



Sustainability  
Report  
2019-20

# Leading responsibly

# Leading responsibly

**HDFC Bank has been at the forefront of the banking industry transformation in India. While our unparalleled 'phygital' reach enables us to deliver world class-banking services even to the remotest corners of the nation, we leverage that same distribution network to drive positive changes to life and augment livelihood opportunities. Profitability is the bedrock of sustainability. Over the years, we have built a robust banking franchise by balancing growth and profitability. We have embedded environmental, social and governance (ESG) parameters into our institutional framework. We are also reducing our environmental footprint by promoting digital banking and optimising energy consumption. Our unwavering focus on corporate governance has created a strong foundation of trust, on which we aspire to build a sustainable future.**

## About this report

This is our seventh Sustainability Report. This report is prepared in accordance with the GRI Standards: Comprehensive option and the GRI content index is presented at the end of the report. It covers the period from April 1, 2019 to March 31, 2020, and includes all businesses and services under our operational control.

Data presented in the report is sourced from respective corporate departments. All calculations and underlying assumptions involved are explained throughout the report, wherever applicable. The report has also been externally assured by independent third party, based on ISAE 3000 (Revised) and AA 1000 AS (2008) Standards.

To read more about a particular topic across the report, please look for this icon:

Get direct access to a wide range of company information on:  
[www.hdfcbank.com](http://www.hdfcbank.com)

## Inside the report

The report endeavours to articulate our sustainability approach and transparently communicate our performance. It covers sustainability topics relevant to our business as well as our stakeholders in line with the principles of stakeholder inclusiveness and materiality.

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The way we progress

# Sustainability snapshot



**Second top constituent  
of the NIFTY  
enhanced ESG Index<sup>#</sup>**



**261.92 MT**

E-waste recycled<sup>#</sup>



**10+ Lakh**

Trees planted<sup>#</sup>



**12%**

Reduction in power consumption through  
Energy Management System (ENMS)  
adopted at 600 branches\*



**145.5 KW**

Cumulative solar power capacity<sup>#</sup>



**23,800+**

Acres of agri land treated<sup>#</sup>



**7.8+ crore**

Beneficiaries of Parivartan<sup>#</sup>

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**1.99 crore**

Students benefited by  
'Teaching-The-Teacher'  
(3T) initiative<sup>#</sup>

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**1,03,190+**

Farmers trained<sup>#</sup>

\*During FY 2019-20

<sup>#</sup>As of March 31, 2020

## The way we progress



### 1.29 crore

Participants covered under Financial Literacy Programme<sup>#</sup>

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### ₹535 crore

CSR expenditure for developing and empowering communities<sup>#</sup>

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### 18.5 million+

units of blood collected since the inception of the blood donation drive<sup>#</sup>

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### 7.8+ lakh

Women trained through Sustainable Livelihood Initiative<sup>#</sup>

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### 16.93+ lakh

Financial literacy camps conducted<sup>#</sup>

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### 4+ lakh

Households across more than 1,280 villages reached through Holistic Rural Development Programme<sup>#</sup>

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\*During FY 2019-20  
# As of March 31, 2020

## Overview by MD & CEO

# 25 years of driving sustainable progress

### Dear Stakeholders,

Last financial year was clearly one with a difference. Be it the global and domestic headwinds the Indian economy faced or the COVID-19, which towards the year end, laid the world low. Its effect was minimal last year, but in the current one, it has sent the economy into recession and has people worried about their lives and livelihoods.

**Let me start by saying that like all things, this too shall pass. However, difficult or improbable it may appear now. Let's keep our faith and hope, our biggest allies in crisis.**

I am proud to say that at HDFC Bank too, we rose to the occasion. Not just by contributing ₹70 crore to the PM-CARES Fund, but by simply continuing to serve our customers, by keeping our branches functional notwithstanding the risk to our lives. My heartfelt thanks to our colleagues, who braved it all in the cause of duty.

This is of course, not to say that the year was all about the virus.

In our seventh Sustainability Report, we tell you the story of how we have brought about transformation in the Environmental, Social and Governance (ESG) spheres. And underline the fact that we continued to grow our Net Profits by 24.6% to ₹26,257.3 crore in FY 2019-20. This was achieved in a challenging business environment where certain segments of the retail experienced a downturn due to an overall slowdown in domestic consumption. This was, however, balanced by strong growth in the Wholesale Business.

Long before CSR and Sustainability became buzz words, Sustainability was one of our core values. A strong ESG framework has now become a part of the Bank's DNA. We strongly believe that businesses cannot prosper at the expense of the environment and communities. In order to ensure that everyone in the Bank is aligned to this belief, we have established a cross functional ESG committee comprising senior members.

We are relentlessly working towards meeting key national priorities, be it alleviating hunger, combating climate change, taking banking to the unbanked, furthering education, helping build a cleaner India or bringing about sustainable change in the rural heartland, which is home to about two-thirds of India's population, many of whom live in poverty.

Through our CSR brand Parivartan, which means change, we have potentially made a difference to the lives of over 7.8 crore Indians, mainly in rural India. Driving this change is the Sustainable

Livelihood Initiative (SLI) team, which comprises about 10% of the Bank's workforce and works exclusively on improving livelihood opportunities. Our 'Teaching-The-Teacher' initiative has benefited over 2 crore students. The Holistic Rural Development Programme has touched another 16 lakh people across more than 1,200 villages. We are also happy to report that we met the mandatory CSR expenditure through a spend of ₹535 crore.

Needless to say, our environmental and social goals are geared towards meeting the Sustainable Development Goals (SDGs), which are the blueprint for achieving a better and more sustainable future by 2030. Banking, by the very nature of its business, is environment-friendly. We have now gone a little further and are now committed to reducing

**Scope I and Scope II emissions by 10%, over the next 2 to 3 years as a part of our commitment to climate change.**

As we strive to reduce our environmental footprint, we have aligned our strategies with international frameworks like the objectives and targets with that of the Climate Disclosure Standards Board (CDSB) and voluntary Task Force on Climate-related Financial Disclosures.

In terms of financial parameters, as you're aware, our Bank is right up there. Its NPAs are among the lowest in the industry and balance sheet strong and growing. We also have a competent and dedicated workforce comprising 2 lakh-plus colleagues across the Bank and its two subsidiaries.

Needless to say, their well-being is a key focus area for us. Through our flagship wellness initiative, HDFC Bank Cares, we are helping our colleagues move towards a holistic lifestyle. We are committed to supporting them financially, physically and medically in our journey.

I would like to take this opportunity to thank all our stakeholders including customers, shareholders, governments, regulators and society at large, for making us successful and continuing to repose their faith in us. As always, I would love to hear from all of you.

**Aditya Puri**

**MD & CEO**  
HDFC Bank Limited



**Aditya Puri**, Managing Director

## Introducing HDFC Bank

# Leading with trust

HDFC Bank is India's largest private sector bank catering to its diverse customer base of 5.6 crore+ customers through a wide network of banking outlets and ATMs across India. Our physical reach is augmented by our digital channels, which we leverage to bring meaningful change to the lives of millions.

HDFC was the first private sector bank set up after approval from the Reserve Bank of India (RBI) as part of its policy for liberalisation of Indian Banking industry in 1994. Our mission is to be a world-class Indian bank. We are committed to upholding the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. Our leadership is anchored by our five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability.



## Business segments

We have diversified business operations, split into domestic (India) and international. Our banking services cover Commercial Banking, Investment Banking, Transactional Banking across wholesale and retail segments, and treasury operations.

**5,416**

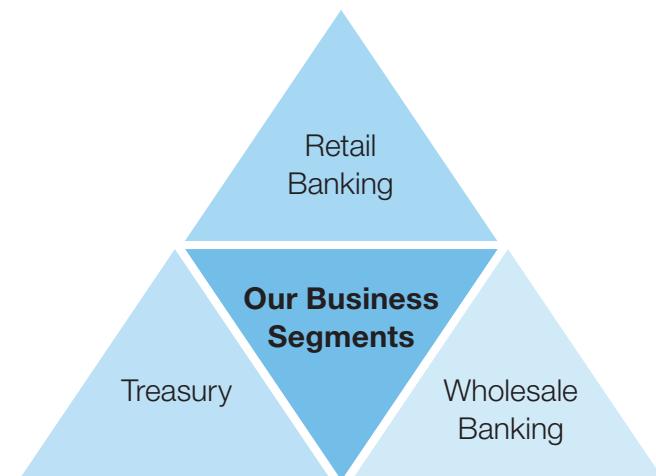
Bank branches network

**14,901**

ATMs/Cash deposit and withdrawal machines in 2,803 cities/towns

**5,379**

Banking outlets managed by the Common Service Centres



## Retail Banking

Our Retail Business caters to individuals and extremely small businesses such as kirana stores. This business has traditionally been the biggest contributor to our assets. We offer a diverse range of financial products and banking services through our growing physical and digital channels such as NetBanking, PhoneBanking and MobileBanking. Digital channels account for over 95% of our transactions.

Our offerings include auto loans, credit cards, and personal loans, as well as savings and term deposits. We also distribute third-party products like mutual funds, life, general and health insurance, as well as source home loans on behalf of HDFC Limited.

Our Retail Banking Business registered robust growth in the year under review. Total Retail Deposits grew by 24.0% to ₹879,145 crore from ₹709,085 crore in the preceding year while Retail Advances rose 14.6% to ₹494,401 crore from ₹432,687 crore.

**24%**

Growth in retail banking business this year\*



## Wholesale Banking

Our Wholesale Banking business focuses on institutional customers such as the Government, Large and Emerging Corporates, and SMEs. Our comprehensive offerings include Working Capital and Term Loans, Supply Chain Financing, as well as Trade Credit, Cash Management, Foreign Exchange, and Investment Banking services.

Our Wholesale Banking business recorded healthy growth, ending the year with a domestic loan book size of over ₹4.79 lakh crore constituting a growth of 29.3% over the previous year. We were able to expand the share of the customer wallet, primarily using sharper customisation, cross-selling and expanding into greater geographies.



## Treasury

The Treasury is the custodian of our cash/liquid assets and handles investments in securities, foreign exchange and cash instruments. It manages the liquidity and interest rate risks on the balance sheet and is also responsible for meeting reserve requirements. The vertical also helps manage the treasury needs of customers and earns a substantial part of its revenues through fee income generated from transactions customers undertake with the Bank while managing their foreign exchange and interest rate risks.

We recorded revenue of ₹2,154.8 crore from foreign exchange and derivative transactions during the year under review.

**₹2,154.8 crore**

Revenue from foreign exchange and derivative transactions this year

## Introducing HDFC Bank

### Direct economic value generated and distributed

Our financial performance in FY 2019-20 resulted in a 20.6% increase in direct economic value generated.

(₹ in crore)



**79,447.10**

Revenue



**79,447.10**

Direct Economic  
Value Generated (A)



**30,697.5**

Operating Cost



Payments to  
Providers of Capital



Payments to Government



**535**

Community Investments



**31,232.5**

Economic Value Distributed (B)



**48,214.6**

Economic Value Retained (A-B)



For detailed financial performance, please refer to our Annual Integrated Report FY 2019-20.

## Awards and accolades



### FinanceAsia's Survey 2020

Ranked **1<sup>st</sup>** as  
Best Managed Company  
Best Corporate Governance  
Best CEO – Mr. Aditya Puri



Ranked **2<sup>nd</sup>** for  
Best Environmental Stewardship



### Dun & Bradstreet BankTech Awards 2020

India's Leading Private Bank – BFSI  
Best Use of Banking Technology – Data Analytics/BI/Big Data (Joint Winner with SBI)  
Best Use of Banking Technology – API Open Banking



### Business Today – Money Today Financial Awards 2019

Bank of the Year – jointly with SBI  
Best Large Bank  
Best Fintech Engagement



### CNBC-AWAAZ CEO AWARDS 2019

Mr. Aditya Puri adjudged  
CEO of The Year



### 11<sup>th</sup> Inclusive Finance India Awards (IFI) 2019

Winner in 'Innovation and Inclusiveness in Priority Sector Lending' category



### 2<sup>nd</sup> SIDBI-ET India MSE Awards 2019

Best MSE Bank (Private Sector)



### BrandZ Top 75 Most Valuable Indian Brands 2019

India's Most Valuable Brand six years in a row



### Euromoney Awards for Excellence 2019

India's Best Bank

## Introducing HDFC Bank

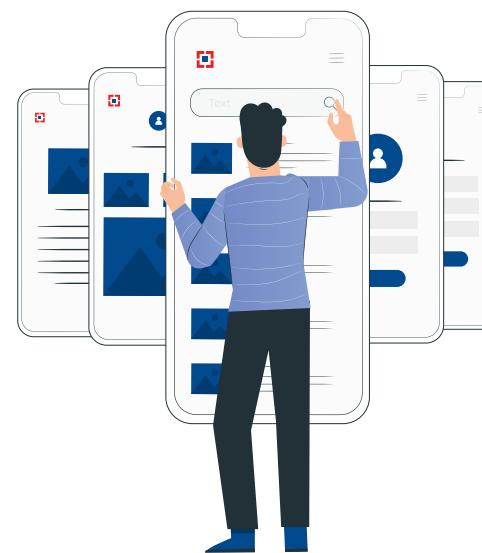
# Fortifying data privacy and security

We continue to evolve with fast-changing customer preferences and market conditions. Digitisation plays a key role in expanding reach and delivering superior customer experience but it also comes with inherent risks. We have invested heavily in preventive processes and systems to mitigate information security risks.

## Enriching customer journey with digital

HDFC Bank has always stayed ahead of the curve by driving digital innovation. We continue to invest in cutting-edge digital technologies to provide seamless solutions to our customers. The Centre of Digital Excellence (CODE) was set up by the Bank to adopt best practices in the digital space and enhance its product and service offerings. The purpose of the CODE is to identify, induct, train, deploy and launch various digital initiatives to equip the Bank's employees with the necessary resources to build better solutions for customers.

CODE has many elements – industry-academia partnerships, the Digital Innovation Summit and Digital Command Centre, and the Accelerators Engagement Program, among others. These initiatives enable the Bank to share its domain expertise with relevant stakeholders such as educational institutions, start-ups and fintech companies, which enhances its digital banking capabilities and, in turn, benefits customers.



### Elements of our Digital 2.0 strategy



#### Reimagined Customer Interface



#### Digital Analytics, Digital Acquisition and Digital Marketing



#### Digital Innovation



#### API Banking



#### Virtual Relationship Manager (VRM)

### Digitisation and data security

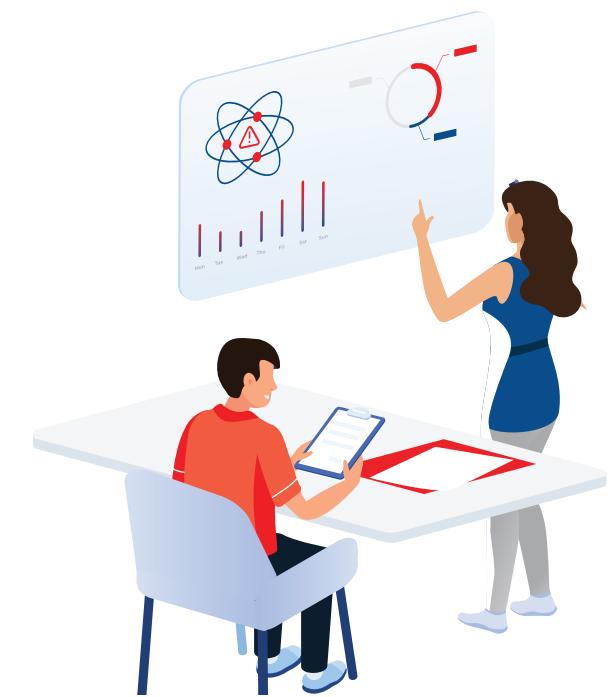
Information Security and Cyber Security are critical to our operations and processes. Given the increased preference for tailored solutions, simplicity and convenience, the role of technology in delivering banking services, has become ever more pervasive. While we have been at the forefront of adopting emerging technologies in the Indian banking industry, we have proactively put in place advanced Cyber Security practices and tools.

Our Code of Conduct and Ethics Manual also has guidelines on customer privacy and confidentiality of data. We have well-defined standard operating procedures (SOPs) in place to ensure data security, including the 'Code of Bank's Commitment to Customers' as prescribed by the Banking Codes and Standards Board of India (BCSBI) and Employee and Customer Awareness Procedures. We are also guided by the Information Security Policy, Cyber Security Policy and Business Continuity Management Policy.

The Bank has a Crisis Management Plan to respond to and recover from any crisis (natural, manmade, or cyber). This has improved our resilience to cyber risks. Our senior management and Board members are trained on cyber security aspects and crisis management strategies.

The Bank's products include current accounts, savings accounts, deposits, loans, credit cards and other financial services. The Bank is a member of the BCSBI and abides by the right to transparency, fair and honest dealings. As per the code, the Bank continues to provide adequate information on all its products and services. The Bank ensures that customers are not misled by their promotional material and hence, not subject to unfair business/marketing practices, coercive contractual terms or negative confirmations.

The citizen's charter outlines the guiding principles with respect to the formulation of various products offered, and terms governing the conduct of the account. We have also set up a 'Customer Service Committee' that ensures implementation of RBI directives and monitors customer service quality.



We have set up a systematic grievance redressal system for all our stakeholders to raise complaints on data privacy. We constantly engage with our customers and employees to increase awareness about increasing digital risks. Customer complaints related to phishing, unauthorised transactions and cash dispensation are given utmost importance.

On an average, it takes seven days for resolution of complaints.

Complaints on data and privacy breach	Customers	Regulatory bodies
Complaints	47	0

## Value-driven banking

# Incorporating ESG into institutional framework

As a responsible leader in India's financial services space, we are committed to creating sustainable value for all our stakeholders. Our ability to drive inclusive growth stems from our strong governance, and focus on making a positive change in the environment and the communities we operate in.



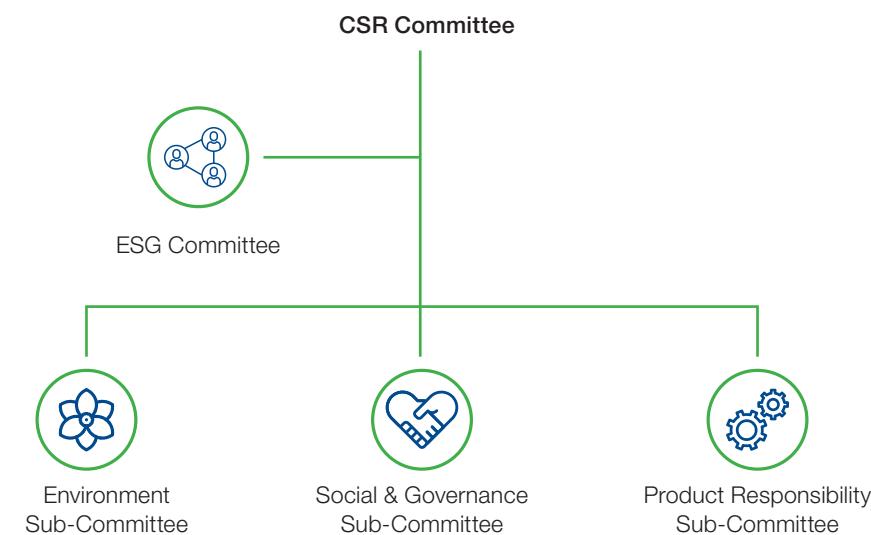
The development of a nation is characterised by the prosperity of its society and environment. Our community-centric approach has driven us to include sustainability in our core values with a strong Environment, Social and Governance (ESG) framework, which has now become the part of our DNA. Since then, we have invested heavily in aligning our ESG framework with our strategic objectives.

With the increasing global influence of incorporating ESG elements into the institutional framework, we have maintained a well-balanced approach to factor in all the aspects of a successful business and a prosperous society.

We devised a Board-approved environmental policy in 2019 to guide our environmental initiatives through risk assessment, impact evaluation and emission reduction, among others. In FY 2019-20, we established an Environmental Social & Governance (ESG) Committee at the management level, with representations from senior members across major functions. The committee, which reports to the CSR Committee of the Board, has been divided into three major sub-committees for focused discussions.

## ESG governance structure

Our ESG strategy extensively focuses on climate change, social risk management, ethical procurement practices, employment practices, customers, communities, transparency, good governance, among others.



## Value-driven banking

# Strengthening relationships with stakeholders

**At HDFC Bank, we have a structured approach to understand, prioritising and addressing stakeholder expectations. Our stakeholder prioritisation exercise was conducted with the functions that constitute the ESG committee.**

First, we identified all relevant key stakeholder groups based on their interests in the Bank. The identified groups were further prioritised based on their influence on our business.

Our customers, investors/shareholders, employees, communities/NGOs, regulatory bodies and suppliers represent our key stakeholder groups. We maintain an effective two-way communication with our stakeholders throughout the year, which enables us to further strengthen our time-tested and trusted relationships with them.



## How we engage with key stakeholder groups

Listening and aligning with stakeholder views

Stakeholder group	Focus areas	Modes of engagement	Frequency	HDFC Bank's response
 <b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Ease of transacting across channels</li> <li>▶ Innovative technology applications</li> <li>▶ Data security</li> <li>▶ Advanced analytics</li> </ul>	<ul style="list-style-type: none"> <li>▶ Online and postal communication</li> <li>▶ Customer satisfaction surveys</li> <li>▶ Feedback from customers</li> <li>▶ Regular interaction with customers</li> </ul>	▶ Continuous engagement as per requirement	<ul style="list-style-type: none"> <li>▶ New products enabled by the Bank's digitisation strategy</li> <li>▶ Making personalised recommendations with virtual RM</li> <li>▶ Awareness on data security and privacy</li> </ul>
 <b>Investors / Shareholders</b>	<ul style="list-style-type: none"> <li>▶ Compliance</li> <li>▶ Governance and ethical practices</li> <li>▶ Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Quarterly reports and press releases</li> <li>▶ Investor meets and Annual General Meetings (AGMs)</li> </ul>	▶ Quarterly / Annual	<ul style="list-style-type: none"> <li>▶ Policies and demonstration of responsible business conduct</li> </ul>
 <b>Regulatory bodies</b>	<ul style="list-style-type: none"> <li>▶ Compliance</li> <li>▶ Social Security schemes</li> <li>▶ Relevant national mandates</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular meetings</li> <li>▶ Policy updates and ministry directives</li> <li>▶ Mandatory filings with regulators including RBI and SEBI</li> </ul>	▶ Continuous engagement as per requirement	<ul style="list-style-type: none"> <li>▶ Awareness generation on the mandates by the GoI</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>▶ Training and career progression</li> <li>▶ Wellness and safety</li> <li>▶ Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual Performance appraisal discussions</li> <li>▶ Employee engagement initiatives</li> </ul>	▶ Annual / Continuous engagement	<ul style="list-style-type: none"> <li>▶ Regular behavioural and technical training</li> <li>▶ Employee engagement, health and wellness programmes</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>▶ Training and inclusive growth</li> <li>▶ Financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular meetings</li> <li>▶ Focus group discussions</li> <li>▶ Project monitoring and reviews</li> </ul>	▶ Continuous engagement/ Annual performance review	<ul style="list-style-type: none"> <li>▶ Holistic rural development programme</li> <li>▶ Sustainable livelihood initiative</li> <li>▶ Financial literacy camps</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ Partnership</li> <li>▶ Governance and ethical practices</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular meetings</li> <li>▶ Phone calls and surveys</li> </ul>	▶ Continuous engagement/ Annual performance review	<ul style="list-style-type: none"> <li>▶ Ensure timely payment for services</li> <li>▶ Whistle-Blower Policy to ensure good practices</li> </ul>

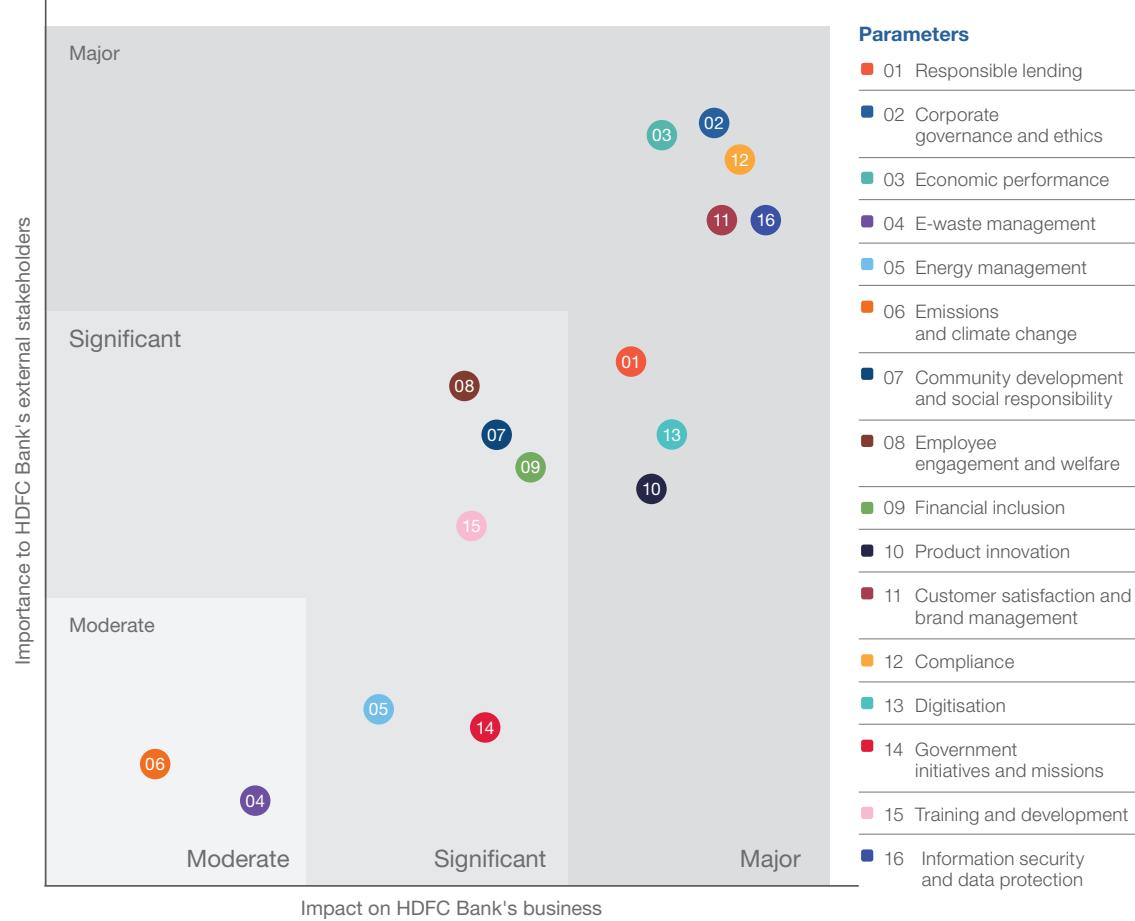
## Value-driven banking

# Identifying material sustainability topics

We conducted materiality assessment exercise in FY 2018-19, to identify topics that have material impact on our operations as well as our stakeholders. Through this exercise, 16 sustainability topics were selected.

The materiality assessment was undertaken in line with GRI framework requirements, and in consultation with internal and external stakeholders, and was published in our last Sustainability Report released in October 2019. We received and analysed responses from more than 3,300 stakeholders, comprising included about 1,000 internal stakeholders and over 2,300 key external stakeholder groups. We also sought their views on our community development initiatives and sustainability journey, in addition to their opinion on material topics.

## Materiality Matrix



## Our material topics



### Information security and data protection

The IT Strategy Committee, a Board-level committee, is headed by an IT Director. The committee makes disclosures every quarter. Our IT Strategy guides the operations and functioning of the department. Currently, we have a three-year plan (2018-20) in place, which is approved by the Board. We have also implemented stringent cybersecurity measures to safeguard customer data.

**GRI disclosure:** Customer privacy



### Economic performance

We have delivered stable economic performance, even under stressful macroeconomic situations. We aim to create enhanced long-term value for our stakeholders by implementing discreet strategies in management and capital utilisation.

**GRI disclosure:** Economic performance



### Customer satisfaction and brand management

Our customer-centric approach enables us to provide intuitive, relevant, contextualised and hyper-personalised experiences to our customers, and cater to their financial goals. We regularly conduct satisfaction surveys to obtain feedback on our products and services.

**GRI disclosure:** Stakeholder engagement; Marketing and labelling



### Compliance

We operate in a highly regulated sector. For us, regulatory compliance is mandatory and non-negotiable. All our operations comply with legal, environmental and social requisites prescribed by regulatory bodies.

**GRI disclosure:** Environmental compliance; Socio-economic compliance



### Corporate governance and ethics

Our robust Corporate Governance and Risk Management framework governs our ethical conduct. We comply with the Indian Companies Act and all applicable rules and regulations of national stock exchanges as well as those of the New York Stock Exchange. Our policies and guidelines demonstrate the good governance practices embedded in our culture.

The Anti-Bribery and Anti-Corruption Policy as well as the Code of Conduct guide us to conduct our business in an ethical manner.

**GRI disclosure:** Ethics and integrity; Governance



### Digitisation

Digitisation touches almost every aspect of people's lives. Changing customer preferences and the need for personalised services are driving the shift from traditional banking channels to digital banking. With our Digital 2.0, we are enhancing our focus on innovation and developing products and services to augment customer experience. The government's 'Digital India' initiative provides impetus to further expand our reach in the vast and untapped rural and semi-urban markets. Our strategy also helps strengthen the base of the digital payments infrastructure in the country.

**GRI disclosure:** Indirect economic impacts

## Value-driven banking



### Responsible lending

We promote environmental sustainability and equitable growth through sustainable lending practices. We aim to provide access to capital for environmentally sustainable projects that contribute to climate change mitigation. Our SEMS policy governs our large loan disbursals. Also, environmental and social aspects are integrated into our overall risk assessment framework. We continue to invest in renewable energy and energy efficiency projects to lower our carbon footprint. We also encourage customers to make 'green banking' choices.

**GRI disclosure:** Environmental compliance



### Energy management

We operate in the financial sector where energy consumption is one of the most critical aspects. The Bank shares its direct energy consumption data in its public disclosures. We are always looking for opportunities to minimise our environmental footprint. We have also implemented several initiatives to reduce our overall energy consumption.

**GRI disclosure:** Energy



### Government initiatives and missions

We believe a nation develops when communities are empowered to attain sustainable means of livelihood. Therefore, we have aligned our activities in line with government missions and initiatives to ensure the growth and development of the nation and well-being of its citizens.

**GRI disclosure:** Local communities, Socio-economic compliance



### Employee engagement and welfare

We aim to create a conducive work environment and promote active development and participation of our employees. The Bank engages with employees through several events, workshops and contests throughout the year. We have various Codes and Policies in place, which cover all employees of the Bank. We also provide various benefits to our employees. Requirements on human capital enhancement are proactively analysed and actualised.

**GRI disclosure:** Employment



### Emissions and climate change

To move towards a low-carbon economy, we acknowledge our responsibility towards contributing to climate change mitigation efforts. We are increasingly adopting cleaner sources of energy for our operations. We invest in renewable energy, manage and report our carbon footprint, and engage with the community to adopt environment-friendly practices. The issues related to climate change are addressed directly or indirectly through various committees and operational units. We have also set targets to reduce our GHG emissions.

**GRI disclosure:** Emissions



### Financial inclusion

Financial inclusion is key to driving inclusive development. And the banking sector has the pivotal role in accelerating economic formalisation among the under-banked population in rural, semi-urban and urban India. Semi urban and rural regions have always been a key focus area for HDFC Bank, and we are now making a renewed push in these markets.

**GRI disclosure:** Economic performance; Local communities



### Community development and social responsibility

The Bank strongly believes in giving back to the society. Through Parivartan, we identify the most disadvantaged sections of the society around our areas of operation and enable them – through direct or indirect interventions – to become self-reliant. These efforts are governed by the Board-level CSR Committee. The committee monitors the progress of the initiatives periodically.

**GRI disclosure:** Local communities



### Training and development

Training and development is an important part of growth. We thus invest regularly to provide functional and behavioural training to our employees. The training plans for businesses are developed based on need identification, in consultation with business leaders.

**GRI disclosure:** Training and education



### E-waste management

E-waste is the most significant waste generated in the banking sector. With our operations and network expanding every year, management of e-waste is a significant area of focus. We are constantly exploring opportunities to recycle generated e-waste. The e-waste generated from our operations is disposed of in a structured manner only through authorised recyclers.

**GRI disclosure:** Effluents and waste



### Product innovation

Product innovation has been one of our key success drivers. We continue to provide intuitive, relevant, contextualised and hyper-personalised experiences to our customers. Shifting focus from transactional interactions to experience differentiation provides a competitive edge. These experiences are for everyone – customers who have direct relationship with the Bank, as well as those who don't.

**GRI disclosure:** Economic Performance



## Value-driven banking

### Material topics for our value chain

We have mapped our material sustainability topics to our value chain in order to help us identify and address impacts where they occur. However, there are no significant changes to the organisation and its supply chain.

Our Material topic	Upstream (Suppliers)	HDFC Bank	Downstream (Customers, communities)
 Information security and data protection	✓	✓	✓
 Customer satisfaction and brand management	✓	✓	✓
 Corporate governance and ethics	✓	✓	✓
 Economic performance	✓	✓	✓
 Compliance			✓
 Digitisation	✓	✓	
 Responsible lending	✓		✓
 Emissions and climate change	✓		✓
 E-waste management	✓		
 Energy management		✓	
 Financial inclusion			✓
 Product innovation	✓		✓
 Government initiatives and missions	✓		✓
 Community development and social responsibility			✓
 Employee engagement and welfare	✓		
 Training and development	✓		

## Assessing ESG risks in lending, procurement

We have integrated ESG risk assessment in our lending and procurement practices. With our partners, we are creating a ripple effect towards the adoption of such practices in our ecosystem.

Lending is the core of financial activities in the industry. Being India's leading financial institution, we support and promote a large base of upcoming and existing businesses through financial leverage. We are a preferred choice for all businesses big or small. Projects have varying degrees of social and environmental impact. We thus have incorporated environmental and social parameters in our credit appraisal process.

For example, we do not lend to businesses that produce ozone depleting substances (CFC-11, CFC-12, CFC-113, Carbon Tetrachloride, Methyl Chloroform, Halons-1211, 1301, and 2402). For large long-term loans, we have put in place a Social & Environmental Management System (SEMS) framework that assesses and considers parameters like social impact, resettlement and rehabilitation, CSR initiatives, emissions and negative environment impacts of the proposed project.

In addition, we have extended this assessment policy to our procurement process, given its wide volume and visibility across the country. We ensure that all our suppliers understand and align with our commitment towards human rights and reducing carbon footprints. Through a work contract or a procurement order, the Bank strives to ensure that its suppliers do not employ child labour in their operations and are environmentally compliant.

We have also initiated an assessment of our large IT hardware vendors, to ensure that they follow environmental best practices and demonstrate commitment to following energy-efficient standards in their equipment.

We have set up an SEMS framework for the assessment of social and environmental risks, in addition to financial and governance performance evaluation, for lending. A loan application above ₹10 crore in size and five years in tenure, goes through this credit appraisal process.



## Corporate governance and integrity

# Corporate governance

At HDFC Bank, we believe in sustainable corporate growth that emanates from the top leadership down through the organisation to the various stakeholders, which is reflected in our strong financials, enhanced market reputation and improved efficiency.



We believe that a balanced Triple Bottom Line growth, can only be achieved by embedding principles of independence, accountability, responsibility, transparency, fair and timely disclosures, credibility and sustainability in business strategies and execution plans. These parameters form the bedrock of the Banks's Corporate Governance policy.

We are committed to setting the highest standards of Corporate Governance by adopting the best practices. We continuously benchmark our practices to the globally recognised standards and fine tune them at regular intervals.

We understand that our governance processes must ensure that the resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. There are policies and frameworks in place for managing and monitoring our ethical conduct across every engagement. Our corporate structure, business, operations and disclosure practices reflect our Corporate Governance philosophy.

Transparency, accountability, fairness and extensive communications with stakeholders are integral to our functioning. We believe in system-driven performance and performance-oriented systems. We accord the highest priority to these systems and protect the interest of all our shareholders, particularly minority shareholders.

We have developed a training programme on anti-corruption, anti-bribery, and anti-money laundering (AML). The programme comprises four modules – Foreign Corrupt Practices Act and Bribery Act, Code of Ethics and Commitment, Trade Based Money Laundering, and KYC and AML norms. During the reporting period, 16 cases were reported, in which employees were dismissed or disciplined for corruption. We haven't received any financial assistance from the government, and there are no political contributions made in the reporting year. There are no restatements on information from the previous year.



## Our Board comprises experts from diverse fields

Our Board, at present, has 12 directors including the Managing Director. Our functional directors are highly experienced professionals in their respective areas. The Board guides the management on operational issues, adoption of systems and best practices in management, and provides oversight on compliance of various legal and other requirements.

The CSR Committee of the Board oversees and governs our ESG initiatives covering our CSR initiatives. The Bank's governance practices and details of the various Board committees are provided in our Integrated Annual Report 2019-20 (Pages 115 and 285).



## Workforce and ethical employment

Employees are the building blocks of any organisation. With a total workforce of 1,16,971, we are a preferred choice for growth and development of aspiring banking professionals in India. We are an equal opportunity employer, and do not discriminate on the basis of race, caste, colour, age, sex, disability or socio-economic status. HDFC Bank has also adopted a structured approach to improve its diversity quotient. We aspire to improve our gender diversity in the junior, middle and senior management levels (excluding sales officers and IBA employees) to 25% from the current 21%. We have limited the local community criteria to the 'India' region.

Our well-defined employee wellbeing framework, focusing on health and safety combined along with ethics and code of conduct, upholds a culture of integrity and a conducive work environment. Additionally, there are no cases of non-compliance concerning the health and safety impacts of our products and services.

We have a comprehensive mechanism to deal with issues related to human rights, including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse and slavery. Employees can also register complaints anonymously through the whistle-blower mechanism. In FY 2019-20, there were no complaints on child, forced or involuntary labour.

## 1 lakh

Training hours clocked on corporate governance modules averaging 0.86 hours per employee, as of March 31, 2020.

Refer to corporate governance section in the annual integrated report for detailed information.

The Bank has an internal complaints committee , for the prevention of sexual harassment (POSH) to address cases related to sexual harassment. POSH cases are evaluated as per the calendar year; 59 cases were registered between January 2019 to December 2019 – all the cases were resolved and closed. Seven cases were registered between January 2020 and March 2020, of which 2 cases were closed. The pending 5 cases are well within the 90-day timeline of the POSH statute.

All operations are assessed for corruption. Complaints associated with corruption are also raised through the whistle-blower mechanism by all stakeholders including suppliers and customers.

We have a 'Zero Tolerance' policy on sexual harassment at the workplace and ensure the wellbeing of our female employees, especially those working late at night.



## Customer satisfaction

We believe in a 'Customer First' approach, while providing an honest, transparent and secure platform to our customers, to meet their banking needs. Our digital banking platforms offer enhanced flexibility and convenience with omnichannel experiences. We constantly improve our banking framework by regularly seeking out customer feedback. We treat customers' data with utmost sensitivity and accord the highest standards of privacy and security against cybercrime and data theft. Additionally, there are no cases of non-compliance concerning product and service information and labelling, as well as marketing communications.

### Customer Experience (CX) Transformation Programme

As a first step, we benchmarked our CX performance through a comprehensive primary research covering 30+ cities in India and conducting 15,000+ in-person interviews. This large-scale external survey outlined the Net Promoter Score (NPS) of HDFC Bank as 57%. In order to institutionalise the assessment into a management system, we implemented a high velocity, closed-loop customer feedback system, 'Infinite Smiles'. The programme aims to establish employee behaviours and practices, which lead to customer-centric actions and continuous improvements in our offerings, processes and policies.

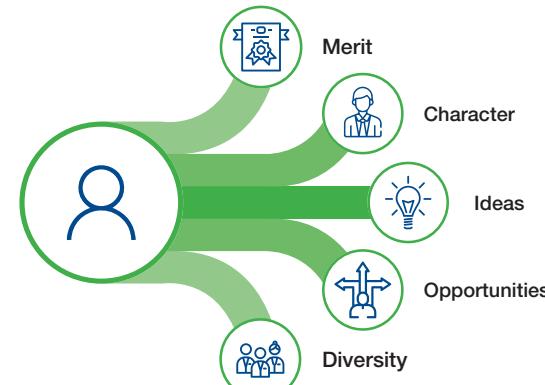
## Our people

# Nurturing leaders of tomorrow

**Profitability is key to sustainability for any organisation. We aspire to be a world-class banking institution that grooms future leaders. Creating a robust bench strength is thus integral to our overall growth strategy.**

The foundation of any sustainable business is built on a competent and satisfied workforce. Our vision resonates with that of Peter Senge, “The organisations that will truly excel in the future will be the organisations that discover how to tap people’s commitment and capacity to learn at all levels in an organisation”.

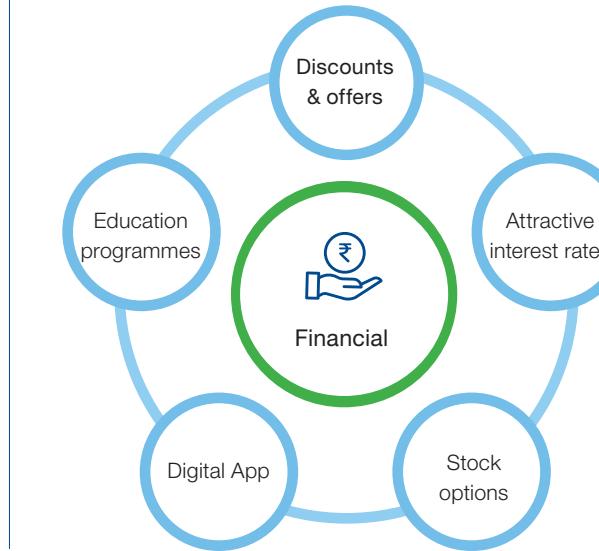
### Our employee development philosophy



### Our development framework



### Employee benefits



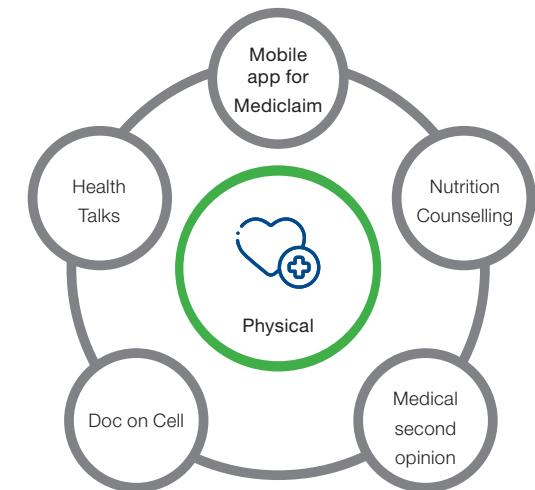
### Employee wellbeing

Employee Wellness is an integral component of our employee value proposition and its wellbeing philosophy centres around the value of ‘Care’.

We constantly explore possibilities and opportunities to deliver the finest customer experience. In the process, we realised that an engaged workforce is not just a productive workforce, but also a key element required to create ‘Happy Customers’.

Health is the starting point for us when it comes to ensuring employee wellbeing. Being in the financial services sector, we lead sedentary lives, which when coupled with stress and improper posture, pose long-term health problems. We conduct medical check-ups regularly and spread awareness regarding best health practices. We also provide counselling to help our people deal with issues of mental health through a dedicated helpline.

### Facilities for employee health



**83,000+**

Employees benefited from different employee wellness sessions



## Our people

### Employee physical wellness programme

<b>883</b> Maternity Care programme	<b>4,812</b> Doctor on Cell
<b>391</b> Employee Counselling service	<b>147</b> Medical Second Opinion
<b>817</b> Diet & Nutrition Counselling	<b>20</b> Newsletters
<b>29</b> Health tips	<b>13,802</b> Online health talks
<b>11,356</b> Biometric Health Check	<b>1,080</b> Doctor's consultations
<b>14,302</b> Medical E-card SMS service	<b>35,072</b> Mobile Applications

 **13,500+**  
Employees attended health-related talks

 **883**  
Women employees attended Healthy Motherhood programme

 **14,000+**  
queries received for Mediclaim

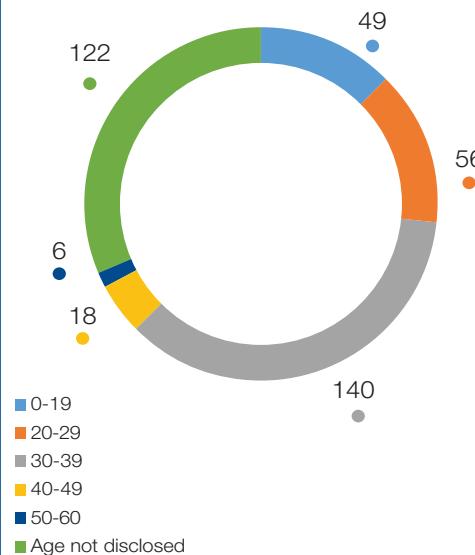
 **4,812**  
Triaged calls for Doc on Cell services

The Bank offers a unique Mediclaim policy that covers up to six people, including parents. We also provide medical coverage of up to ₹3 lakh for our employees, along with a dedicated mobile app for availing hassle-free assistance during a claim. The Bank also reimburses up to ₹5,000 for female employees and ₹4,500 for male employees for encouraging them to undergo regular health check-ups.

In order to enable employees to balance productivity and personal commitments, we encourage them to spend quality time with their loved ones. We have partnered with Mahindra Holidays to offer holiday options at a discounted rate across seven international and 57 domestic locations.

Since its inception, the employee well-being programme has received massive response, with the number of participants increasing every year. Given the response, we expanded our counselling services to several fields and roped in experts from each field to help employees do well, physically and emotionally. Counselling services were availed by 391 employees in FY 2019-20.

**Age-wise breakup of employees availing of emotional counselling services**



#### Health scheme for employees' parents

Coverage upto ₹30 lakh with pre-hospitalisation expenses upto 30 days and post-hospitalisation expenses upto 60 days



#### Health tips

Periodic tips and newsletters are circulated on Coronavirus, Nipah Virus, World Anti-Tobacco Day, World Blood Donor Day, International Yoga Day, Malaria Prevention, Stress Down Day, Probiotics, World Heart Day, World Stroke Day, World Diabetes Day, World Anti-Obesity Day, International Women's Day, World Glaucoma Day, among others



#### Fighting the COVID-19 pandemic

- 24x7 helpline for employees
- Medical webinar
- Medical newsletters
- Awareness videos
- Employee health survey through SMS

## Enhancing financial security

We work diligently towards helping our people become financially secure. The Bank offers loans on attractive discounted rates for employees based on their grade. We also offer several stock options. Being in the financial services

industry, we expect our employees to have excellent financial knowledge and awareness. Employees also gain insights on financial planning and investing through our subsidiary, HDFC Securities.



#### InvestNow

Our mutual fund robo-advisory platform to avail expert's recommendations



#### Wrap Up

Bimonthly newsletter for top stories in finance and economics domain



#### AAG

A monthly magazine published by our experts in the mutual fund research team



#### Employee discount

Employees are given at 1% additional interest rate as compared to customers

## Our people

# Employee engagement

Apart from excelling in the professional space, employees get an opportunity to pursue and showcase their talent and interests. We have created several events covering sports, arts, music, culture and nature, to enable employees to nurture their inner self.

Professional growth is not the only factor that connects an employee to his/her organisation. A great work ambience can only be built within an organisation when employees enjoy their life on and off their work schedule. This in turn enhances productivity, thereby contributing to organisational growth.

In FY 2019-20, we organised nine events across multiple cities, which witnessed massive participation. Through these events, employees had the opportunity to showcase their athletic, culinary, cultural, photography and fine art skills, besides addition to exploring their passions like trekking. Zaika, which explored culinary skills, brought together 583 employees from five cities. Digital voice hunt tapped into the singing skills of employees and their spouses with the help of the Shankar Mahadevan Academy. Our weekly quiz contest, 'Take a Break' saw participation from 19,000 employees in FY 2019-20.

## Various events organised by HDFC Bank



### **Josh Unlimited**

The Bank's biggest in-house sports initiative launched in the year 2012 spread across 29 different cities with more than 82,000 employees participating in various sports. FY 2019-20 saw participation from more than 18,800 employees.

## 1,08,032

Employees participated in nine events across multiple cities

### **KWIZ KAT**

Our annual quiz contest being held since 2002; 1,205 employees participated across 21 cities in 2019. The contest was webcasted, which generated responses from 17,775 across the country, with 672 unique employee viewers.



### **Xpressions**

A pan-India fine art skill contest organised for the employees' children in FY 2019-20 in 11 different cities across the country with more than 1,500 kids' taking part in it.



### **Wanderers**

An in-house initiative of the bank to pump the adrenaline of the employees who love trekking, monsoon trails etc. More than 1,000 employees attended the program in across cities.



### **Hunar**

The in-house talent programme launched in 2015 invites employees to showcase their talent in acting, singing, and dancing, which saw participation from over 2,000 employees during the year.



### **Corporate Photography**

To bring out and celebrate our people's photography skills, the initiative witnessed 1,132 employees' participation with 2,400 photographs submitted during the year 2019.



### **Learning Fest**

In one of the unique initiative by the bank launched in FY 2019-20, four workshops were held simultaneously through multiple partnerships with NGO. As many as 1,400 employees attended the event.

# Our people

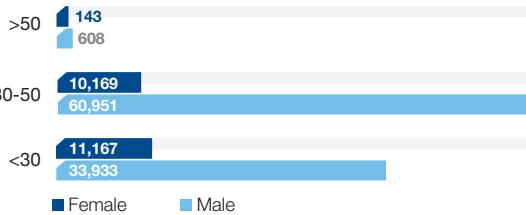


## Equal opportunity and diversity

We continue to strive to create and maintain an inclusive culture and work environment, where all our employees can be and do their best, irrespective of gender, caste, creed, colour, sexual orientation, religion etc.

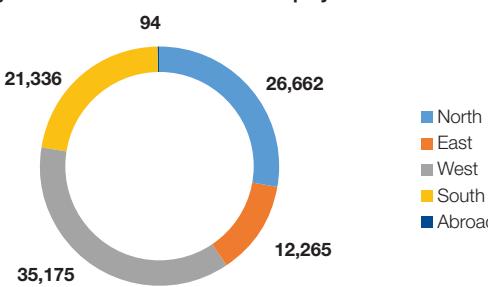
Diversity is an important attribute for any organisation for its growth and competence. Diversity assimilates cultures and ideas to drive better connect with customers from across geographies. Further, the career prospects we offer and professional growth opportunities we provide, have made the Bank being recognised as a preferred employer across age groups and experience levels. We provide equal and fair remuneration opportunities, irrespective of gender; the ratio of average basic salary of women to men (across all management levels) stands at 0.87.

### Total Employees

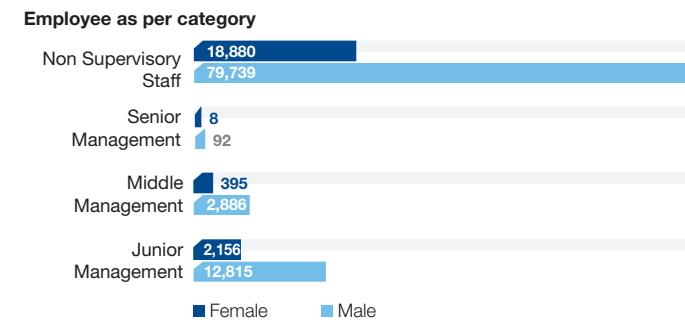
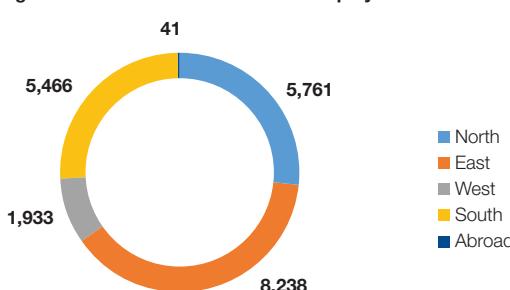


Employee representation across geographies has helped us build a strong and loyal customer base across the country. The geographical diversity of employees in our Bank is represented by the North, East, West, South and Abroad locations.

### Region-wise Distribution of Male employees



### Region-wise Distribution of Female employees



New Hires	Male	Female
<30 years	25,258	7,303
30-50 years	14,875	2,209
>50 years	8	4
<b>Total</b>	<b>40,141</b>	<b>9,516</b>

New Hires	Male	Female
North	11,111	2,391
West	14,240	3,508
East	5,520	1,008
South	9,260	2,600
Abroad	10	9
<b>Total</b>	<b>40,141</b>	<b>9,516</b>

New Hires	Male	Female
Non-Supervisory staff	38,253	9,151
Junior Management	1,683	337
Middle Management	200	27
Senior Management	5	1



## Training and development

We recognise the importance of having a skilled workforce with necessary competencies to deliver on our strategic and operational objectives. We thus have put in place well-structured training modules to foster professional growth and personal development.

Over the years, we have developed training programmes that empower employees to maintain the highest level of operational efficiency, customer focus, and people orientation, while adhering to ethical standards, professional integrity, corporate governance and regulatory compliance.



Figure 3: Our Training Objective

The training modules are created based on an annual need assessment exercise considering dynamic regulatory compliances and governing laws. The modules are versatile and interactive and are delivered through classroom sessions, e-learning certifications, on-the-job training kits, guest lectures, exposure visits, among others. We analyse the effectiveness of such modules through a Feedback Form System (FFS) that is shared with employees, following the completion of a programme.

The training cycle for our employees begins with the onboarding programme, where they are introduced to our culture and values, oriented to their specific business area, and equipped with necessary tools and knowledge to take on their respective roles.

# Our people



## Role-based Programme

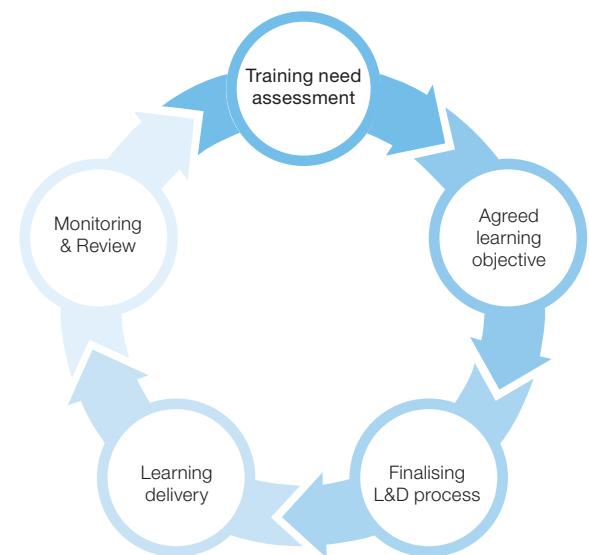
Classroom programme for new joiners based on their roles, followed by online modules and certifications for skill development

Besides functional, skill-based programmes, developmental programmes help improve overall employee experience and retention. The learning path developed by the Bank following extensive research extends to Operational Excellence, Customer Focus, Product Leadership, People and Sustainability.

At present we have 159 training programmes under 14 categories.

In FY 2019-20, an employee was provided with 42.49 hours of technical training and 49.1 hours of behavioural training on an average.

## Learning and Development Process



Training module for 1,894 job roles across 2,748 locations, catering to 1,15,000 individuals



Total Training Hours stands at 56,23,749 hours for 1,16,971 employees

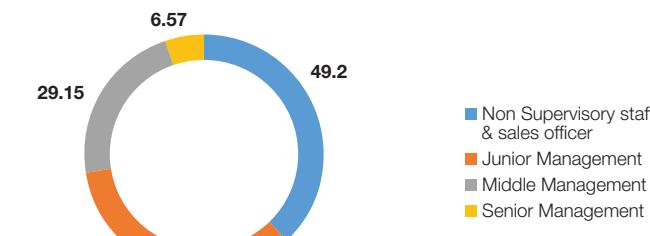


## Swagat Programme

A four-day welcome programme for all employees, supported by a pre-joining online module

Our training modules and development programmes are customer-centric and developed keeping customer satisfaction and service in mind.

### Average Training Hours FY2019-20



## XLrate – Our employee development programme

XLrate provides an interactive platform to every employee and manager, to have a qualitative dialogue to identify strengths and improvement areas for current and future roles. Employees in Grade E3 and above are eligible for this programme. XLrate uses scientific methods like Development Centres and creates Individual Development Plans (IDP). In less than a year, the initiative has connected with more than 11,500 managers at middle and senior levels.



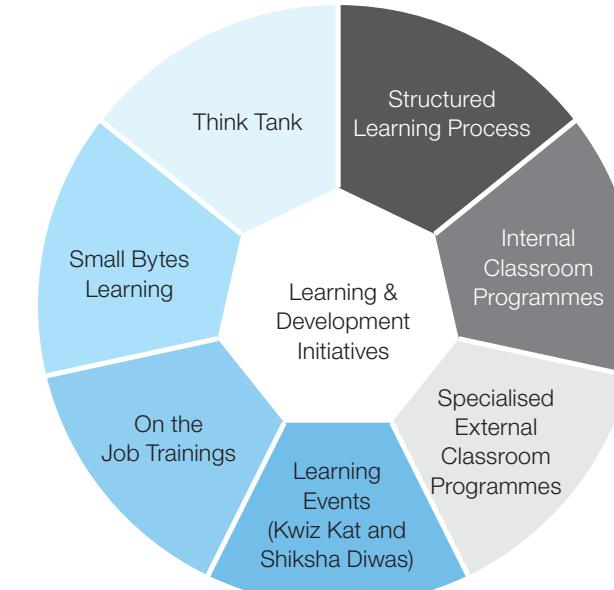
Figure 2: Employee Development Process

Employee development is a dynamic process and must encompass other aspects of life. Our vision to nurture leaders requires a holistic development approach. The Talent Review Council meets twice a year to analyse employee feedback and address their concerns based on their self-review, performance track record and Development Centre report, among others, to build a leadership talent pipeline.

## Life 2.0 – Preparing for change in life after retirement

In one of the industry's pioneering initiative of 2019, the Bank has crafted training programmes for employees nearing retirement, as well as for their spouses. The objective is to make the outgoing employees financially, physically and emotionally comfortable.

Under specialised external classroom programmes of the Bank, we offer multiple coaching certification programmes to help employees sharpen their coaching skills and receive international certifications. The initiative launched in 2019 provides an opportunity to add value to mid-level leaders. The Bank has partnered with IIM Ahmedabad, since 2007, to provide a learning opportunity to its Senior Leaders through an exclusive Senior Leadership Programme.



Through our Small Byte Learning Initiative, we use voice drops and SMS to communicate with employees regarding contests, job roles, news, etc. Video-based learning modules are also provided.

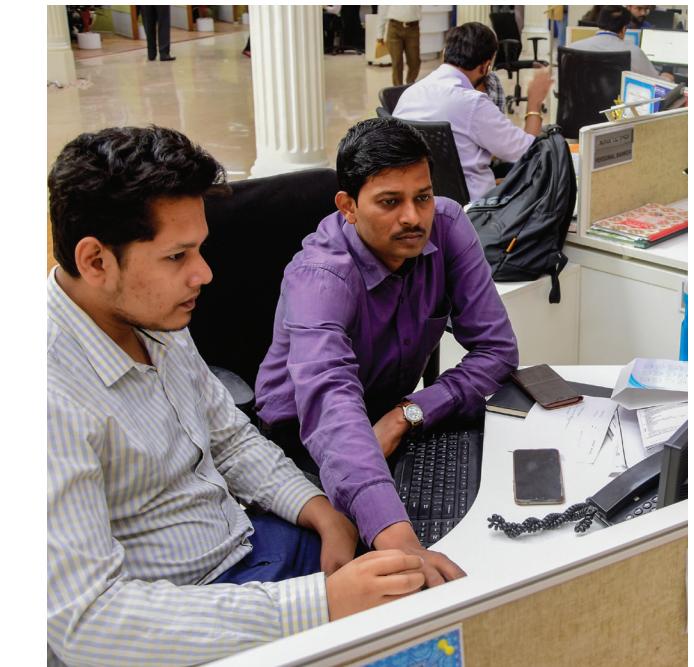
## Personal effective workshop for children

The Bank launched a training programme for the children of employees in 2019, as a part of its all-round employee care objective; 200+ children attended the programme.



## Training, monitoring and evaluation

We constantly adhere to the principle of self-improvement. Our efforts are aligned towards creating an effective training plans for our employees through regular feedbacks and evaluation. Our Training Need Assessment (TNA) support group is at place in the Bank, whose primarily function is to facilitate trainings and measurement of the effectiveness of training initiatives. The team analyses various Branch Banking Business MIS published on the Retail MIS portal, before initiating the training and evaluation process. The training initiatives are annually reviewed by the team. Apart from helping the trainers in keeping abreast with the business performance, the TNA support groups provides supports like Monthly Dashboard, Training Effectiveness Trackers, and Special Updates. These supports help us to evaluate the usefulness of the data presented from a TNA perspective, as evaluated periodically by the end users.



## Environmental stewardship

# Reducing environmental impact

We have consciously incorporated environment as a key focus area in our operations. We are investing in reducing carbon emissions, improving energy efficiency and decreasing waste at source. Our targets are aligned with the United Nations Sustainable Development Goals (SDGs).



## Emissions and climate change

We develop and adopt comprehensive business models to ensure low-carbon transformational growth across the entire value chain, and thus contribute towards worldwide efforts to limit global warming to below 2°C, and move towards a sustainable future.

We have undertaken several steps to minimise emissions, which include wide adoption of digital banking channels, energy efficiency measures and paper conservation. Scope 3 emissions include emissions from air travel, rail travel, car hire, e-waste and paper used. Every year, we publish our annual GHG emissions through sustainability disclosures. Additionally, there were no cases of non-compliance with environmental laws and regulations, during the year.

## HDFC Bank climate change strategy



### Energy management

Implementing automated energy management solutions to reduce energy consumption



### Energy efficiency

Retrofitting existing high energy consuming devices and equipment to maximise performance, while lowering electricity consumption



### Efficient data centres

Driving energy efficiency at our data centres by reducing server rack space, using Lithium-ion batteries in UPS devices and ozone friendly refrigerants for cooling



### Green buildings

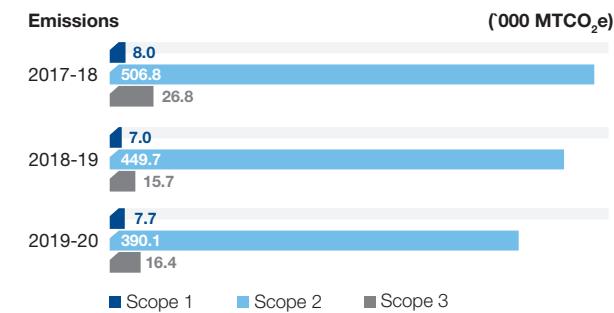
Incorporating energy efficient building designs



### Solar energy

Adopting solar energy in our offices and premises

During FY 2019-20, the energy intensity per employee was 16.77 GJ. This accounts the total energy consumed by the Bank within its operations, including energy from fuel for DG sets owned vehicles and electricity. GHG emission intensity stands at 2.88 MTCO<sub>2</sub>e per crore total income. In FY 2019-20, we recorded about 13% reduction in absolute combined Scope 1 and Scope 2 emissions, which can be attributed to the several initiatives undertaken by the Bank.



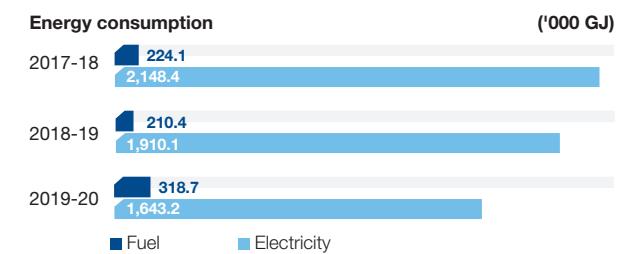
**13%**

Reduction in absolute GHG emissions (Scope 1+2), compared to last year



## Energy management

We have been working extensively to reduce our energy consumption across operations by regulating existing equipment and installing energy-efficient equipment, among others. In FY 2019-20, we recorded about 12% reduction in combined diesel and electricity consumption, despite an increase in our branch network.



Note: Fuel data comprises of diesel consumed in DG sets and petrol and diesel consumed in company owned vehicles.



### DG replacement by GG:

In our branch premises where DGs have already been installed up to 125kVA, and having existing provision for gas pipeline, we have replaced the DG sets with gas generators, where emissions will be reduced significantly.



### DG replacement by Li-Ion inverter:

We have been working to reduce our direct energy consumption by replacing small DG sets with Li-ion inverters, eventually reducing diesel consumption.



## Building management

1. Variable Refrigerant Flow (VRF) ACs are being used instead of conventional ACs in all new back-offices. In branches, we are installing inverter-based star rated ACs, as per ISEER standards.
2. Occupancy sensors are being installed in new back-offices.
3. LED lights are replacing conventional CFL/fluorescent fittings.
4. Building Management Systems have been installed at some of our large offices like Mumbai.
5. ATMs and server rooms are being collocated to reduce the number of standalone AC units.
6. Capacitor banks are being installed at all our premises.



## Energy efficiency

We, at HDFC Bank, have implemented various initiatives in our existing processes and operations to reduce our environmental footprint. Our energy efficiency measures majorly include technology changes, building management, among others.



## Technology changes

These efforts include elevator scheduling, installing sensor-based lights and signages, replacing diesel generator sets with gas generators and using Li-ion inverters.



### Elevator scheduling:

Based on the Bank's operational hours, the elevators at our Bank's premises are being scheduled and partial operations of the elevators were kept off at 18 locations.



### Provision of equipment scheduler:

In about 600 branches, we have installed sensors to monitor HVAC, lights and signages, which reduce human intervention and time. These sensors resulted in a saving of 10% of the average energy consumption.

**17.23 lakh KWH**

Energy savings recorded in FY 2019-20



## Environmental stewardship

### Installation of VRF ACs

VRF (Variable Refrigerant Flow) systems are known for improving energy efficiency in commercial buildings. The energy savings potential of this system has been demonstrated in several studies by comparing the system performance with conventional HVAC systems. In FY 2019-20, we installed a total of 2,367.5 Tonnage Rating VRF AC systems at some back-offices, which resulted in electricity savings of about 30,120 units.

### Installation of inverter ACs

The efficient control system in Inverter ACs adjusts the compressor rotation speed once desired temperature is attained, to maintain precise temperature control without consuming excess power. This offers remarkable energy saving control, and efficient and economical operation.

### Efficient data centres

We have replaced our old data centre UPS, batteries, cooling units and fire suppression systems with new technology equipment.

**380**

Lead acid (UPS) batteries replaced with 64 environment friendly Li-ion batteries

## New Fire Suppression System

With environment friendly NOVEC 1230 environment friendly gas

**10**

Efficient units of 10 Tonnage rating) with environment friendly R-407c refrigerant gas, replaced the existing 7 units INROW Cooling of 17 Tonnage rating

### Energy savings during FY 2019-20

Initiatives	Saving (KWH)
Installation of Inverter ACs	8,69,763
Installation of VRF HVAC Units	30,120
Installation of LED lights	8,11,005
Installation of 10 KWp solar plant at Chandigarh	12,000
Total Savings	17,22,888



### Green buildings

Aligned with SDG 12, the Bank endeavours to improve energy efficiency and systematically manage energy use throughout its operations. In this regard, we have adopted energy efficient management systems (EnMS). The energy management module installed in FY 2018-19 continues to reduce power consumption by about 12% across 600 branches.

We have LEED Gold certified offices in Mumbai and Bhubaneswar. In addition, new buildings in Mohali and Palava (Training Centre) premises are being constructed to meet IGBC gold certification standards.

### Pilot installation of EESL's Super-Efficient AC's at offsite ATM premises

HDFC Bank collaborated with Energy Efficiency Services Limited (EESL), an energy service company (ESCO) of the Government of India and the world's largest public ESCO, to use their super-efficient ACs at its branches and ATM premises. This will lead to an additional 10-15% energy savings.



### Renewable energy

We are increasing the share of renewable energy in our total power consumption across business operations. As on March 31, 2020, we had a cumulative installed solar capacity of 145.5 KWP across the cities of Jaipur, Pune, Noida, Bhubaneswar and Chandigarh.

**145.5 KW**

Installed solar capacity, vs 135.5 KW in 2018



### TCFD disclosure

#### We support the Financial Services Board's Task Force on Climate-related Financial Disclosures (TCFD)

We have been reporting on our climate change strategy, risks, opportunities and emissions to the CDP (Carbon Disclosure Project), which is aligned with the TCFD (Task Force on Climate-related Financial Disclosures). The Bank acknowledges the importance of managing climate change risks in business while also exploring new opportunities that come with it.



meets every quarter. The Board oversees the environmental goals and strategies as discussed and approved by the internal ESG Committee.

The Environment Sub-committee, part of the ESG Committee, sets targets and identifies opportunities for improvement in areas of emissions, energy, water and waste, and presents them to the CSR Committee. At a functional level, the CSR and Sustainability teams are responsible for ideating and implementing environmental and sustainability reporting initiatives at the Bank, managing and mitigating climate change impacts through internal projects. Externally, the CSR team implements afforestation, water augmentation and recharge, as well as renewable energy projects, through community interventions, as part of our flagship 'Parivartan' initiative.



### Strategy

Sustainability and climate change are an integral part of the Bank's business strategy. In the long run, we believe that climate change will not just impact operations, but also revenues, by impacting lending and investments. Climate change strategy forms a part of our ESG Policy framework. We measure, externally verify, and publish data on our GHG emissions every year.

Besides this, in line with its digitisation strategy, the Bank has automated several internal as well as customer-linked processes and channels, which has invariably resulted in reduced paper consumption. We have set up a centralised desk to manage our stationery requirements. The Multi Functional Devices (MFD) installed at large offices also measures and monitors department-wise paper consumption. As part of our ESG strategy, the Social and Governance Sub-committee drives engagement of employees in sustainability actions in their spheres of influence, to reduce waste, paper, plastic and energy/electricity consumption.

We will further engage with our other stakeholders such as customers and suppliers to drive sustainability across the value chain.



### Governance

Our Management-level ESG Committee oversees our sustainability and climate change initiatives, as part of its ESG agenda. Our Board-approved Environmental and ESG policy frameworks reflect our commitment towards sustainable and responsible business by focusing on ESG risks and impacts, and exploring opportunities therein.

Our Risk Policy and Monitoring and Credit Approval Committees periodically review risk levels and direction, portfolio composition, status of impaired credits including non-performing assets that could have resulted from Climate Change impacts. The operational risk department updates the Risk Committee on scenario studies conducted to identify and gauge business loss from events such as floods. Climate Change initiatives linked to energy consumption and emission reduction are updated to the CSR Committee, which

## Environmental stewardship



### Risk management

We have a structured management framework to identify and evaluate the significance of all risks faced by the Bank that may have a material adverse impact on its business and operations.

The risk governance framework and policies are overseen by the Board's Risk Policy and Monitoring Committee (RPMC). The hallmark of our Risk Management function is that it

is independent of the business sourcing unit and reports directly to the CEO.

The Operational Risk Management department designs tools and techniques for identification and monitoring of operational risks including those from floods and other climate change related natural disasters across the Bank. Climate risks are inherently linked to the overall risk policy and framework of the Bank. They are built into the Operational and Credit Risk functions.

### Anticipated risks associated with climate change

Transition Risk	<b>Legal</b> Through its SEMS framework, the Bank ensures that all large projects comply with all environmental laws of the land, as failure to do so could expose the non-compliant project to potential litigations and, in turn, convert the loan into a non-performing asset. This, however, does not give rise to any claim for the Bank.
	<b>Technology</b> Our digital initiatives and information security practices form critical levers of our business today. However, being in the financial services sector, we do not anticipate technology as a risk type to cause considerable impact.
	<b>Market</b> Market could play an important role in shifting the demand and supply for certain products like green loans or bonds or low-carbon digital products. The Bank has invested in digitisation as well as R&D initiatives such as the Industry Academia partnership to stay ahead of the curve.
	<b>Reputation</b> Reputation risk arises from community/customer perception about our business. The Bank invests in community and customer engagement through surveys to educate and inform them about its initiatives towards environmental sustainability. The Bank also constantly endeavours to adopt environment-friendly initiatives within its operations.
Physical Risk	<b>Acute Physical</b> The Operational Risk team analyses impact from different scenarios like floods and other natural disasters and factors into the planning process. Besides, the Disaster Response and Business Continuity teams conduct business impact studies and put in place quick response mechanisms to any such occurrences.
	<b>Chronic Physical</b> Although our scenario analysis and disaster response studies cater to physical risks from climate change, chronic physical risks are far into the future and thus have not been integrated directly in our risk assessment processes.
Regulatory Risk	<b>Current regulation</b> The banking industry is highly regulated in the country; mandates, as part of the current regulations, are always integrated into the risk planning and assessment processes.
	<b>Emerging regulation</b> The Risk, Legal departments constantly track emerging regulations as prescribed by the RBI and other regulatory bodies. This is critical, particularly in the case of policy changes that can result in loan defaults from certain sectors like coal, thermal power and infrastructure.

Environmental and Social Risks for all loans above ₹10 crore and above five years in tenure are identified through the Social and Environmental Management System (SEMS) framework. The credit appraisal memorandum includes an SEMS annexure that highlights social and environmental risks, which are likely to impact the project/operations of the applicant. In certain cases, a Lenders' Independent Engineer (LIE) is appointed to carry out project due diligence. Clients/borrowers are required, in some cases, to prepare an environmental management plan for implementing and monitoring environmental protection measures during and after the commissioning of projects, based on inputs provided by the LIE.

The LIE visits the project site on a regular basis during implementation and reports exhaustive and detailed progress of the project, which includes an ongoing assessment of environment risks, status of various approvals, and relocation and rehabilitation, if required. A quarterly report highlighting any specific issues is provided. We also conduct regular site inspections to ascertain project progress and flag off any environment-related issues for immediate redressal.

For agri and allied loans that pose high credit risks due to climate change impacts, the Bank connects farmers to government initiatives and expert advice on weather, soil health and cropping patterns. We work towards delinquency management like root-cause analysis of critical locations, close monitoring of delinquency, prioritisation based recovery strategy, system automations, among others.

Identification of certain risks has also created new opportunities for the Bank. Uncertainty in the agri sector has helped the Bank develop better relationships with the customers (farmers). Analysis of climate change impact has also led to the creation of services like Post-Harvest Cash Credit and Warehouse Receipt Financing, which enable faster cash flows to the farmers. If the market focus shifts towards renewable energy, we see significant opportunities in Sustainable Finance including Green bonds and loans in the renewable energy space sector. These opportunities are currently being evaluated by the ESG committee.



### Metrics and targets

The Bank has set targets for emission reduction and energy consumption. The CSR team, in partnership with the ESG Committee, drives our sustainability reporting initiatives, climate change disclosures and internal projects to ensure reduction in our overall emissions. In line with our ESG policy framework, we target to reduce our Scope 1 and Scope 2 emission intensity by 10%, absolute Scope 1 and Scope 2 emissions by 3%, total energy consumption by 3%, and energy intensity by 5% by 2022.



### Waste management

We focus on reducing e-waste sent to landfill, reducing paper consumption and eliminating plastic waste. The waste generated is disposed of only through authorised recyclers.

Paper waste generation has fallen significantly in our operations as a result of our push towards digitisation. 'e-Waste' or WEEE (Waste from Electrical & Electronic Equipment) is the primary component of waste generated by the Bank, which comprises computers, monitors, modems, switches, laptops, scanners, routers, printers and UPS systems. We have been able to reduce the potential negative environmental impact of e-waste by recycling/safe disposal only through authorised recyclers. Although the scope for using recycled material as processed inputs in the banking sector is limited, we are constantly exploring opportunities to recycle waste.

In order to minimise plastic waste, in January 2020, we eliminated single use plastic water bottles from all our offices, leading to removal of about 96 kg of plastic in FY 2019-20, which would have ended up in landfills. Besides, in large offices, glass jars have replaced multi-use water bottles in meeting and video conferencing rooms.

The Bank generated 261.92 MT of e-waste in FY2019-20, up from 220.15 tonnes in FY 2018-19, as a result of an increase in asset refresh, damaged and non-functional assets.



**261.92 MT**

E-waste disposed of through authorised recyclers in FY 2019-20

**96 kg\***

Plastic removed from the system by phasing out single use plastic bottles

\* Assumptions:  
Weight of empty plastic bottle (200ml) – 10g  
Approx working days – 60 days  
Bottles per day – 160 (Estimated per average procurement)

## Community engagement

# Creating shared value through community engagement



## Policy advocacy and thought leadership

**Our commitment to society is embedded in our mission statement. We are running significant, sustainable CSR programmes which contribute towards the upliftment of the marginalised sections of the society.**

At HDFC Bank, we have always believed that the progress of any nation depends on the empowerment of its most vulnerable communities through sustainable means. Empowerment is a multi-dimensional process comprising structural improvements in the areas of education, agriculture, health and sanitation, food security, water security, financial inclusion, job security, and skill building, natural resource management among others. We bank on various NGO partners and our employee volunteers to help implement various sustainable development initiatives.

## 7.8 crore

Lives impacted through our community development programmes

## ₹535 crore

Spent on CSR activities in FY 2019-20



## Monitoring

Project monitoring is carried out at various levels during the lifecycle of a project.

- Day-to-Day Monitoring
  - By respective CSR managers located at project sites
- Quarterly Monitoring
  - By second-level managers located centrally, making visits to all their project sites at regular intervals
- Yearly Cross-Monitoring
  - By CSR managers of other regions making visits to select project sites
- Internal Audit
  - By the Bank's Audit team making independent visits to project sites



## Evaluation

Timely evaluation of select projects is carried out to assess the strengths and weaknesses of interventions and their implementation. This also helps us extract relevant information from past and ongoing activities that are used as the basis for fine-tuning, reorientation and future planning.

The projects for evaluation are identified on the basis of their criticality, which is defined as a combined score of 'Implementing Partner Sensitivity' and 'Project Sensitivity' for the Bank.

While low and moderate criticality projects are evaluated internally by the Impact team, medium and high criticality projects are evaluated through a reputed third-party research agency.



## Reporting

The implementing partners for all CSR programmes share regular updates on the work on ground as well as on the short-term and long-term results of the interventions against their key performance indicators. They capture and provide the updates on a monthly basis through an online platform.



Runner-Up in the Mega Enterprise Category at the ICC Social Impact Award for promoting education through its Zero-Investment Innovations for Education Initiatives



Honoured at the First National Corporate Social Responsibility (CSR) Awards by Ministry of Corporate Affairs for its contribution to the National Priority Schemes in Agriculture and Rural Development

## Community engagement

# Our CSR efforts

Our Parivartan initiative focuses on five distinct areas of socioeconomic empowerment: Rural Development, Financial Literacy and Inclusion, Education, Healthcare and Hygiene, and Livelihood and Skill Development. We work with several NGOs and members of the civil society to create significant social value with zero negative impact on the local communities.



## Rural development

We believe inclusive growth and development is key to a nation's progress. Driven by this belief, we devised Parivartan's flagship Holistic Rural Development Programme (HRDP) that serves critical rural needs such as education infrastructure, health infrastructure, quality education, sanitation, health camps, sustainable agriculture, soil and water conservation, access to clean drinking water, irrigation, clean energy, alternate livelihood, financial literacy, employment, livestock management, entrepreneurship, among others etc. The programme is designed following detailed discussions with local communities and other stakeholders, and is aligned with the Adarsh Gaon Abhiyan initiative of the Government of India.

**40,000+**

Kitchen gardens created to ensure nutrition security

**28,000+**

Solar lights and solar microgrids installed in remote villages for street lighting, home lighting and study lamps

**11,200+**

Biomass stoves installed

**7,800+**

Water conservation structures including checkdams, diversion channels, community ponds, gully plugs etc.

**10+ lakh**

Trees planted



Note: All numbers are since inception, till date.



## Training the teachers

Zero-Investment Innovations in Education Initiatives (ZIEI), a pan-India intervention that started with a pilot in Uttar Pradesh, has reached out to over 5.5 lakh teachers across India recognising, capturing, assimilating and disseminating unique teaching ideas, approaches and concepts. The idea is to create a National Repository of teaching methods targeted for school teachers. Innovative ideas and methods are submitted by teachers and published in Navachar pustikas. Navachar pustikas are circulated as books and apps developed through the project. Government school teachers are trained at the block level on innovative teaching methods.

**11.95+ lakh**

Ideas submitted to ZIEI



## Solid waste management units in rural areas

Solid Waste Management Units have been established in 18 villages of Punjab, covering about 6,000 households to address the issue of improper dumping of waste. It facilitates door-to-door waste collection, with participation from more than 3,000 households. The system comprises composting units, manure from which is sold at affordable rates to the local farmers. Recyclable materials like plastic are sold to authorised recyclers. The money obtained from the sale goes into the maintenance of the system. The model, developed under various village development committees, has been successful in delivering impactful awareness for waste segregation, thereby contributing to the Clean India mission.

**6,000**

Households across 18 villages benefitted from the installation of Solid Waste Management units

Note: All numbers are since inception till date.



## Promotion of education

Quality education is the foundation of a future-ready India. Under Parivartan's Promotion of Education, 2.62+ lakh schools have been covered across different locations. The programme is focused on teacher training, soft skills, innovation, infrastructure, scholarships, libraries, labs, sports, and more. Through the programme, schools are equipped with classroom furniture, sanitation facilities, smart classrooms and renovation of infrastructure.



**19.60+ lakh**

Teachers underwent orientation

**580+**

School libraries equipped with books and digital content

**2.62+ lakh**

Schools benefitted

**2.02+ crore**

Students benefitted



## Community engagement



### Skill training and livelihood enhancement

Parivartan has been supporting multiple projects focused on skill building and capability building of women and unemployed youth in the domain of entrepreneurship, financial literacy, agriculture, and more. Youth are also trained in market-led jobs. Our Sustainable Livelihood Initiative (SLI) has touched the lives of more than 7 Lakh women through self-help groups (SHGs) and joint liability groups (JLGs), who are spearheading local economic activation through a series of income generation activities. More than 1.29 crore people have participated in the financial literacy programme.

**7.80+ lakh**

Women trained as dairy entrepreneurs, auxiliary nurses/midwives

**1.60+ lakh**

Individuals trained for on-farm and off-farm activities on improving productivity, better agri practices, livestock management



#### Vermicomposting engaging SHGs

Despite being an agro economy, farmers in the Maharashtra, Vidarbha region were economically vulnerable given weather uncertainty and market fluctuations. In order to support the local community, the Bank established 10 vermicomposting beds, and the women SHG members were trained in managing these, as part of our income generating activities. Till date, 1,865 kg of vermicompost has been sold.



### Healthcare and hygiene

We have been championing the Government of India's Swachh Bharat Abhiyan over the years and have been helping to bring about behavioural changes through awareness campaigns, toilet construction, nutrition, providing access to clean drinking water, blood donation drives, among others.

**18.58+ lakh**

Units of blood donated

**1,800+**

Sanitation drives

**28,800+**

Toilets constructed

**1.18+ lakh**

Individuals benefitted through health camps



#### Building integrated sanitation units in villages

With Parivartan, we have brought in the Integrated WASH approach that ensured proper utilisation of sanitation units. The WASH hardware or a sanitation unit is not restricted to just a functional toilet, but is also attached to a bathroom for bathing. The unit is also well connected with water supply. The programme created awareness on better hygiene and health practices that the villagers could adopt in terms of waste management, personal and domestic cleanliness, food safety, kitchen sanitation, etc. The project has covered over 229 households across Mankapalli and Similisahi villages in Odisha.



### Financial literacy and inclusion

We have been promoting financial literacy, which is the first step towards financial inclusion, through several camp and capacity building of SHGs. Digidhan, which is our key project, has been conducting successful financial literacy programme on wheels, reaching out to the remotest corners and providing training on general banking, digital banking, credit counselling, among others. To date, we have organised 16.93+ Lakh financial literacy camps and trained 1.29 crore individuals.

**1.29 crore**

Individuals reached through our financial literacy programmes

**16.93+ lakh**

Financial literacy camps organised



### Employee volunteering programme

The Parivartan initiative also strives to engage our employees through its Employee Volunteering Programme, encouraging them to contribute through their time and effort. Our employees have displayed strong commitment by participating in various social programmes.



#### Mentors of Mumbai – Aspire to Inspire

Our competent and qualified employees connect with underprivileged youth of Mumbai and guide them towards better career prospects.

Until now, Parivartan has engaged more than 80 employees and has connected with over 150 youths.



#### Skill Development Programme – Bengaluru

With several skill development centres across the country, where vocational training and entrepreneurship training is provided, we connect our employees with the participants, with whom they share their experience and provide counselling.



#### Combining celebration with a cause

The Bank has tied up with various NGOs working with underprivileged children and those with special needs for interactive celebrations.

**Children's Day made special**  
A fun-filled and activity packed Children's Day awaits our staff every year. We tie up with our partner NGOs working in the space of education for children from weaker socio-economic backgrounds and those with special needs for interactive celebrations. Our staff members visit the schools including the ones run by Municipal Corporation to celebrate Children's Day.



#### Employee Payroll Giving programme

To provide a vetted and reliable platform to the bank employees to contribute directly to several causes across different states, HDFC Bank has partnered with Give India. The Employee Payroll Giving Programme helps the staff to subscribe to monthly donations with the flexibility of selecting the amount.



#### Being the Secret Santa

Our employees across the country every year become Secret Santa for an underprivileged child.

Fulfilment of these wishes may simply instil a renewed confidence in the children that anything is possible in life. This thought helps them sail through the difficult times.

The secret Santas of HDFC Bank participate with full vigour by picking up the wishes listed by our NGO partners. The list includes several items ranging from books to shoes.

Note: All numbers are since inception till date.

## Independent assurance statement



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### Independent Limited Assurance Statement to HDFC Bank Limited on its Sustainability Report for Financial Year 2019-20

To the Management of HDFC Bank Limited, HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai -400013

#### Introduction

We ('KPMG in India', or 'KPMG') have been engaged for the purpose of providing assurance on the selected disclosures presented in the Sustainability Report ('the Report') of HDFC Bank Limited ('HDFC Bank' or 'the Company') for FY 2019-20. Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

#### Reporting Criteria

HDFC Bank applies its own sustainability reporting criteria derived from Global Reporting Initiative (GRI) Standards 'in-accordance' comprehensive option.

#### Assurance Standards Used

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
- Type 2, Moderate level assurance requirements of AA 1000 Assurance Standard 2008 (AA 1000AS 2008) by Accountability. Under this standard, we have reviewed the nature and extent of adherence to the AA 1000APS 2018 principles mentioned below:

- I. The Principle of Inclusivity: People should have a say in the decisions that impact them.
- II. The Principle of Materiality: Decision makers should identify and be clear about the sustainability topics that matter
- III. The Principle of Responsiveness: Organisations should act transparently on material sustainability topics and their related impacts.
- IV. The Principle of Impact: Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.

#### Scope, Boundary and Limitations

- The scope of assurance covers the environmental and social disclosures of HDFC Bank for the period 01 April 2019 to 31 March 2020.

#### The Disclosures<sup>1</sup> subject to assurance were as follows:

General Disclosures
<ul style="list-style-type: none"> <li>• Organizational Profile: 102-1, 102-2, 102-3, 102-7, 102-8</li> <li>• Reporting Practice: 102-48 to 102-56</li> </ul>
Management Approach
<ul style="list-style-type: none"> <li>• 103-1 - Explanation of the material topic and its Boundary</li> </ul>
Topic Specific Disclosures
<ul style="list-style-type: none"> <li>• Environmental <ul style="list-style-type: none"> <li>- Energy: 302-1, 302-2, 302-3</li> <li>- Emissions: 305-1 to 305-4</li> <li>- Effluents and Waste: 306-2</li> </ul> </li> <li>• Social <ul style="list-style-type: none"> <li>- Employment: 401-1</li> <li>- Parental Leave: 401-3</li> <li>- Training and Education: 404-1 to 404-2</li> <li>- Diversity and Equal Opportunity: 405 - 1</li> <li>- Local communities: 413-1</li> <li>- Customer Privacy: 418 - 1</li> </ul> </li> </ul>

The boundary of the Report covers HDFC Bank's operations in India which include:

1. 5,379 banking outlets managed by Common Service Centre (CSC)
2. 14,901 ATMs in 2,803 cities/towns
3. All corporate and regional office

The data review and validation were restricted to the Corporate office which collates the data for pan India locations.

The corporate or regional branch office visits were not carried out physically. Based on the information provided by HDFC Bank, we have assessed the internal controls and systems.

The assurance scope excludes following:

- Disclosures other than those mentioned above
- Data and information outside the defined reporting period
- The Company's financial performance
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.

#### Assurance Procedures

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the current circumstances.

<sup>1</sup> For details regarding the disclosures please refer the GRI Content Index on Page 52-57.

## Independent assurance statement



Our assurance procedures also included:

- Assessment of HDFC Bank's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by HDFC Bank for data analysis.
- Reviewing the materiality and stakeholder engagement framework deployed at HDFC Bank.
- Assessment of data reliability and accuracy.

The review and management interactions were performed virtually using screen sharing tools. Appropriate documentary evidence was obtained to support our conclusions on the information and data verified.

Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same with HDFC Bank during virtual interactions.

### Conclusions

We have reviewed the sustainability report of HDFC Bank. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the sustainability data and information as per the scope of assurance presented in the Report is appropriately stated, in line with identified material aspects and the reporting principles of GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

### As per AA1000 APS 2018 principles:

- Principle of Inclusivity:** We are not aware of any matter that would lead us to conclude that the Company has not applied principle of inclusivity while engaging with key stakeholder groups. HDFC Bank should implement a structured, documented process for stakeholder identification and prioritization. The process should consider as appropriate the influence or impact that stakeholder groups have on the Company.
- Principle of Materiality:** The methodology of materiality determination used for the Report involves a quantitative evaluation of stakeholder perception. Nothing has come to our attention that causes us to believe that material topics so identified have been excluded by the company. The identified material topics are relative to the sector, industry and business model. The Company should develop clear, balanced and replicable assessment criteria for materiality determination.
- Principle of Responsiveness:** We are not aware of any matter that causes us to believe that the Company has not applied principle of responsiveness while engaging with stakeholders covering its environmental and social performance. The Company has identified cross functional departments and developed processes to respond to internal and external stakeholders on identified relevant aspects. The roles and responsibilities of individuals are clearly defined in the organizational chart.
- Principle of Impact:** Nothing has come to our attention that leads us to conclude that the Company has not applied the principle of impact in preparing the Report. HDFC Bank has developed systems and processes to measure, monitor and evaluate the short term and direct economic, environmental and social impacts for select aspects material to the Company. The Company should capture and measure long term and indirect impacts of the business on the environment and society.



### Reliability:

HDFC Bank monitors the sustainability performance data across all its operations mentioned in the boundary of the Report. Environmental parameters including Energy, Emission, Renewable Energy, Effluents and waste are based on estimation. Data representation and calculation related errors were detected but the same were resolved during the assurance process. The Company should develop systems for direct measurement in order to achieve higher level of accuracy in the data collection process.

### Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard and AA1000AS (2008) standards.

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

### Responsibilities

HDFC Bank is responsible for developing the Report contents. HDFC Bank is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of HDFC Bank in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HDFC Bank those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HDFC Bank for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to HDFC Bank Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura  
Executive Director  
KPMG India  
20 July 2020



# GRI content index

GRI Standard	Disclosure	Page Number(s) and/or URL(s)
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<b>GRI 102 - GENERAL DISCLOSURES</b>		
<b>Organisational Profile</b>		
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102-2	Activities, brands, products, and services	Introducing HDFC Bank: 8-9
102-3	Location of headquarters	Back Cover
102-4	Location of operations	Introducing HDFC Bank: 8
102-5	Ownership and legal form	Introducing HDFC Bank: 8
102-6	Markets served	Introducing HDFC Bank: 8-9
102-7	Scale of the organisation	Introducing HDFC Bank: 8-9
102-8	Information on employees and other workers	Our people: 32
102-9	Supply chain	Value-driven banking: 22
102-10	Significant changes to the organisation and its supply chain	Value-driven banking: 22
102-11	Precautionary principle or approach	Value-driven banking: 23
102-12	External initiatives	Community engagement: 44-47
102-13	Membership of associations	Refer Principle 7 (Page 13) of the Business Responsibility Report
<b>Strategy and Analysis</b>		
102-14	Statement from senior decision-maker	Overview by MD & CEO: 6-7
102-15	Key impacts, risks and opportunities	Overview by MD & CEO: 6-7
<b>Ethics and Integrity</b>		
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102-17	Mechanisms for advice and concerns about ethics	Refer Page 107 of Integrated Annual Report
<b>Governance</b>		
102-18	Governance structure	Corporate governance and integrity: 24-25 Refer Page 285 of Integrated Annual Report
102-19	Delegating authority of economic, environmental and social topics	Corporate governance and integrity: 25
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate governance and integrity: 25 Refer Page 2 of Integrated Annual Report
102-21	Consulting stakeholders on economic, environmental and social topics	Value-driven banking: 18-21
102-22	Composition of the highest governance body and its committees	Corporate governance and integrity: 24-25 Refer Page 285 of Integrated Annual Report
102-23	Chair of the highest governance body	Refer Page 285 of Integrated Annual Report
102-24	Nominating and selecting the highest governance body	Refer Page 293 of Integrated Annual Report
102-25	Conflicts of interest	Refer Page 300 of Integrated Annual Report <a href="http://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/615963cc-9a63-4510-949a-fc39da6bdebe?#:-:text=time%20to%20time,-,%20transaction%20with%20a%20related%20party%20shall%20be%20considered%20material,the%20last%20audited%20financial%20statements.">www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/615963cc-9a63-4510-949a-fc39da6bdebe?#:-:text=time%20to%20time,-,%20transaction%20with%20a%20related%20party%20shall%20be%20considered%20material,the%20last%20audited%20financial%20statements.</a>

GRI Standard	Disclosure	Page Number(s) and/or URL(s)
<b>Universal Standards</b>		
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102-27	Collective knowledge of highest governance body	Refer Page 81-82 of Integrated Annual Report
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102-29	Identifying and managing economic, environmental and social impacts	Value-driven banking: 18-21
102-30	Effectiveness of risk management processes	Refer Page 58 of Integrated Annual Report
102-31	Review of economic, environmental and social topics	Value-driven banking: 18-21
102-32	Highest governance body's role in sustainability reporting	Corporate Governance and integrity: 24-25 Refer Page 2 of Integrated Annual Report
102-33	Communicating critical concerns	Refer Page 223 of Integrated Annual Report
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102-36	Process for determining remuneration	Refer Page 206 of Integrated Annual Report
102-37	Stakeholders' involvement in remuneration	Refer Page 202 of Integrated Annual Report
102-38	Annual total compensation ratio	Refer Page 136 of Integrated Annual report
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<b>Stakeholder Engagement</b>		
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102-44	Key topics and concerns raised	Value-driven banking: 18-21
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TUESDAY	ਤੁਹਾਡੇ	ਮੰਜਲਿਆ
WEDNESDAY	ਥੁਹਾਡੇ	ਬੁਦਘਾ
THURSDAY	ਥੁਹਾਡੇ	ਸ਼ੁਭਵਾਰ
FRIDAY	ਮਾਝਾ	ਸ਼ੁਭਵਾਰ
SATURDAY	ਸ਼ੁਭਵਾਰ	ਧਰਮਿਆ
SUNDAY	ਸੁਣਵਾ	ਵਿਵਾਹ

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