason of this increase is effect of the pandemic is decreased. So, home office rate is decreased. Also, employment is increased in the Kristal Kule.

Facility reference number

Facility 2

Facility name (optional)

Umraniye E Block

Country/Area & River basin

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

Latitude

41.028803

Longitude

29.115557

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

8.42

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**Withdrawals from brackish surface water/seawater****Withdrawals from groundwater - renewable****Withdrawals from groundwater - non-renewable**

Withdrawals from produced/entrained water

Withdrawals from third party sources

8.53

Total water discharges at this facility (megaliters/year)

6.58

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

6.58

Total water consumption at this facility (megaliters/year)

1.85

Comparison of total consumption with previous reporting year

Much higher

Please explain

Ümraniye E Block is located in the Marmara Region which is highlighted as high water-stressed area according to the WRI Aqueduct Water Risk Atlas. QNBFB supplies water from municipal network and water withdrawal figure of Ümraniye E Block is tracked monthly via invoices. As a best practice, PET bottles are phased out and water treatment system is installed for the drinking water. Since the water used in all business units is supplied only from municipalities network the withdrawal and discharge sources other than third party is calculated as 0. Total number is calculated with the equation "Consumption = Withdrawal – Discharge."

Comparison with previous reporting year is done based on the threshold values determined as,

- +/- 0-5% change is about the same
- +/- 5-15% change is lower/higher
- +/- more than 15% change is much lower/higher

Main reason of this increase is effect of the pandemic is decreased. So, home office rate is decreased. Also, employment is increased in the Ümraniye E Block.

Facility reference number

Facility 3

Facility name (optional)

Erzurum Operations Center (Eromer)

Country/Area & River basin

Turkey	Other, please specify (Çoruh Basin)
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Latitude

39.932633

Longitude

41.166925

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

1.34

Comparison of total withdrawals with previous reporting year

Much higher

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

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

1.34

Total water discharges at this facility (megaliters/year)

1.21

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

1.21

Total water consumption at this facility (megaliters/year)

0.13

Comparison of total consumption with previous reporting year

Much higher

Please explain

Erzurum Operations Center (Eromer) is located in the Erzurum, Çoruh Basin which is highlighted as high water-stressed area according to the WRI Aqueduct Water Risk Atlas. QNBFB supplies water from municipal network and water withdrawal figure of Eromer is tracked monthly via invoices. As a best practice, PET bottles are phased out and water treatment system is installed for the drinking water. Since the water used in all business units is supplied only from municipalities network the withdrawal and discharge sources other than third party is calculated as 0. Total number is calculated with the equation "Consumption = Withdrawal – Discharge."

Comparison with previous reporting year is done based on the threshold values determined as,

- +/- 0-5% change is about the same
- +/- 5-15% change is lower/higher
- +/- more than 15% change is much lower/higher

Main reason of this increase is effect of the pandemic is decreased. So, home office rate is decreased. Also, employment is increased in the Eromer.

Facility reference number

Facility 4

Facility name (optional)

HQ Buildings

Country/Area & River basin

Turkey	Other, please specify (All River Basins Turkey)
--------	---

Latitude

41.006012

Longitude

29.16976

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

15.01

Comparison of total withdrawals with previous reporting year

Much higher

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

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

15.01

Total water discharges at this facility (megaliters/year)

12.47

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

12.47

Total water consumption at this facility (megaliters/year)

2.53

Comparison of total consumption with previous reporting year

Much higher

Please explain

HQ Buildings are located in around Turkey, yet most of them are located in the high water-stressed area according to the WRI Aqueduct Water Risk Atlas. QNBFB supplies water from municipal network and water withdrawal figure of HQ Buildings are tracked monthly via invoices. As a best practice, PET bottles are phased out and water treatment system is installed for the drinking water. Since the water used in all business units is supplied only from municipalities network the withdrawal and discharge sources other than third party is calculated as 0. Total number is calculated with the equation "Consumption = Withdrawal – Discharge."

Comparison with previous reporting year is done based on the threshold values determined as,

- +/- 0-5% change is about the same
- +/- 5-15% change is lower/higher
- +/- more than 15% change is much lower/higher

Main reason of this increase is effect of the pandemic is decreased. So, home office rate is decreased. Also, employment is increased in the HQ Buildings.

Facility reference number

Facility 5

Facility name (optional)

Branches

Country/Area & River basin

Turkey	Other, please specify (All River Basins Turkey)
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Latitude

41.006012

Longitude

29.16976

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

60.04

Comparison of total withdrawals with previous reporting year

Much higher

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

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

60.04

Total water discharges at this facility (megaliters/year)

51.64

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

51.64

Total water consumption at this facility (megaliters/year)

8.4

Comparison of total consumption with previous reporting year

Much higher

Please explain

Branches are located in all around Turkey, yet most of them are located in the high water-stressed area according to the WRI Aqueduct Water Risk Atlas. QNBFB supplies water from municipal network and water withdrawal figure of HQ Buildings are tracked monthly via invoices. As a best practice, PET bottles are phased out and water treatment system is installed for the drinking water. Since the water used in all business units is supplied only from municipalities network the withdrawal and discharge sources other than third party is calculated as 0. Total number is calculated with the equation "Consumption = Withdrawal – Discharge."

Comparison with previous reporting year is done based on the threshold values determined as,

- +/- 0-5% change is about the same
- +/- 5-15% change is lower/higher
- +/- more than 15% change is much lower/higher

Main reason of this decrease is some of the branches are closed permanently in the 2022 and employment is decreased. Home office rate is decreased, yet the effect of

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

QNBFB monitors the monthly water withdrawals by volumes as KPI from official invoices. Total withdrawals are verified within ISO 14064-3, WBCSD protocol verification standards for the relevant year. Also, water withdrawals, which are followed as KPIs, are examined by internal audit units within the scope of corporate management and shared via Sustainability Reports which are publicly available

Please explain

<Not Applicable>

Water withdrawals – volume by source

% verified

76-100

Verification standard used

QNBFB monitors the monthly water withdrawal volumes by source as KPI from official invoices. QNBFB only withdraws water from municipalities network and values are verified within ISO 14064-3, WBCSD protocol verification standards for the relevant year. Also, water withdrawals, which are followed as KPIs, are examined by internal audit units within the scope of corporate management and shared via Sustainability Reports which are publicly available.

Please explain

<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified

76-100

Verification standard used

QNBFB withdraws water from municipalities network. Municipalities take samples and verify the water quality parameters and share their websites. Samples are examined in accredited laboratories according to TS EN ISO / IEC 17025 General Requirements for the Competence of Experiment and Calibration Laboratories.

Please explain

<Not Applicable>

Water discharges – total volumes

% verified

76-100

Verification standard used

QNBFB monitors the monthly water discharges by volumes as KPI from official invoices. Total discharges are verified within ISO 14064-3, WBCSD protocol verification standards for the relevant year. Also, water discharges, which are followed as KPIs, are examined by internal audit units within the scope of corporate management and shared via Sustainability Reports which are publicly available.

Please explain

<Not Applicable>

Water discharges – volume by destination

% verified

76-100

Verification standard used

QNBFB discharges wastewater to municipalities sewer line and treatment done under the control of relevant municipality. In order to discharge wastewater to the municipality's sewer line, wastewater characteristics should be domestic which is satisfied by the QNBFB. Discharge Permission Certificate (DIB) obtained for Kristal Kule and Ümraniye E Block.

Please explain

<Not Applicable>

Water discharges – volume by final treatment level

% verified

76-100

Verification standard used

QNBFB discharges wastewater to municipalities sewer line and treatment done under the control of relevant municipality. Final treatment methods are published in relevant municipality's website. In order to discharge wastewater to the municipality's sewer line, wastewater characteristics should be domestic which is satisfied by the QNBFB. Discharge Permission Certificate (DIB) obtained for Kristal Kule and Ümraniye E Block

Please explain

<Not Applicable>

Water discharges – quality by standard water quality parameters

% verified

76-100

Verification standard used

QNBFB discharges wastewater to municipalities sewer line and treatment done under the control of relevant municipality. In order to discharge wastewater to the municipality's sewer line, wastewater characteristics should be domestic which is satisfied by the QNBFB. Discharge Permission Certificate (DIB) obtained for Kristal Kule and Ümraniye E Block

Please explain

<Not Applicable>

Water consumption – total volume

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water consumption is measured monthly using a water balance which considers water withdrawals and water discharges. Consumption is examined by internal audit units within the scope of corporate management. Also, water consumptions are shared via Sustainability Reports which are publicly available. In the future, it is aimed to carry out third party verification

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
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	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Commitment to align with international frameworks, standards, and widely-recognized water initiatives</p> <p>Commitment to prevent, minimize, and control pollution</p> <p>Commitment to reduce or phase-out hazardous substances</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in direct operations</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to the conservation of freshwater ecosystems</p> <p>Commitments beyond regulatory compliance</p> <p>Reference to company water-related targets</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>Being aware of the negative effects of climate change and related water problems on operations, QNBFB has policies consisting of the necessary approaches and actions to minimize the negative effects of the functions in operational processes on the environment. In line with these policies, the WRI Aqueduct Tool and the Ministry of Agriculture and Forestry data are regularly followed to monitor the water stress and amount of water in the basins. QNBFB monitors water-related metrics, and the bank's water-related strategies can be determined by qualitative and quantitative analysis. In this framework, the Bank constantly reviews and improves its policies, environmental, energy and water management systems in all its branches and regions; aims and undertakes to control and reduce the consumption of resources such as energy and water and to reduce the negative effects that may arise from its activities. In addition, while advocating that water is a natural human right and that everyone should have access to clean water for consumption and hygiene, it is preferred to cooperate with suppliers who are aware of the importance of water in business relations with the value chain. In this context, QNBFB directs and invites its suppliers in the value chain to awareness activities and conferences on water and climate issues. It takes initiatives to raise awareness by organizing trainings for all its personnel. QNBFB has obtained ISO 14001 certificate for its Head Office buildings and documented its devotion in its approach to water with an environmental management system certificate.</p> <p>Policies are constructed based on the global standards and water-related targets or strategies can be determined through qualitative and quantitative analysis. Policies are reviewed annually in order to reflect global and company-wide changes. While aiming to reduce water consumption and prevent pollution in its operations, QNBFB implemented beyond regulatory compliance.</p> <p>For details, visit the link below. https://www.qnbfinansbank.com/en/about-qnb-finansbank/policies</p>

W6.2

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

Yes

W6.2a

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

Position of individual or committee	Responsibilities for water-related issues
Chief Executive Officer (CEO)	<p>QNBFB Sustainability Committee is established to provide adequate, effective and strategic oversight for the Bank’s overall sustainability initiatives. Sustainability Committee (SC) is responsible for the general oversight of sustainability strategy and performance, including informing and updating the Board of Directors and Corporate Governance Committee on sustainability related matters. CEO of the Bank acts as the Chair of the Sustainability Committee, and the committee consists of Executive Vice Presidents (EVP’s), and/or Directors who are/will be appointed by the Chair considering their core responsibility and at least two members of the Strategy Office. The head of Risk Management also attends the meetings as an observer. The Board of Directors and Corporate Governance Committee are annually informed regarding Committee’s activities.</p> <p>QNBFB SC continues to work on the coordination of sustainability studies, the evaluation of the economic, environmental and social impacts of its activities, and the identification and management of risks and opportunities in these areas.</p> <p>An example that a water-related decision made by the committee within two years can be summarized as:</p> <p>EIA, Industrial Waste Management Plan, Zero Waste Certificate, Waste Water Channel Connection Opinion were received for 3 Headquarter buildings. The ISO 14001 process has been completed, the audit is expected to take place on December 19, 2022 (this target has been completed) A feasibility study is planned to install aerators that reduce consumption in water faucets. During the selection of a new supplier, environmental legal document obligation and follow-up were added in 4 items (ISO 140001 is questioned and it is expected that the relevant standard conditions for water will be met here.) (This target has been completed) Transition to drinking water treatment devices in branches.</p>

W6.2b

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

Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1 Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy	<p>Selected governance mechanisms contribute to the QNBFB Sustainability Committee (QNBFB SC)’s oversight of water-related issues. CEO of the Bank acts as the Chair of the Sustainability Committee. The SC meets 4 times a year. Topics related to each aspect of sustainability, including water, are discussed through the meetings. Business plans corporate sustainability strategies, action plans and risk management are reviewed in these meetings. Performance is monitored through KPIs. Besides from the regular meetings, SC can meet in urgently if urgent and important issues arise. Important decisions taken by the SC are reported to the board of directors. Board of directors review meetings are held to ensure the adequacy and effectiveness of QNBFB’s sustainability practices. At these meetings, which are held regularly, actions are taken for measures and opportunities for possible risks related to water.</p> <p>Within the reporting year, a detailed environmental impact analysis was made, and unit-based monitoring of water was carried out for 3 headquarter buildings.</p>

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	Criteria used to assess competence of board member(s) 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	Yes	In QNBFB, which defines its effective and experienced management team as its greatest strength, the evaluation criteria for the competencies and expertise of the members of the board of directors are specified in the Banking Law. The law does not specifically request any competence about environmental and climate-related issues. However, QNBFB consider the environmental competence based on members' previous and current responsibilities and achievements. As an example, QNBFB's CEO has implemented various climate-related actions in their previous positions and has therefore built his competence and raised awareness on the issue throughout the Bank. For instance, the application of environmental and social risk policies to support sustainability activities in line with the overall Bank strategy in Project and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, training related to sustainability and climate-related issues will be provided to Finansbank's all board level and c-level positions in 2022. In addition, the CEO of QNBFB is the Head of the Sustainability Committee. All of these actions and criteria are considered in terms of climate and water-related issues competence of the CEO.	<Not Applicable>	<Not Applicable>

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 Executive Officer (CEO)

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

QNBFB defines Sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and community, in alignment with QNB Group's sustainability strategy. QNBFB sustainability framework consists of three pillars: sustainable finance, sustainable operations and beyond banking. All three pillars support QNBFB's goal of sustainable financial performance, through reducing risks, opening up new business opportunities and strengthening our brand. Under each pillar QNBFB identify the sustainability topics most material to the business and a series of actions plans to improve the Banks performance. Selected water-related responsibilities are assigned to the CEO since s/he leads the committee and reports to the board of directors.

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	The Bank provides the climate change-related incentives starting from the upper management level to all employees.

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	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Chief Executive Officer (CEO)	Reduction of water withdrawals – direct operations Reduction in water consumption volumes – direct operations Reduction of water withdrawal and/or consumption volumes – supply chain Improvements in water efficiency – direct operations Improvements in wastewater quality – direct operations Increased access to workplace WASH – direct operations	Reported performance indicators are linked to progress on QNBFB's sustainability strategy. QNBFB endeavors to develop different methods and implement different practices for increasing operational efficiency, including water. QNBFB acts on the awareness that their biggest environmental impacts are "indirect" due to the lending procedures on one hand, and take steps to responsibly manage their "direct" impact like water efficiency. Performance indicators are tracked through KPIs and integrated into strategy.	The CEO and the C-level suite have sustainability-related responsibilities in their job description and as a part of their KPIs. As the KPI's achieved, they benefit from annual incentives. As an example, the annual KPI's of CEO includes bank-wide sustainability-related activities, including energy reductions and energy efficiency projects. Within the QNBFB, the Sustainability Target of the CEO is assigned. Below are some examples of targets. <ul style="list-style-type: none"> • Management of environmental impact of operational activities and loan portfolio • Dissemination of products in line with the sustainability strategy • Dissemination of sustainability awareness within and outside the bank There is only monetary reward incentive.
Non-monetary reward	Please select	Please select		There is only monetary reward incentive

W6.5

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

- Yes, direct engagement with policy makers
- Yes, trade associations

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?

QNBFB is committed to building a better future and being a responsible partner for all its stakeholders. QNBFB does this by embedding a culture of sustainability and sustainable practices into its business activities, to better enable it to manage ESG factors today, and well into the future. The principles and sustainability approach of QNBFB have been developed in accordance with all applicable laws, national and international regulations and standards. In addition, QNBFB support and recognize the following conventions, standards and initiatives as part of its ESG commitments and sustainability framework: United Nations Global Compact, United Nations Sustainable Development Goals, United Nations Guiding Principles for Business and Human Rights, International Labour Organisation's Declaration of Fundamental Principles of Rights at Work, Women Empowerment Principles, World Bank HSE Guidelines, Global Reporting Initiative, International Capital Markets Association Green and Social Bond Principles, International Finance Corporation Performance Standards.

If a declaration-based inconsistency is detected in the stakeholders, the nonconformities detected by the investigation are reported and discussed in the SC. The results are shared with the board of directors. Afterwards, the relevant departments are informed to take the necessary actions. QNBFB negatively evaluates projects in sectors that are a very high-risk group in the international literature and are prohibited.

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)
- QNB Finansbank CDP Water Attachment .pdf

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Water related issues are integrated into QNBFB's long-term business objectives. One of QNBFB's direct water use objectives in its strategic business plan is reducing water withdrawal and consumption in branches. Another business objective in QNBFB's strategic business plan is the indirect use of water in relation to the projects to which credit is given. In this direction, QNBFB analyses the water-related risks and opportunities of the projects it provides loans and develops its strategies to reduce the negative impacts. It is very important to evaluate the risks related to water, especially in Turkey, where operations are carried out and facing water scarcity and drought. QNBFB is taking action to have a quantitative transition plan in line with Paris Agreement and 1.5 degrees world. The bank has not financed new coal power plant since 2015.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Water related issues are integrated into QNBFB's long-term strategies for achieving long-term objectives. For the direct water use, QNBFB monitors direct water uses as KPI. Based on the outcomes, measures such as productivity-enhancing equipment installations are done in branches. Awareness raising activities are conducted with employees and stakeholders. In order to achieve long term objectives, strategies are also conducted in the indirect water use side. QNBFB invests in the development of climate risk assessment tools and governance to assess vulnerability to climate-related risks in its portfolio. These tools are important for understanding the potential financial impacts of climate change and adapting credit practices accordingly. The bank aims to reduce the exposure to climate-related financial risks by integrating climate risk into the bank's decision-making processes. QNBFB carries out its lending activities in accordance with the risk management system established to consider the environmental and social risk assessments (ESRA) of the projects being financed. The water-related risks and opportunities are assessed within the ESRA module.
Financial planning	Yes, water-related issues are integrated	11-15	Water related issues are integrated into QNBFB's financial planning. QNBFB Sustainability Committee takes place with the participation of representatives of different departments within the bank. Financial aspects of strategy and action plans are discussed during the QNBFB Sustainable Committee meetings. Annual budgets, business plans, and corporate responsibility strategy is reviewed and guided by the committee.

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)

181

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

5

Water-related OPEX (+/- % change)

68

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

10

Please explain

CAPEX has increased 181% compared to the previous reporting year. Reason for this situation is the rehabilitation of the env. drainage system in the Kristal Kule and the replacement of high-capacity pumps. QNBFB aims to continue its investments in water saving systems in branches in the coming years. So, an increase in CAPEX is expected in the coming years. Since, investments will not be as major as this year, an increase of approximately 5% is expected. OPEX includes annual water withdrawal & consumption expenditures and drinking water treatment renting expenses. Since treatment systems installed in 2022 and employment increased, OPEX changed %68 from previous year. However, these systems are planned to be permanent, so there won't be that much change in future. Moreover, regular increases in water prices have an impact on this increase. OPEX is expected to increase by approximately 10% next year by considering the increase in water prices and the increase in the number of employees.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	No additional comment.

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	Water-related Climate-related	WRI Aqueduct Tool is used for the water-related scenario analysis to determine possible risks. QNBFB considers Turkey's Intended Nationally Determined Contribution (INDC) submitted on 30 September 2019 for its scenario analysis. Turkey ratified the Paris Agreement in October 2021. At that time, it submitted its 2015 INDC as its NDC, with the aim of unconditionally reducing GHG emissions in 2030 by 21% below a BAU projection in line with a 2 degrees scenario. However, Turkey will submit an updated NDC target that's in line with the Paris Agreement. Alongside that, QNB Finansbank also considers using quantitative climate-related scenario analysis to understand the impact of climate-related issues on its operational and portfolio activities.	Considering the water stress and drought in Turkey, it will be very difficult to meet the water demand in the future. On the direct use of water, water related outcomes that will affect the branches such as floods and droughts are foreseen. In indirect operations, there may be difficulties in loan payments in sectors where water use is intense. For this reason, detailed examinations are made during the risk assessment process and the relevant actions specified in ESRA are taken for the projects deemed risky. Effects of climate change will have different consequences directly on operations and on the portfolio. In order to manage them correctly, the bank will need to take different actions in the value chain. Prevention of operational risks are of great importance in terms of business continuity. It is important to keep the business strategy up-to date for the follow-up of the risks and opportunities to be encountered in the portfolio. For example, the Carbon Border Adjustment Mechanism in EU Green Deal is expected to create a risk for the companies in the bank's portfolio. Additional operational costs for companies are indirectly effecting the repayments to the bank, thus creating a credit risk.	The definition of the response to water outcomes will differ based on direct and indirect impacts. For direct operations, the location of the branch is chosen taking into account flood zones and water risks. If a flood risk is foreseen in a region, infrastructure works are examined, necessary improvements are made, and branches are aimed to be opened on higher floors, if possible. Considering the annual precipitation regime and scenario analysis, a decrease in production is expected in HPP projects. In this direction, ESRA criteria are developed, and necessary actions are taken for risky regions.

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

QNBFB develops its business strategies with the awareness of water scarcity and water risks in the country. It continues its efficiency and awareness-raising activities by following metrics such as current water withdrawal, consumption, and discharge. QNBFB continuously follows the best practices that can be integrated into its activities and integrates them into its strategies. In this context, the application of the internal water price can also be evaluated.

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	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	QNBFB does not have any direct products, yet it develops its lending activities according to climate and water related issues. In this context, QNBFB attaches great importance to financing projects with low water impact while managing its green energy portfolio and defines low water impact products as loans that supplies on wind and solar power plant projects. It provides loans that will increase the ratio of wind and solar power plant projects by reducing the ratio of Hydroelectric power plant projects in the eligible portfolio list.	<Not Applicable>	

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	Yes	<Not Applicable>
Water withdrawals	Yes	<Not Applicable>
Water, Sanitation, and Hygiene (WASH) services	Yes	<Not Applicable>
Other	No, and we do not plan to within the next two years	There is no other target.

(W8.1b) Provide details of your water-related targets and the progress made.**Target reference number**

Target 1

Category of target

Water pollution

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction in water discharges per business unit

Year target was set

2022

Base year

2019

Base year figure

14.7

Target year

2025

Target year figure

13.9

Reporting year figure

10.4

% of target achieved relative to base year

537.500000000001

Target status in reporting year

Achieved

Please explain

In 2022 QNBFB set a target to reduce its water discharge by 5% by 2025. Unit of metric is stated as "m3/capita" to track this target. Target coverage is chosen as company-wide. This target has been set with the motivation to develop different methods and implement different practices to increase operational efficiency and reduce the environmental impact of its activities.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction of water withdrawals from municipal supply or other third party sources

Year target was set

2022

Base year

2019

Base year figure

0.43

Target year

2025

Target year figure

0.41

Reporting year figure

0.33

% of target achieved relative to base year

500

Target status in reporting year

Achieved

Please explain

In 2022 QNBFB set a target to reduce its water withdrawal by 3% by 2025. Unit of metric is stated as "m3/area" to track this target. Target coverage is chosen as company-wide. This target has been set with the motivation to develop different methods and implement different practices to increase operational efficiency and reduce the environmental impact of its activities.

Target reference number

Target 3

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in the proportion of employees using safely managed drinking water services

Year target was set

2022

Base year

2021

Base year figure

0

Target year

2024

Target year figure

410

Reporting year figure

380

% of target achieved relative to base year

92.6829268292683

Target status in reporting year

Underway

Please explain

In 2022 QNBFB set a target to increase in the proportion of employees using safely managed drinking water services. Employees are the most valuable stakeholder to sustain the business and QNBFB attaches great importance to employee health and safety. The bank set target to install onsite treatment units to all its buildings. It is targeted to install treatment units to banks all buildings. Unit of metric is stated as "building" to track this target. Target coverage is chosen as company-wide. This target has been set with the motivation to supply better water, sanitation and hygiene (WASH) service to its employees.

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

QNBFB GHG Assessment Report_18.05.2023.pdf

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	Amount of total water withdrawal volume is verified.	Other, please specify (ISO 14064-3, WBCSD protocol.)	QNBFB's total amount of water withdrawal value is verified by third party according to ISO 14064-3 and WBCSD protocol standards.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations Supply chain Product use phase	As QNBFB, we are trying to develop different methods and implement different practices to increase operational efficiency, especially resource consumption, and to reduce the environmental impact of our activities. Zero Waste Project was implemented in 2022 in order to evaluate operational wastes. Within the scope of the Zero Waste Project, all wastes from QNBFB buildings were mapped. The main usage areas of plastic in the bank's value chain are pet and carboy bottles purchased to meet the drinking water needs of employees. For mapping, the Zero Waste System Installation methodology specified by the Ministry of Environment, Urbanization and Climate Change was followed. Looking at the effects in the value chain, the bank cards used by customers and purchased plastic products are mapped as important for plastic use and integrated to KPI list. Within the scope of the projects financed, the waste management methods, processes, disposal methods, recycling amount (if any) in the different phases of the project are controlled and if the actions related to waste management are found insufficient, an ESAP is prepared depending on the ES risk category of the project and additional mitigation/preventive actions are defined if necessary. Within the scope of the EIA Report, specific information about plastic is given and this information is checked.

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Not assessed – but we plan to within the next two years	<Not Applicable>	Plastic pollution threatens not only the environment but also the existence of future generations. Plastics negatively affect people and the environment at every stage of their life cycle (fossil fuel extraction, production, manufacture, use, recycling and disposal). It is felt in a wide variety of fields, especially in biodiversity, climate change, human health and human rights. Therefore, direct operations and supply chain plastic use have been mapped, but a detailed review of its potential environmental risks and human impacts is planned within two years.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Direct operations Supply chain Product use phase	Physical	Depending on the number of employees, drinking water consumption in QNBFB buildings is increasing day by day. Accordingly, the consumption of pet bottles and plastic carboys is increasing. Although the plastics used are collected separately and sent for recycling, according to the Turkish Plastics Industrialists Research, Development and Education Foundation (PAGEV), the recycling of plastics is around 70%. For this reason, water treatment systems were installed in the buildings and thermoses were presented to the employees. Reusable and 100% recyclable glass carboys have been used in buildings that are not suitable for the treatment system. In the supply chain, inquiries about waste were integrated in supplier identification forms. Here, ISO 14001 documents, zero waste certificate, environmental permit documents are questioned to understand companies waste management status. In addition, waste related clauses were added to supplier contracts such as, <ul style="list-style-type: none"> - ...Suppliers will cooperate with QNBFB in order to identify opportunities that can improve the environmental performance and sustainability performance of the services provided under this Agreement, - The resources allocated to the services provided under this Agreement will be used effectively and with minimum consumption, - Suppliers will adopt sustainable practices and environmental responsibility, - Suppliers ensure that their employees minimize the environmental impact of their daily activities and comply with the QNBFB Sustainability Policy...

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic goods Waste management	Eliminate single-use plastic goods Increase the proportion of recyclable plastic waste that is collected, sorted, and recycled in the community	In order to protect human and environmental health, treatment systems were installed in the buildings and a thermos was distributed to each employee in order to reduce the plastic consumption of the employees. The treatment system is actively used in approximately 85% of the buildings and this rate is increasing day by day. 100% recyclable glass carboys have started to be used in buildings where the treatment system has not been activated yet. Employees can consume water with their thermos from carboys placed in the common area. QNBFB has a target as not to use single use plastics in offices. So, transition period started with the installation of drinking water treatment systems and replacing Pet bottles and Pet carboys with glass. With the project, consumption of 62.5 tons of plastic in branches, 2.6 tons of plastic glasses, 1.0 tons of Pet bottles and 35.0 tons of plastic carboys in the head office was prevented annually compared to the base year of 2019. Additionally, to increase the proportion of recyclable plastic waste that is collected, sorted, and recycled in the community QNBFB collaborates with the Turkey Spinal Cord Paralytics Association (TOFD). Within the scope of the cooperation, QNBFB employees collect plastic bottle caps that are thrown away in daily life and collect them in the cap collection boxes in the buildings. When these caps reach a certain number, they send to TOFD and then they are recycled, so wheelchairs are given to disabled individuals. QNBFB aims to not use single-use plastics. When there is a demand for the use of plastic from the departments, an alternative solution is found and the use of single-use plastics is tried to be prevented. No single-use plastic orders were entered in 2022.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	Yes	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	No	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1

Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

20

Raw material content percentages available to report

% virgin fossil-based content

% virgin fossil-based content

100

% virgin renewable content

<Not Applicable>

% post-industrial recycled content

<Not Applicable>

% post-consumer recycled content

<Not Applicable>

Please explain

According to the information obtained from the supplier, the use of plastic in one bank card has been taken into account. For the total weight of plastic durable goods sold in the reporting year, the plastic weight in the card is calculated by multiplying the number of cards issued in the relevant year. ((Weight of plastic/card)*(sold card amount/year)) 5,000,145 amount of card with 4 gr plastic content is supplied to customers within 2022. $5,000,145 \times 4 / 1000000 = 20.0$
Annual plastic weight may change depending on the number of customers on the cards in the coming years. In order to set a strict target, QNBFB conducts feasibility studies.

W11. Sign off

W-FI

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

NA

W11.1

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

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

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 indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms