

CREATING SUSTAINABLE COMMUNITIES



SUSTAINABILITY REPORT 2015-2016



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LETTER FROM THE MANAGING DIRECTOR



Dear Stakeholders,

It gives me great pleasure to present the Sustainability Report for the year 2015-16. Sustainability is one of our five core values along with Customer Focus, Operational Excellence, Product Leadership and People. It is this adherence to core values that has enabled us to create a strong bank that is committed to giving back to society. At HDFC Bank, we believe that empowerment can only be achieved when we grow sustainably and responsibly while consciously balancing the interests of all stakeholders.

Our financial performance in the previous year has seen considerable growth, with our net profit growing by 20.4% and total income increasing by 23.5%. This came in the backdrop of a 7.6% growth rate in India's real Gross Domestic Product, the highest in five years, achieved in the face of a slowdown in global growth and two consecutive years of

deficient monsoon. Inflation moderated, with the average level of Consumer Price Inflation declining to 5 per cent in 2015-16 from 6 per cent in 2014-15.

The Bank's growth has been made possible through an unremitting focus on enhancing customer experience. As part of this continuing journey, innovation driven by digitisation is now embedded in the DNA of the Bank. Through our digital banking initiatives, we have been able to provide our customers with complete access to the Bank 24x7, through the channel they prefer while simultaneously reducing their carbon footprint. Technology has also enabled easy access to banking services in even the most remote parts of the country.

Our focus on rural and semi-urban areas has continued with the share of branches in these areas increasing from 52% to 55% over the year. In 2015-16 we opened 506 new branches and 234 new ATMs across the nation widening our reach in over 2,587 cities and towns in India.

60% of Indians live in semi-urban and rural areas and it is this reality that has shaped our CSR philosophy of 'Creating Sustainable Communities'. Simply put, 'Creating Sustainable Communities' is about helping people break the cycle of poverty and enabling them to lead a better life by creating long-term sustainable solutions rather than providing short-term relief.

Our flagship programme, Sustainable Livelihood Initiative (SLI), embodies this philosophy. It empowers people at the Bottom of the Pyramid who are not educated, by equipping them with skills like weaving, pottery and goat-rearing so that they can earn a living. The board mandated target for this programme is to reach out to 1 crore families and thus impact about 5 crore lives. I am happy to share that we have crossed the half way mark with 55 lakh households having already been reached.

Another aspect of 'Creating Sustainable Communities' is the development of model villages. These villages will have everything from adequate drinking water, sanitation facilities, provisions for conserving water and of course improving the quality of education. Work on this project is under way and in the next 18 to 24 months we will witness many villages take shape.

Last but not the least is our blood donation programme which is now in its 10th year. It started as an employee-only initiative in 2007, but it's ambit has grown to include college students, corporates and defence establishments. In 2013, HDFC Bank's blood collection drive was recognised by the Guinness Book of World Records as the largest collection of blood anywhere in the world on a single day. We are striving to scale up this programme even further.

As we go forward, we aim to leverage growth opportunities, while combating risks and being responsible towards the economic, environmental and social expectations. We will continue on the path of creating a greater positive impact on society which contributes towards 'Creating Sustainable Communities'.

Aditya Puri

MD, HDFC Bank



LETTER FROM THE DEPUTY MANAGING DIRECTOR



We believe that Sustainable Development provides a practical and flexible approach for achieving responsible economic progress, while making a positive environmental and social change. This has been encapsulated in our vision of 'Creating Sustainable Communities.' Our third Sustainability Report captures the considerable progress made by the Bank in this journey.

This has been a transformational year for us in many ways. We have not only expanded our customer reach to remote locations in India as a result of digital innovations but have also taken a step towards empowering communities, through several of our initiatives in rural India.

A key step in this direction is the Integrated Rural Development Programme (IRDP), which is spread across geographies from the arid regions of Marathwada to the wetlands of Meghalaya. Through this, the Bank promotes activities that are economically empowering while keeping in mind the socio-economic context and the ecology of the region. These include providing assistance to villages in soil and water conservation, water management, construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability and distribution systems along with the creation of Village Development Committees.

Soil and water conservation work has been undertaken in 550 acres of land (covering 144 farmer families) with 65 acres brought under irrigation for the first time and 45 acres brought under assured irrigation. In one such intervention in Madhya Pradesh, the development of a cluster of 7 villages situated in Mandla has been undertaken. This region is home to a significant tribal population, which has been largely cut off from mainstream development.

Meanwhile, our flagship Sustainable Livelihood Initiative has covered approximately 55 lakh households spread across 670 locations in 25 states. We are committed to the objective of 'Comprehensive Financial Inclusion' and strive to create awareness among communities through financial literacy efforts.

Through our initiatives to further provide quality education we have reached out to more than 50,000 students through various programmes ranging from promoting innovative teaching techniques to awarding scholarships to students in distress.

Our capacity development programmes have equipped 500 youth with business enterprise training, and enhanced the employment skills of 600 more.

Finally the Bank remains committed to maintaining the balance between pursuing its economic and environmental goals. Perhaps nothing illustrates this more than its 'Go Digital' initiative. Multichannel delivery through NetBanking, PhoneBanking and MobileBanking. This reduces carbon emission from operations as well as on account of reduced customer travel requirements. This effort is strengthened further with many of the Bank's ATMs going paperless.

With Sustainability as our fifth core value (alongside Customer Focus, Operational Excellence, Product Leadership, and People) in the short-term, we plan to bring about a behavioural change in our employees and customers by engaging them further on social as well as environmental issues. In the long-term, we shall further our efforts to embed sustainability in all our products and services through an on-going engagement with our stakeholders. The journey continues.

Paresh Sukthankar

DMD, HDFC Bank

SUSTAINABILITY HIGHLIGHTS

MISSION – TO BE A 
'WORLD CLASS INDIAN BANK'

TOTAL EMPLOYEES
87,555

TOTAL NUMBER OF BRANCHES
4,520 

CORE VALUES

- SUSTAINABILITY
- PEOPLE
- OPERATIONAL EXCELLENCE
- PRODUCT LEADERSHIP
- CUSTOMER FOCUS

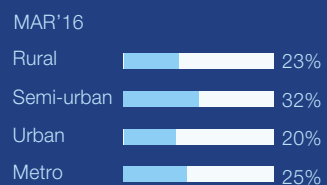
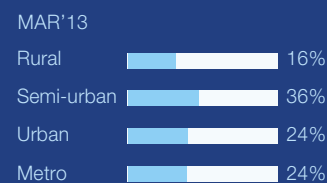


TOTAL NUMBER OF CITIES/TOWNS
2,587 

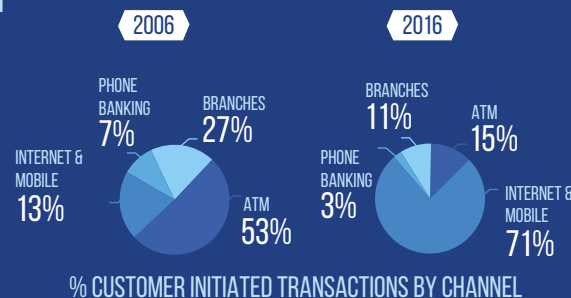
COMPARATIVE GROWTH IN BRANCH NETWORK –
55% BRANCHES IN RURAL AND SEMI-URBAN AREAS


	MAR'13	MAR'14	MAR'15	MAR'16
BRANCHES	3,062	3,403	4,014	4,520
ATMs	10,743	11,256	11,766	12,000
CITIES/TOWNS	1,845	2,171	2,464	2,587

BRANCH CLASSIFICATION



COMPARATIVE GROWTH IN USE OF INTERNET AND MOBILE BANKING –
FROM **13%** TO **71%** IN 10 YEARS

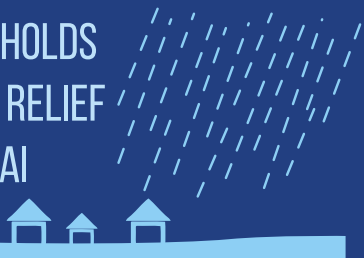


EMISSION PER EMPLOYEE –
5.46 MTCO₂e/EMPLOYEE 

ENERGY CONSUMPTION PER EMPLOYEE –
25.81 GJ/EMPLOYEE 


EMISSION PER ₹ CRORE OF REVENUE – **6.7** MTCO₂e/₹ CRORE

EDUCATIONAL INITIATIVES COVERING MORE THAN **50,000** STUDENTS AND **5 LAKH** TEACHERS PAN INDIA

OVER **7,900** HOUSEHOLDS BENEFITTED BY FLOOD RELIEF OPERATIONS IN CHENNAI 

ENERGY MANAGEMENT MODULE INITIATED IN **100** BRANCHES 

CUSTOMER BASE OF **3.77** CRORE 

800 MFTS/MILK-TO-MONEY ATMs SERVING **2.5** LAKH FARMERS 

OVER **800** SCHOOLS ACROSS **500** VILLAGES REACHED OUT THROUGH SANITATION PROJECTS 

1.5 LAKH UNITS OF BLOOD DONATED BY 1.75 LAKH VOLUNTEERS IN THE BLOOD DONATION DRIVE IN 2015

FINANCIAL LITERACY VIDEO – DHANCHAYAT – COVERED **4,900** VILLAGES WITH **9.94** LAKH VIEWERS 

ABOUT THIS REPORT

This report for 2015-16 is the third Sustainability Report published by HDFC Bank and centres around the theme of 'Creating Sustainable Communities' which is in line with the focus on sustainable development. It is aligned to GRI G4 guidelines and the Financial Service Sector Disclosures, and follows the 'In accordance – Comprehensive' criteria. HDFC Bank has re-appointed NextGen PMS Pvt. Ltd. for advisory services and DNV-GL Business Assurance India Pvt. Ltd. for independent assurance of this report. The report is assured based on AA1000AS (2008) standard as per Type 1 Moderate Assurance. It also adheres to the reporting principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness.

This report has been prepared on the basis of detailed interactions with various department heads and Deputy Managing Director – Mr Paresh Sukthankar, who is also a member of the Board-level CSR Committee.

SCOPE AND BOUNDARY

The report covers the performance of the Bank's operations on economic, environmental and social parameters as per the GRI G4 guidelines and the Financial Service Sector Disclosures, which is available on the Bank's website along with the Sustainability Reports for the previous years. Since at present the Bank does not capture information about social and environmental initiatives of Subsidiaries, Associates and Foreign Branches, this report does not reflect their performance.

PROFILE

HISTORY

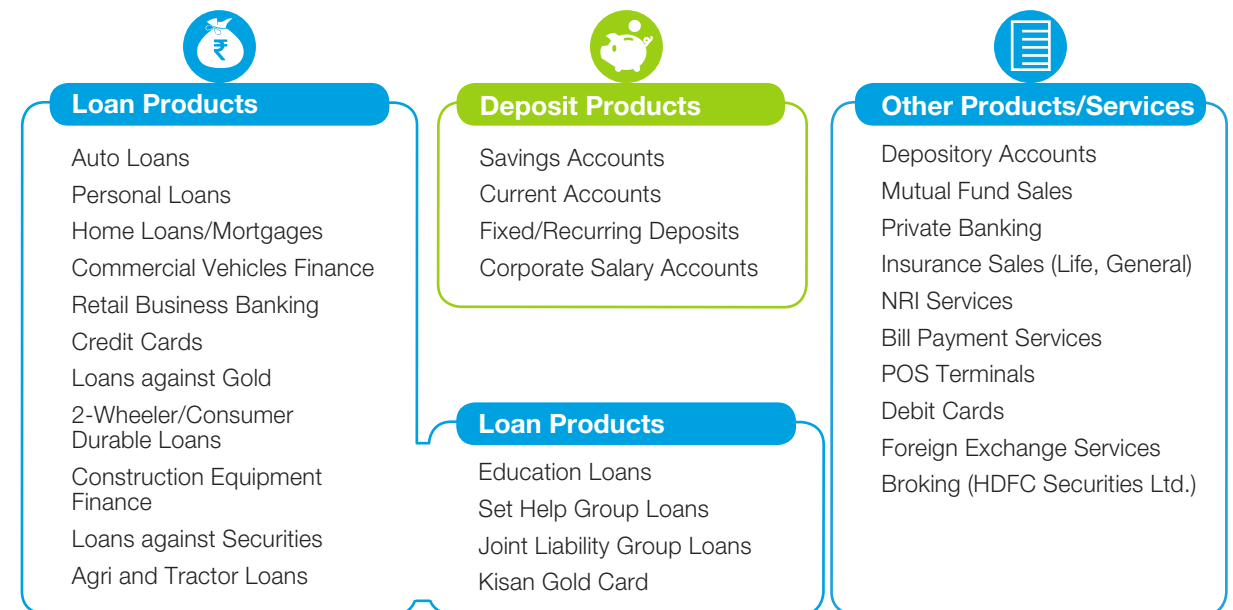
HDFC Bank is a product of India's economic liberalisation programme which commenced in 1991. In 1994, Housing Development Finance Corporation (HDFC) was one of the first few organisations to receive an 'In Principle' approval from the Reserve Bank of India (RBI) for setting up a private sector bank as part of the Banking Sector Reforms. Headquartered in Mumbai, HDFC Bank commenced operations as a scheduled commercial bank in January 1995.

PORTFOLIO

It comprises of Retail Banking, Wholesale Banking and Treasury.

RETAIL BANKING

The Retail Banking segment provides customers with a wide range of products and services at their convenience through multiple channels. There has been consistent growth in this segment as a result of efforts on two major fronts – increasing geographical reach through the extensive network of branches and enhancing customer experience through innovation across multiple channels. Faster and more efficient platform deliveries across ATMs, Internet, Phones and Mobiles have been the cornerstone of the growth in Retail Advances. The Bank also focuses on cutting-edge analytics and Customer Relationship Management (CRM) to understand customer needs better and offer them products tailored to their requirements. It is this segment of the business that has been at the cornerstone of the Bank's digital strategy, enabling it to create customer delight while contributing to sustainability.



WHOLESALE BANKING

The Wholesale Banking segment provides a wide range of commercial and transactional banking products to corporate and institutional clients. It not only provides products to the top corporates but also to Emerging Corporates, SMEs and Rural Clients. The Bank's Financial Institutions and Government Business Group (FIG) offers products to financial institutions, mutual funds, insurance companies, public sector undertakings, central and state government departments. The range of products/services offered by the Bank include Working Capital Finance, Term Finance, Trade Services, Cash Management, Investment Banking, Foreign Exchange and Electronic Banking.

Commercial Banking

- Working Capital
- Term Loans
- Bill/Invoice Discounting
- Forex and Derivatives
- Wholesale Deposits
- Letters of Credit
- Guarantees

Transactional Banking

- Cash Management
- Custodial Services
- Clearing Bank Services
- Correspondent Banking
- Tax Collections
- Banker to Public Issues

Investment Banking

- Debt Capital Markets
- Equity Capital Markets
- Project Finance
- M&A and Advisory

Key Segments

- Large Corporates
- Emerging Corporates
- Financial Institutions
- Government/PSUs
- Business Banking/SME
- Supply Chain (Suppliers and Dealers)
- Agriculture
- Commodities

TREASURY

The Treasury segment manages the Bank's investment portfolio, money market borrowing cum lending programmes and trades in foreign exchange and derivative contracts.

Products/Segments

- Foreign Exchange
- Debt Securities
- Derivatives
- Equities

Other Functions











- Asset Liability Management
- Statutory Reserve Management

PRESENCE

HDFC Bank aims to achieve healthy and sustainable growth by offering customers greater choice, flexibility and convenience in terms of geographic reach as well as products. The Bank's physical distribution network has grown steadily to 4,520 branches in 2,587 cities/towns on March 31, 2016 from 4,014 branches in 2,464 cities/towns on March 31, 2015. The Bank also has 3 overseas branches in Bahrain, Hong Kong and Dubai. The total number of ATMs increased to 12,000 in the year ended March 31, 2016 from 11,766 in the year ended March 31, 2015. The total customer base stood at 3.77 crore as on March 31, 2016.

The Bank's risk assessment mechanism ensures that growth does not come at the cost of prudence.

AWARDS AND ACCOLADES

	Atal Pension Yojana Phase 1: Best Performing Bank, Private Sector
	Barron's List of World's 30 Best CEOs: Aditya Puri on the List of World's 30 Best CEOs
	Business Today India's Best CEO 2015: Aditya Puri - Large Companies
	CII's Centre for Excellence for Sustainable Development: Sustainable Plus Gold for efforts in Environment Protection
	FinanceAsia Poll - Asia's Best Companies 2016: Most Committed to Corporate Governance
	FinanceAsia Country Awards: Best Asian Bank 2015
	Forbes Asia: Fab 50 companies list for the 9 th year
	IDRBT Banking Technology Excellence Awards: Best Bank award for Cyber Security, Risk Management
	NABARD Status of Microfinance Report 2014-15: HDFC Bank SLI Model to be emulated
	The Asset Triple A - Treasury Trade and Risk Management Awards 2016: Best in Treasury and Working Capital (SMEs) India

DEFINING MATERIALITY

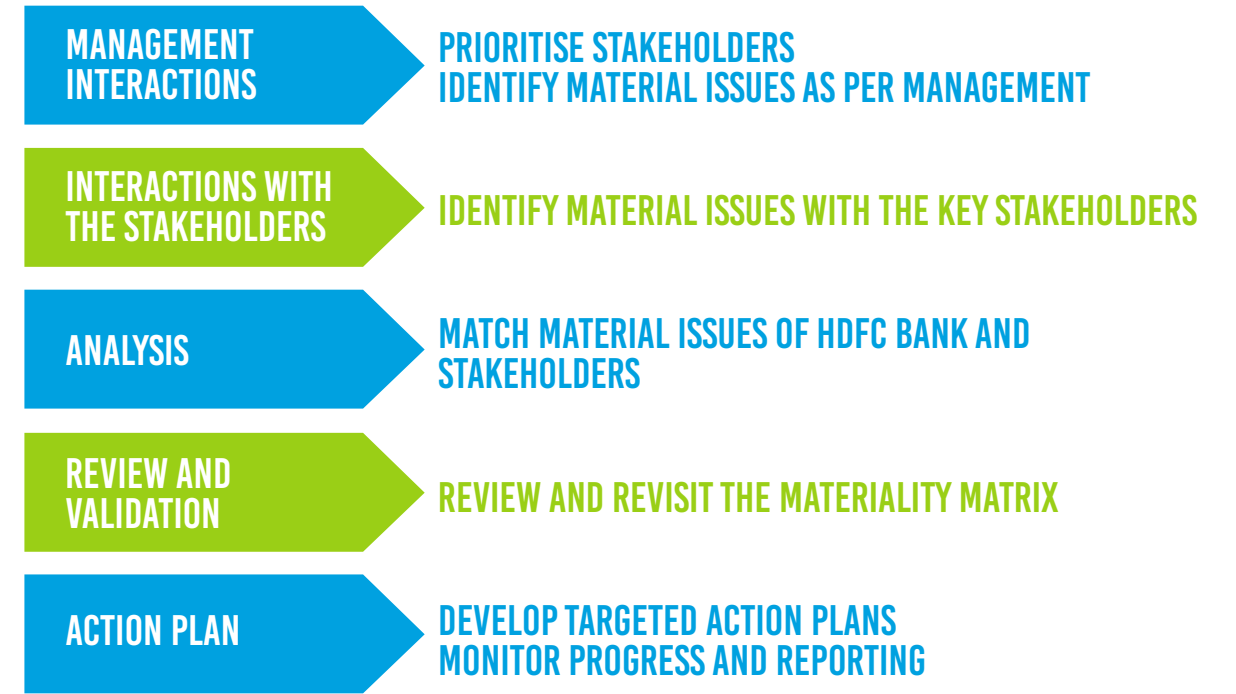
STAKEHOLDER ENGAGEMENT

Stakeholder relationships are vital to the Bank. This is underscored by its regular and planned engagements with all such identified groups. For the purpose of assessing materiality, the process of engagement is initiated by obtaining the Board’s CSR Committee’s opinion on prioritisation of stakeholders and identifying material issues in the environmental, social and economic spheres. It is followed by engagements with prioritised stakeholder groups through multiple channels including online surveys, interactive voice response systems and personal interactions. Based on the feedback, the materiality matrix is developed, reviewed and validated by the CSR Committee of the Board. The basis for the current sustainability report continues to be the assessment carried out for the previous one. The Bank would be initiating an exhaustive stakeholder engagement and materiality assessment in subsequent months.

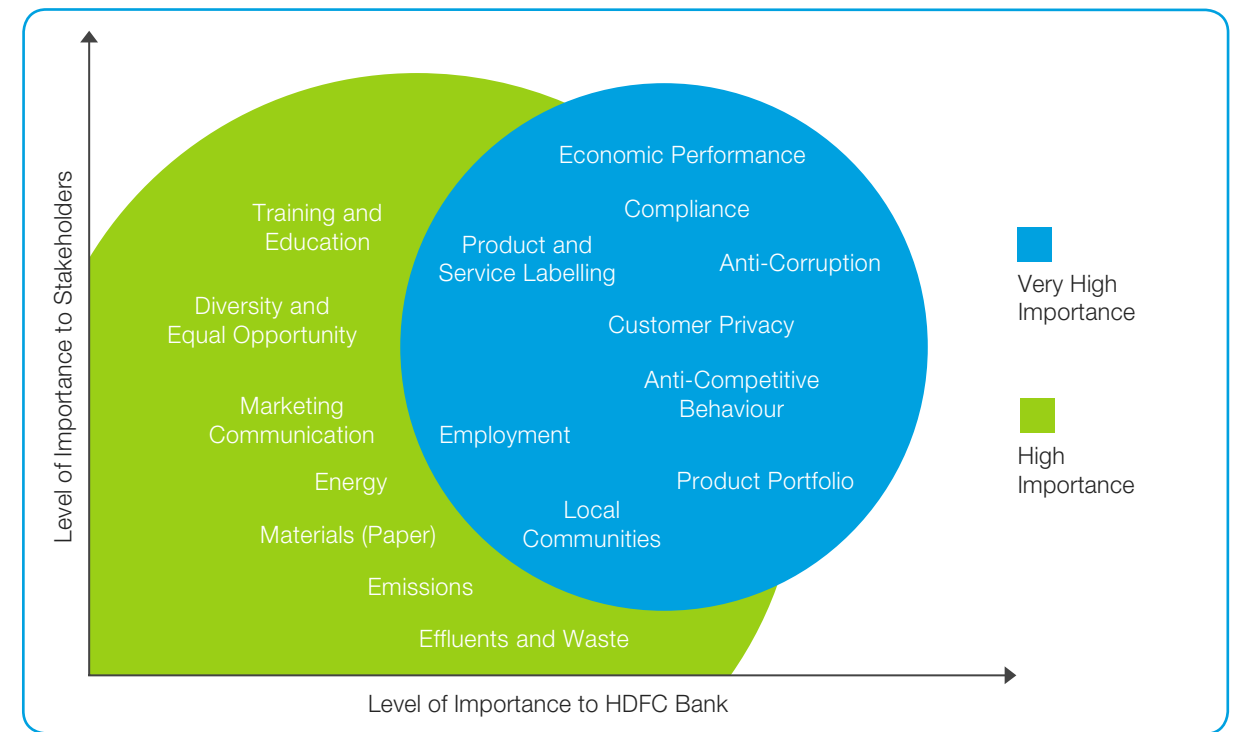
THE TOP 5 PRIORITISED STAKEHOLDER GROUPS



MATERIALITY ASSESSMENT PROCESS

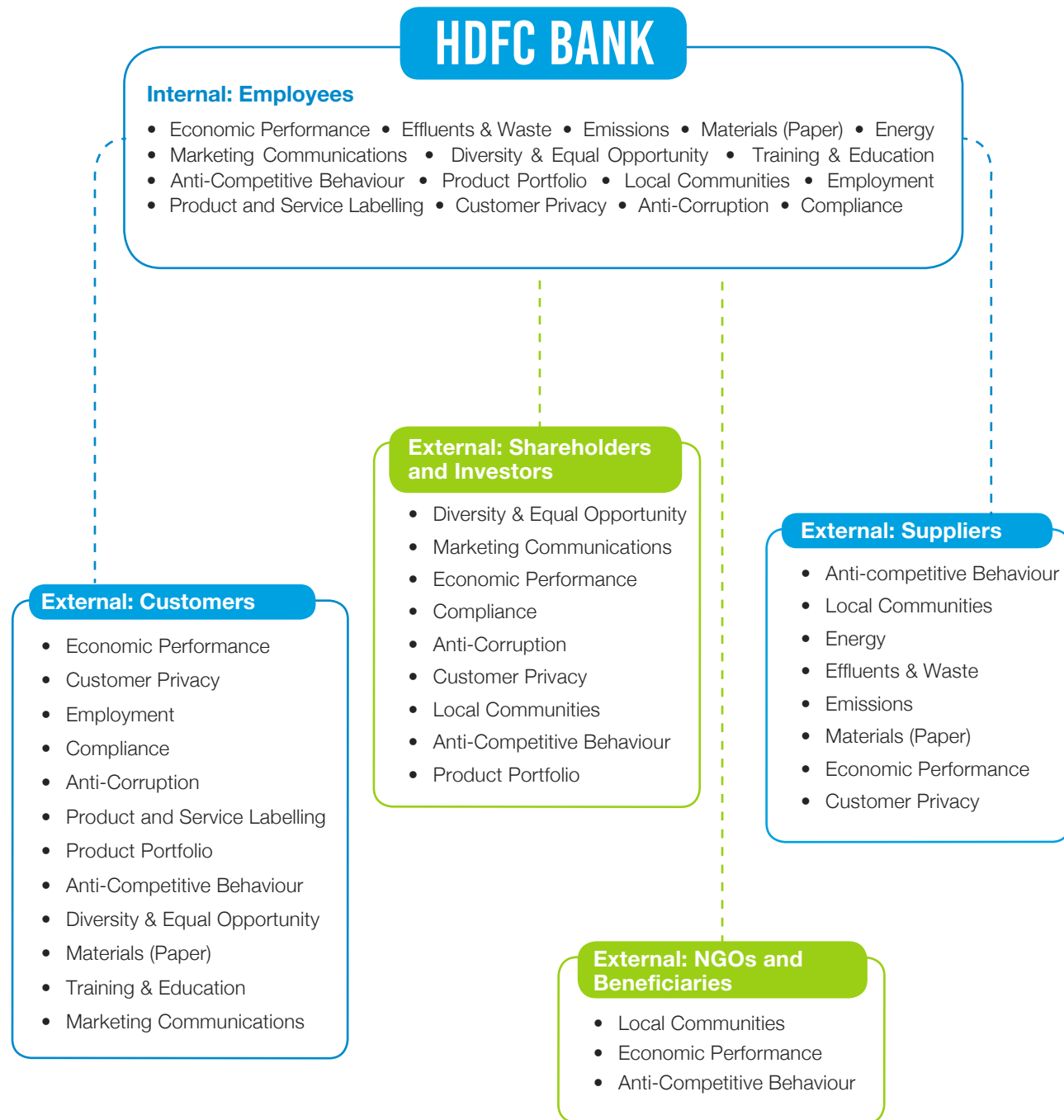


The materiality matrix as a result of the above process is obtained as follows:



ASPECT BOUNDARIES

The internal and external aspect boundaries have been identified as follows. There have been no significant changes from the previous reporting period in the aspect boundaries.



FINANCIAL GROWTH



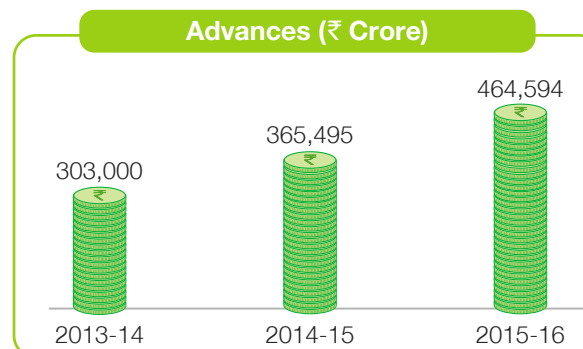
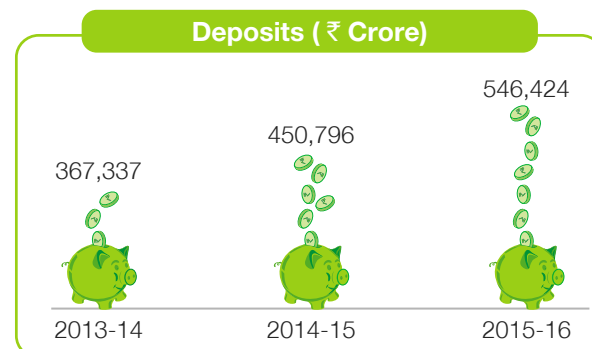
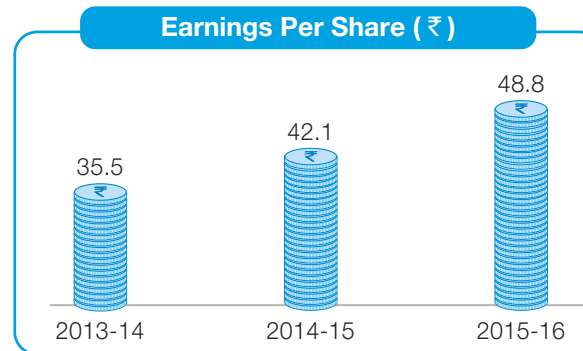
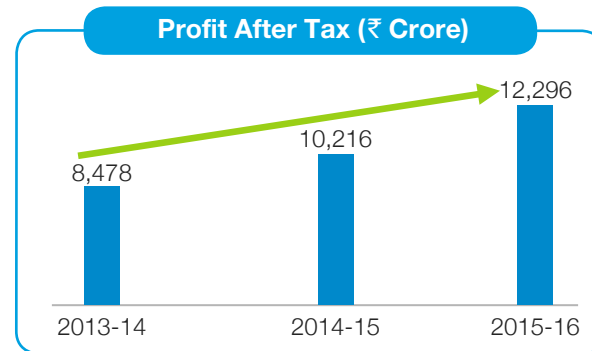
FINANCIAL GROWTH

India's GDP growth was recorded at 7.6%, despite the continued global economic slowdown and two consecutive deficits in monsoons. This was the highest growth recorded in the previous five years, which resulted from multiple factors including domestic manufacturing growth of 9.5%. Also, initiatives such as 'Make in India', power sector reforms, the liberalisation of FDI rules and higher government capital expenditure spending indicate a revival in the domestic economic growth.

Financial performance also remained healthy and consistent with stakeholder expectations. The net profit for the year ended March 31, 2016 was ₹ 12,296 crore, an increase of 20.3% from March 31, 2015. The dividends issued per share have also increased to ₹ 9.5 for the year ended March 31, 2016 from ₹ 8.0 for the year ended March 31, 2015. The increment in profit, income and other parameters indicate the Bank's financial stability and growth.

For the year ended March 31, 2016 (₹ crore)

Total Revenue	38,343.20
Operating Costs	16,979.70
Payments to and provisions for employees	5,702.19
Expenditure on Community Activities	1.6% of average net profit for the last three financial years
Retained Earnings	24,787.65
Proposed Dividend	2,401.8



FOUNDATIONS OF ETHICAL GOVERNANCE

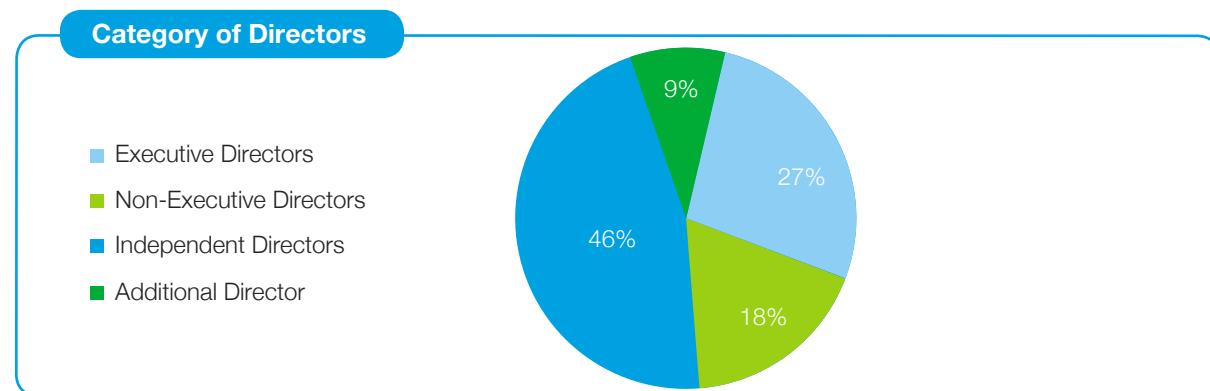
FOUNDATIONS OF ETHICAL GOVERNANCE

In line with the mission of becoming a 'World-Class Indian Bank', HDFC Bank recognises the importance of responsible corporate governance processes. The Corporate Governance Policy provides guidance and direction for maintaining ethics and fairness in all engagements of the Bank.

The Corporate Governance framework is in compliance with the Companies Act 2013, the regulations and guidelines of the Securities and Exchange Board of India (SEBI) plus the requirements of the listing agreements entered into with the Indian stock exchanges. The Bank also complies with the listing requirements of Section 303A of NYSE's Listed Company Manual.

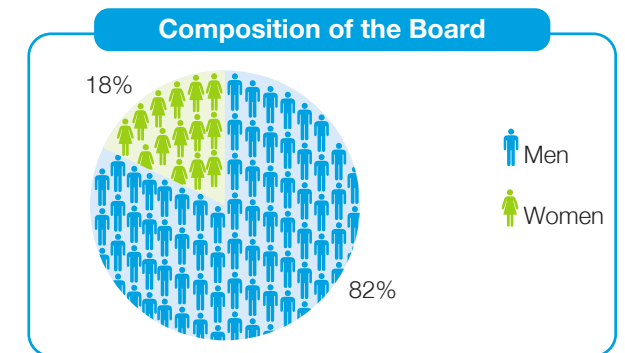
The Board of Directors is the highest governance body exercising the powers pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013. The Board comprises 11 Directors as on March 31, 2016, headed by the Chairperson. The Business/Group Heads directly report to the Managing Director/Deputy Managing Director/Executive Director, who are members of the Board of Directors. In 2015-16, the Board of Directors conducted 7 review meetings for evaluating the Bank's performance and taking strategic decisions.

Name of the Director	Category
Mr. Aditya Puri	Executive Director (Managing Director)
Mr. Paresh Sukthankar	Executive Director (Deputy Managing Director)
Mr. Kaizad Bharucha	Executive Director
Mr. Keki Mistry	Non-Executive Director
Mrs. Renu Karnad	Non-Executive Director
Mrs. Shyamala Gopinath	Independent Director (Chairperson)
Mr. Partho Datta	Independent Director
Mr. Bobby Parikh	Independent Director
Mr. A. N. Roy	Independent Director
Mr. Malay Patel	Independent Director
Mr. Umesh Chandra Sarangi	Additional Director



APPOINTMENT AND REMUNERATION OF DIRECTORS

The Bank's Board of Directors is recommended by the Nomination and Remuneration Committee (NRC) of the Board. The Committee evaluates qualified and reputed personnel based on their academic background, previous experience, track record and integrity. Post this, recommendations are made to the Board of Directors for final appointment. The Compensation Policy governs remuneration of the Directors, which is framed in accordance with RBI guidelines.



BOARD PERFORMANCE

The Nomination and Remuneration Committee (NRC) has approved a framework/policy for evaluation of the Board, Committees of the Board and the individual members of the Board. This process covers feedback on the Board and its Committees' composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in Corporate Governance. The assessment of the Independent Directors on the performance of the Board and its Committees was subsequently discussed by the Board at its meeting.

The Bank has laid out policies and guidelines to ensure high governance standards. The policies include:

- Code of Conduct/Ethics
- Code for Practices and Procedure for Fair Disclosure
- Code for Prevention of Insider Trading
- Code for Corporate Governance
- Policy for dealing with Related Party Transactions
- Policy for determining Materiality of Information
- Policy for determining Material Subsidiary
- Prevention and Redressal of Sexual Harassment of Women at the Workplace
- Whistle Blower and Vigil Policy
- Anti-Bribery and Anti-Corruption Policy
- CSR Policy
- Human Rights guidelines in adherence to the principles in United Nations Universal Declaration of Human Rights

COMMITTEES OF THE BOARD

The Board of Directors has constituted various committees' to take informed decisions in the Bank's best interest. These committees' have been set up so that responsibilities are clearly allocated especially when it comes to monitoring activities across the Economic, Environmental and Social aspects of the Bank's operations. Further, the relevant and critical issues are taken up by the Board for discussion. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across the Bank.



CSR AND SUSTAINABILITY GOVERNANCE

The Board-level CSR Committee is responsible for driving the CSR and Sustainability agenda. Through its interventions, the Bank aims to bring socially marginalised communities into the mainstream thus creating a conducive environment for their overall growth and empowerment.

The CSR Committee consists of:

- a. Mrs. Renu Karnad (Chairperson)
- b. Mr. Bobby Parikh (Independent Director)
- c. Mr. Partho Datta (Independent Director)
- d. Mr. Aditya Puri
- e. Mr. Paresh Sukthankar

The overall objective is to 'Create Sustainable Communities', where every stakeholder is empowered and has access to resources for further development.

The focus areas are promoting education, enhancing livelihood, rural development and environmental sustainability. The Bank's initiatives and material aspects are driven by internal teams and implementation partners, which are monitored on a regular basis.

CODE OF ETHICS AND RISK MANAGEMENT

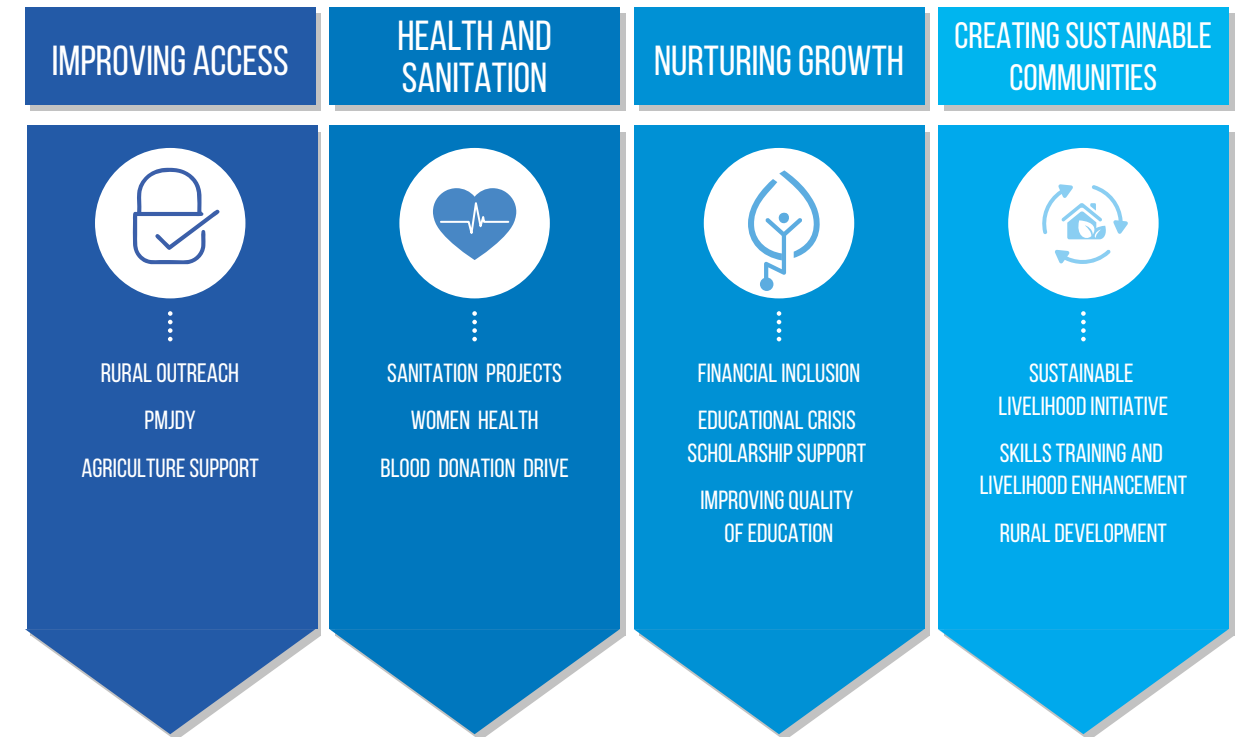
Ethical working standards are critical while doing business. This belief is not just that of the senior management but percolates through the organisation. This is reflected in a well-defined 'Code of Conduct' which is applicable to all employees.

Risk management is integral to business management. The Bank identifies, measures, monitors, and manages risks of varied nature. The main classifications of risks are: Credit Risk, Market Risk, Liquidity Risk and Operational Risk. The Board of Directors endorses the risk strategy and approves the risk policies. The Risk Policy and Monitoring Committee of the Board supervises the implementation of the risk strategy and guides the development of policies, procedures and systems for managing risk. The committee periodically reviews risk level and direction, portfolio composition, status of impaired credits as well as limits for treasury operations.

CREATING SUSTAINABLE COMMUNITIES

CREATING SUSTAINABLE COMMUNITIES

HDFC Bank's social responsibility is to support communities which can become sustainable in the long run. With Sustainability as one of the Bank's core values, it endeavours to develop strategies which help achieve growth and empower marginalised communities.





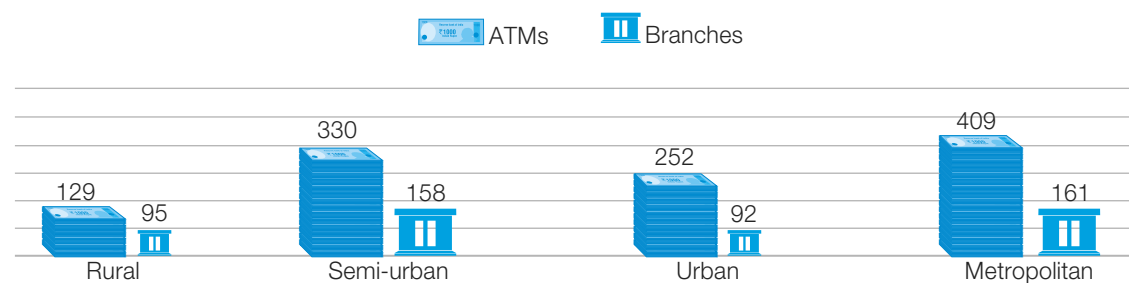
IMPROVING ACCESS

A. RURAL OUTREACH

In 2015-16, the Bank has reached a market spread of 4,520 branches and 12,000 ATMs across 2,587 cities and towns in India, which is an increase from 4,014 branches and 11,766 ATMs across 2,464 cities in 2014-15. The Bank's

focus on semi-urban and under-banked markets continued, with 55 per cent of total branches in such areas, an increase from 52 per cent in the previous year.

Expansion of Operations in FY 2015-16



B. PRADHAN MANTRI JAN DHAN YOJNA (PMJDY)

PMJDY is the National Mission for Financial Inclusion by ensuring access to financial services: Banking/ Savings and Deposit Accounts, Remittance, Credit, Insurance and Pension. In line with the Digital India Initiative and PMJDY, the Bank is making these basic banking facilities available through Aadhaar and Rupay Card enabled micro-ATMs (compliant to Unique Identification Authority of India) at every Bank Mitra or Business Correspondent location. In addition to this, the Bank is also focusing on the "J-A-M" (Jandhan, Aadhaar, Mobile) trinity, to ensure holistic coverage of customers and provide easy access through digital channels. This is to ensure Government benefits reach the end-customer. As on March 31 2016, the Bank opened 15.8 lakh PMJDY accounts.

C. MULTI-FUNCTION TERMINALS (MFT)

The Bank has developed a unique solution to improve the efficiency of dairy supply chain. This innovative solution integrates a milk collection system with cash dispensing machines/ATMs called Multi-Function Terminals (MFT) or Milk-to-Money ATMs. The dairy farmer deposits the milk produce in the dairy society's procurement system which generates payment instructions and is linked to the ATM. The ATM, transfers the amount to the farmer's bank account and enables cash withdrawal instantly. The transparency in the milk collection process benefits both the society and farmers, as farmers get payments quickly and the society is saved the hassle of cash distribution.

As on March 31, 2016 the Bank has nearly 800 MFTs in Gujarat, Maharashtra, Punjab and Rajasthan, servicing about 2.5 lakh farmers. This has been achieved in just about three years.

D. AGRICULTURE SUPPORT

Kisan Gold Card (KGC), one of the Bank's major rural projects is aimed at aiding farmers by providing them with loans for purchase of agricultural equipment, bullocks carts, besides funding land development and repair expenses. KGC also enables farmers to meet their expenses towards education, weddings and other occasions. Apart from easing credit requirements, the Bank also provides free of cost Personal Accident Insurance cover of ₹ 2 lakh. An add-on to this, is the Bank's Kisan Gold Card Tez, which provides loans to farmers within three days while Kisan Turant enhances the loan amount within seconds at an ATM or any branch. 2015-16 witnessed the issuance of over 65,000 KGCs across the nation.

The Bank also has an online Kisan Dhan Vikas e-Kendra which empowers farmers with a range of financial and non-financial information. Information on approval of cattle loans, to cards can be accessed. Also available is expert crop advice and information on government schemes in the personalised farmer webpage which can be viewed in 4 languages.



Process followed for MFTs.



Process followed for MFTs.



Process followed for MFTs.



HEALTH AND SANITATION

A. SANITATION

The Bank believes cleanliness and hygiene are of utmost importance in order to create a positive learning environment for children. In line with the Swachh Bharat Abhiyan, the Bank had launched a sanitation project in 2014-15 whose reach has now been enhanced to over 800 schools across 500 plus villages spread over 8 states. In 2015-16, the focus of the intervention has not only been on construction or renovation of sanitation infrastructure in government schools but also bringing about behavioural change under the Water, Sanitation and Hygiene (WASH) programme.



Toilet facilities in a school

B. WOMEN HEALTHCARE CAMPS

To commemorate International Women's Day, the Bank organised health check-up camps. This event went beyond employees and was extended to women at the Bottom of the Pyramid living in many villages across India. Also on this day, the Bank facilitated enterprising women from these sections to market their products – pots, handlooms, handicrafts and jewels – at 400 branch locations in 20 states.



Camps on International Women's Day

C. BLOOD DONATION CAMPS

2015 marked the 9th year of the annual blood donation drive which was recognised by 'The Guinness Book of World Records' in 2013 as the largest collection of blood on a single day. The Bank had set up blood donation camps at over 2,300 centres in 975 locations across India. Camps were also held in over 800 college campuses. Participation from college students in the Bank's blood drive has increased significantly over the last 3 years.



Blood Donation Camps

In 2015-16, colleges successfully collected over 55,000 units of blood. Apart from branch and college level camps, the Bank also tied up with Corporate and Defence establishments to organise camps on their premises, thus increasing the reach and spread of this social campaign. This year the drive attracted about 1.75 lakh participants who contributed 1.5 lakh units of blood.



Process followed for MFTs.



Process followed for MFTs.

E. BASIC SAVINGS BANK DEPOSIT ACCOUNTS (BSBDA)

Exclusive 'Zero Balance' accounts have been made available to SHGs/JLGs and their members. These accounts also come along with ATM cards, so that accounts can be accessed across India. In addition to this, small BSBDA accounts have been launched which require minimum documentation.





NURTURING GROWTH

A. FINANCIAL INCLUSION

The Bank firmly believes that financial literacy is the first step towards financial inclusion. The potential in India is especially enormous as 40 per cent of the country's total population does not have access to formal banking services. The Bank's financial literacy initiatives have been incorporated across various business channels to ensure a trickle down model of financial inclusion.

In this regard, the Bank undertakes various rural financial literacy initiatives across the country wherein camps are conducted to impart a conceptual understanding of financial products and services. The Bank uses Financial Literacy guides and posters, as the standard curriculum to educate the target audience. This material is available in Hindi and English, allowing participants to learn in the language they are comfortable with.

The financial literacy programme is aimed at improving access to formal banking services in remote corners of India, encompassing the general public as well as SME Entrepreneurs. Through this initiative, the Bank has reached out to over 55,000 households in over 5,000 villages, each with a population of less than 2,000. In addition to this, the Bank has set up 9 Financial Literacy Centres in Kerala, Punjab and Haryana. These centres conduct activities such as focused group discussions and camps at the Gram Panchayat, school and rural branches level. In 2015-16, the Bank has extended financial literacy initiatives to the SMEs in Jammu. Under this initiative, the Bank conducted financial literacy camps in Pulwama, Rajouri, Kupwara, Poonch and Budgam districts in the state to bring SMEs into the traditional banking fold.

FLCs IN SCHOOL AND GRAM PANCHAYAT

- NUMBER OF CAMPS CONDUCTED: 1,790
- NUMBER OF PARTICIPANTS: 67,811

FLCs IN RURAL BRANCHES

- NUMBER OF CAMPS CONDUCTED: 1,994
- NUMBER OF PARTICIPANTS: 37,395

Financial Literacy Camp (FLC) experience shared by Surender Bajaj farmer from village Siwani, Haryana post attending the camp. He said that ***"I was not aware of benefits of PM Social Security Scheme & other Schemes offered by Bank. Post attending the FLC, I will get myself insured under social security scheme and also will get all my family accounts opened in PMJDY."***



FLC experience shared by Kabir, an 8th class student from Bapoli, Haryana post attending the camp. He said that ***"I was not aware that even we can have savings accounts with the Bank. Now post attending this FLC, I will open my savings account under PMJDY in the bank and will save my pocket money there."***

The Bank has also launched another programme, under the aegis of Swachh Banking- 'Dhanchayat: Financial Literacy on Wheels'. Dhanchayat is an educational film created to raise awareness about the perils of borrowing from informal sources of finance. HDFC Bank-branded Dhanchayat video vans travelled across India, covering thousands of villages across the country. The film showcases the importance of transparency in financial transactions. It also highlights to the rural stakeholders, the dignity and self-respect accorded to the individual while borrowing from organised sources of finance. This programme has covered over 4,900 villages and the film has reached over 9.94 lakh people. A second film aimed at improving financial literacy amongst school going children has been screened at 500 schools. The film is supported by games to further engage the school children.

Dhanchayat 2015-16			
Regions	No. of Branches	No. of Villages	Total Viewers
South	110	494	123,547
East	36	211	42,690
North	526	3,353	573,805
West	179	842	254,514
Grand Total	851	4,900	994,556

B. EDUCATIONAL CRISIS SCHOLARSHIP SUPPORT (ECSS)



The Educational Crisis Scholarship Support (ECSS) programme has been launched with the objective of empowering students who are economically and socially disadvantaged. Through this initiative the Bank ensures that students do not have to discontinue their education due to financial emergencies. It provides assistance to students in recognised private and government-aided schools between the age group of 13-21 years and has been able to support 455 students across India in 2015-16.

"As a socially responsible corporate citizen we want to ensure that bright students, who are the future of our country, are not deprived of education due to financial constraints. The ECSS programme is in line with one of our core values – Sustainability – which aims at creating long-term sustainable benefits for the local population", said Mr Zubair Iqbal, Senior Vice President and Circle Head–J&K, HDFC Bank.

C. IMPROVING QUALITY OF EDUCATION

Improving the quality of education is a key area for the Bank. Pan India, it has reached out to nearly 60,000 students and 5 lakh teachers through multiple initiatives. The Bank partnered with Sri Aurobindo Society to train over 5 lakh school teachers in Uttar Pradesh under the 'Zero Investment Innovation in Education Initiative' (ZIIIEI). The training familiarised school teachers with 'Innovation' as a concept, while also giving them a platform to generate new teaching solutions. The teachers came up with 2 lakh ideas that have the potential to bring about path-breaking changes in education for over 2 crore students in the state. This is expected to result in improved education delivery in classrooms, leading to reduced drop-out rate. It is also expected to create an enabling environment for girls and children with special needs. This initiative will enhance the involvement of teachers, parents and the community in improving quality of education and facilitate effective implementation of government programmes like the Sarva Shiksha Abhiyan. Through this programme, nearly 1.7 lakh schools received an 'Inspection Management System (IMS)'. HDFC Bank conducts impact assessments to understand the penetration levels of quality education.

To bridge the education gap, the Bank partnered with 'Teach for India' to advocate educational equality in rural areas. The Bank supports this cause by selecting two employees every year for the fellowship. The selected employees are given a two-year sabbatical, during which they continue to receive their basic salary while improving lives of many children.

Another initiative the Bank has undertaken is to enhance the basic understanding of subjects like mathematics, history and science. This is through a partnership with 'Meljol', an NGO and more than 30,000 students across India have been positively impacted.

The Bank also regularly undertakes training programmes on credit counselling and inculcating the savings habit. Targeted at students, it provides information on asset creation, insurance, and income generation. During the year almost over 1.4 lakh financial awareness programmes covering over 22 lakh households were conducted.



ZIIIEI Training



ZIIIEI Teachers undergoing Training



CREATING SUSTAINABLE COMMUNITIES

A. SUSTAINABLE LIVELIHOOD INITIATIVE

The Sustainable Livelihood Initiative (SLI) provides financial and social empowerment to the marginalised and weaker sections of society. The Bank has adopted a holistic approach encompassing financial literacy and credit counselling aimed at enhancing banking acumen. As a part of this, customised savings products like savings accounts with facilities like ATM

card, cheque book, micro recurring and fixed deposits have been provided. These help in encouraging banking habits, thus helping customers manage cash flows better and meet their consumption needs. The Bank also provides training and capacity building services to enhance skills and supplements it with assistance in market linkage leading to increased income. Most of the SLI customers are women as the Bank strongly believes that upliftment of the household starts with financial empowerment of women.

The range of Financial and Non-Financial services provided are as follows:

1. Financial Offerings:

- a. Enterprise Lending Programme
- b. Basic Savings Bank Deposit Accounts
- c. Micro Recurring and Fixed Deposits
- d. Micro Insurance

2. Non-Financial Offerings:

- a. Credit Counselling
- b. Financial Literacy
- c. Capacity Building
- d. Market Linkages

The SLI model provides a direct linkage with people at the Bottom of the Pyramid through Joint Liability Groups and Self-Help Groups. The Bank engages with groups for counselling and financial literacy camps, after which it funds them for their income generating activities.

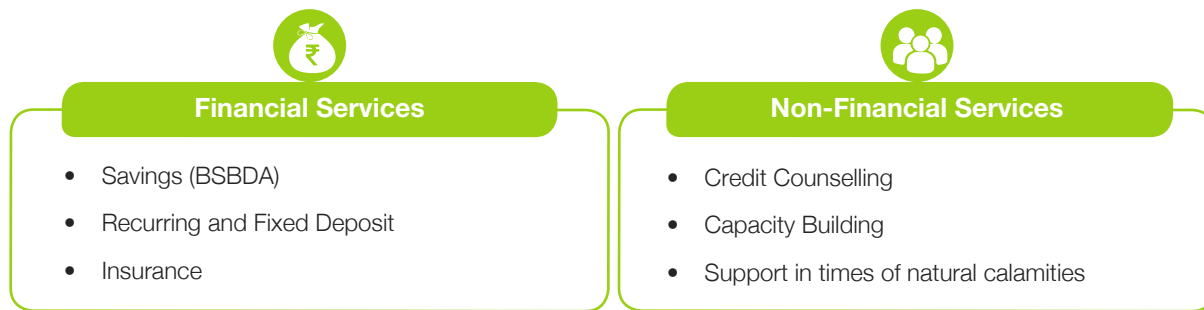
The SLI model is summarised as below:



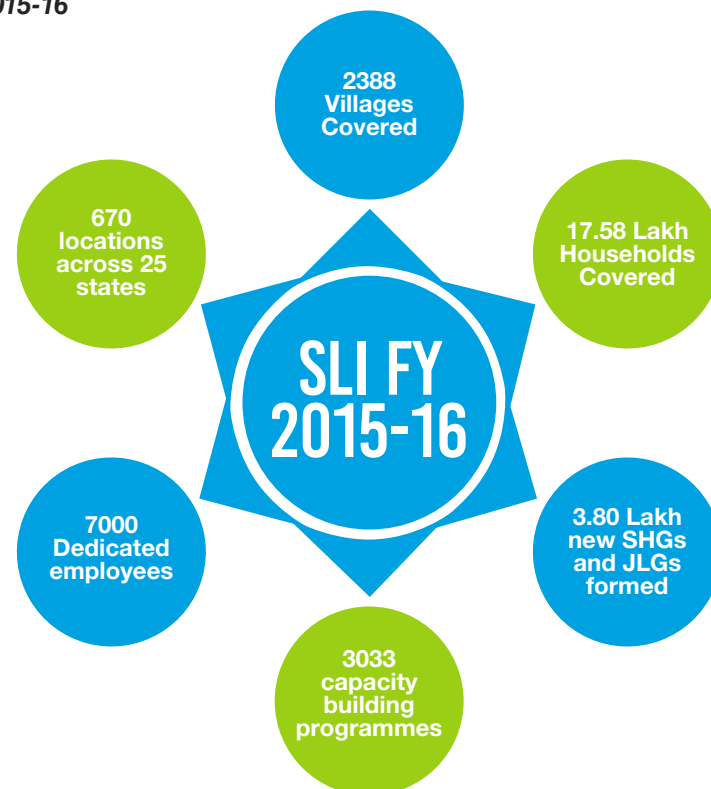
Channels for Communication-Client Engagement



Providing Access for Customers



SLI Impact in FY 2015-16



SLI's Plan to improve access in the future:

1. Initiative Backed by Mission

The Bank has a board mandated mission of reaching 1 crore households which are at the Bottom of the Pyramid through the Sustainable Livelihood Initiative.

2. Exclusive Staff

For a focused approach, there are more than 7,000 exclusive staff who reach out to the unbanked/under banked pockets/villages to offer HDFC Bank's services thus bringing them under the banking fold.

3. Customised Products

Most of these are new customers with seasonal and low value cash flows. Hence a range of banking products under savings, credit is customised to suit the target customer needs. This encourages them to develop an affinity towards banking.

4. Technology as Tool

These customers make low value but large volume transactions. To support these, as well as to ensure that they are viable, appropriate technologies are used.

B. SKILLS TRAINING AND LIVELIHOOD ENHANCEMENT

For lakhs of youth, acquiring occupational skillsets which help them earn a livelihood still remains a major challenge. The Bank's livelihood initiatives are therefore aimed at training and capacity development of youth and women from economically weaker sections of society. The support programmes are aimed at providing competency based, skill-oriented technical and vocational training. With various combinations of initiatives based on agriculture and allied businesses, the Bank has supported more than 4,000 households and trained more than 500 youth in different trades enabling them to be entrepreneurs.

In 2015-16, the Bank initiated a pilot programme in skill development - The National University Students Skill Development Programme in association with the Tata Institute of Social Sciences. This focuses on increasing employability of university students by imparting knowledge and skills that make them job ready. The students are trained and certified in vocational skills to supplement their university graduate degree. The Bank ensures that minimum 80 per cent of the student's secure jobs on completion of training. About 4,200 students have undergone such training.



SLI Training in Progress

C. INTEGRATED RURAL DEVELOPMENT

Integrated Rural Development is a part of the effort to 'Create Sustainable Communities'. In this endeavour, the Bank promotes activities that economically empower people while keeping in mind the socio-economic context and the ecology of the region.

The activities include providing soil and water conservation techniques to villages, water management practices, renovation and maintenance of water harvesting structures for improving surface and ground water availability. These activities are carried out in partnership with the Village Development Committees, ensuring viability and sustainability of the project.

As part of the Integrated Rural Development Initiative, HDFC Bank has adopted a cluster of villages in Mandla District of Madhya Pradesh through a participatory programme. It initiated a Natural Resource Management Programme through which a thorough needs assessment of all the villages was conducted, with the support of an NGO partner. The results highlighted the need for soil and water conservation practices as well as rain water harvesting structures to improve surface and ground water levels following which the Bank has developed a detailed plan in consultation with the villagers. Soil and water conservation work has been initiated in 550 acres of land (covering over 140 farmer families) with 65 acres brought under irrigation for the first time and 45 acres brought under assured irrigation. Another initiative in Raigarh, Maharashtra has seen the provision of an Elevated Storage Reservoir which ensures that every house has a water connection.

In addition to this, the Bank has also set up street lights and distributed water wheels, a cylindrical container to carry water across large distances with ease to the villages. This is an innovation which the Bank is planning to replicate in other parts of the country as well.



Solar Street Light installed in Salhedanda, Mandla district, Madhya Pradesh



Water wheel distribution

D. DISASTER MANAGEMENT

During times of natural calamities, the Bank has responded by helping the victims to access healthcare which is critical in such situations.

During the floods in Chennai, its employees donated towards relief efforts. The Bank conducted a baseline assessment to understand the needs of the community in the flood affected areas, based on which relief operations were carried out. These operations were carried out in locations namely Cuddalore district comprising Villupuram, Chidambaram, Karikal, Puducherry, Mayiladuthurai; Tuticorin district; Chennai cluster comprising Kanchipuram, Chintadripet, Selaiyur and Chengalpattu.

“On seeing the Bank’s staff today morning, we thought that they have come for a group meeting and we organised ourselves. But the Bank staff came down and provided us with essential food items which left us all in surprise. We are very indebted to the Bank for their concern towards us and we will ensure that we pay our dues to the Bank without any delay.”

-Sumathi, SLI client from SHG, Cuddalore

“Due to issues in the family, I was unable to pay the dues on time to the Bank for the last 2 months. Despite that, Bank has not differentiated us from other members and deprived us of the benefits. They have provided us with the relief support we needed. This indeed speaks about the greatness of the Bank and we will ensure that we pay the dues regularly in future.”

-Parvathi, SLI client from Amudham Magalir SHG, Cuddalore



EMPLOYEE VOLUNTEERING AND CONTRIBUTION

HDFC Bank continues to support its employees' contribution to society in terms of both time and funds. Through the Employee Payroll Giving Programme, employees are provided with an easy and convenient mechanism to donate a part of their salaries on a monthly basis for a cause of their preference. The Bank supports this gesture by donating a matching amount. The initiative is 11 years old and the Bank has collectively managed to make a contribution of ₹ 14.41 crore to different organisations through Give India.

The Bank promotes employee volunteering by way of various structured volunteering activities. Under the employee driven 'Power of Banking' financial literacy programme school children are taught various aspects of finance like the origin of money, roles played by Banks, and the importance of savings.

BEING ENVIRONMENTALLY RESPONSIBLE



BEING ENVIRONMENTALLY RESPONSIBLE

Sustainability is one of the core values of the Bank, and it believes in maintaining a balance between conserving natural resources and economic progress. This belief drives the approach towards management of the Bank's environmental impact. Over the years, the Bank has made efforts to minimise its environmental impact through advancements in: digital banking, renewable energy, waste management, and energy consumption. These are some of the important initiatives undertaken on the environmental front.

MULTITUDE OF EFFORTS



Digital Banking

- Conversion of statements into e-statements
- Numerous other initiatives focused on paperless banking
- Multiple avenues for customers to adopt the digital banking platform as per their convenience



Energy Efficiency

- Star Rated and energy efficient ACs and Diesel Gensets
- Replacement with LED lights in the office, replacement of old Chillers



IT Initiatives

- Automated server and desktop shutdown to reduce consumption of energy
- Video conferencing, video chatting to reduce emissions as a result of air travel



Renewable Energy

- ATMs with solar powered/ Lithium UPS installation in areas of fluctuating power supply



Waste Management

- Strong emphasis on recycling of paper and plastic at all branches
- Responsible e-waste disposal to authorised dealers
- Waste water recycling facility at one of the hub locations



Resource Efficiency

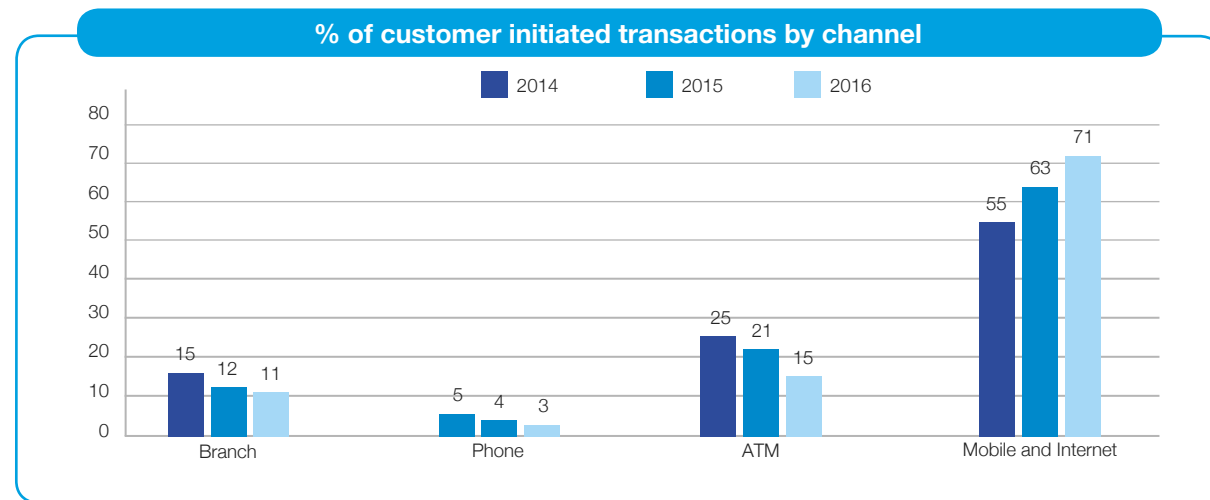
- Washrooms installed with proximity sensors
- Usage of reusable cups and plates
- Motion sensors to switch off lights in unoccupied rooms



DIGITISING THE BANKING REALM

The Bank has leveraged the digital banking platform through its 'Go Digital' initiatives aimed at creating customer convenience as well as minimising the effect of its activities on the environment. To achieve maximum reach of the digital banking initiatives, a two-fronted approach has been adopted.

First, the Bank is extensively using analytics to understand customer behaviour and has developed targeted solutions to meet the consumers existing and anticipated needs. Second, the Bank's employees interact with customers regularly to understand the challenges they face with existing systems and processes, and to help them adapt/migrate to new digital platforms. Over the years, there has been a significant increase in the number of transactions through these channels. As more and more transactions move towards internet and Mobile Banking channels, there has been a major reduction in fuel and paper requirements per transaction.



NetBanking

- Instant personal and car loans
- Smart Buy
- ENet
- Traditional Banking Services



Phone Banking

- Missed Call recharge
- Toll Free Banking



Mobile Banking

- PayZapp
- Chillr
- ZipRide, ZipDrive
- Mobile Banking Lite

The Bank hosted the Digital Innovation Summit in March 2016 to tap into emerging technological trends that are shaping the financial technology space. Five companies have been chosen as potential partners. These companies have been drawn from the domains of Artificial Intelligence, Marketing, Mobile Payments, Quality Assurance and Biometric Payments.

Some of the major digital innovations introduced in 2015-16 year are:

10 SECOND PERSONAL LOAN



The Bank has launched the fastest loan disbursement by any bank-- the 10-second personal loan. Select customers, have a pre-approved loan amount available to them 24x7. The entire loan disbursement process is completely paperless with users being able to avail this loan by simply logging into their Bank account via NetBanking or Mobile Banking. They can also avail of the same through the ATM.

PAYZAPP



PayZapp is a one-click mobile payment solution ensuring paperless and digital transactions for all purposes. The app allows customers to buy groceries, pay for movie tickets, book flight tickets and has various other features which increase convenience but reduce paper consumption at the same time.

TAX PAYMENT PORTAL



HDFC Bank is one of the largest facilitators of tax payments for the Union and State Governments. The first-of-its-kind payment gateway for online payment of urban development tax was launched in Jodhpur. This initiative will reduce the time spent commuting and queuing up to make tax payments. It will also allow people who have moved out of the city to make their payment in a timely manner from the comfort of their homes or offices, while simultaneously reducing their carbon footprint.

CHILLR



Chillr is a mobile app which allows customers to instantly transfer money to any contact in their phonebook, once it is linked to the bank account. Chillr acts as an important tool for financial inclusion in rural markets, allowing migrant workers to remit money to their families back home in a secure manner. The app has also been used as a part of the Sustainable Livelihood Initiative (SLI).

CAR LOAN IN 3 MINUTES



The Bank has services which enable customers to obtain car loans from the convenience of the home. ZipRide and ZipDrive are two apps offering instant and pre-approved loans. For customers in the rural locations, the Bank has launched a Mobile Banking Lite app which enables banking services without even using the Internet.



SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT SYSTEM (SEMS)

In line with the philosophy of 'Creating Sustainable Communities', the Bank strives to balance economic growth and environmental concerns by screening investments to be sustainable and environmentally responsible. This is monitored through Social and Environmental Risk Management System (SEMS). Under this system, all projects with a lifecycle of more than five years and requiring a minimum investment of ₹ 10 crore are assessed for risks related to negative social and/or environmental impacts before approval.

In these projects, the Bank appoints independent engineers for conducting due-diligence not only from a technical but also from environmental, health, safety and social perspectives. The outcomes of these processes are then discussed with the client for ensuring compliance. Further, companies are required to prepare an environmental management plan for implementation and monitoring of environmental protection measures right from the time of project conception to commissioning and even later. The plans indicate the details of various measures undertaken or are proposed including cost components as may be required. Also, the Bank's Relationship Managers are required to regularly interact with the client on issues related to environmental and social impact of projects.

During 2015-16, 60 term loans of approximately ₹ 7,516 crore were disbursed, after being screened through SEMS to identify risks and opportunities related to climate change at the asset level. To ensure compliance in terms of sanction, interaction with customers, counselling and follow ups are done post review of defaulters of non-compliance. For minor non-compliances, an additional interest is charged till the project is compliant. This ensures timely resolution of issues. In case of major non-compliance, the loan is either curtailed or recalled.

THE PAPER CHALLENGE

Paper forms the major part of the Bank's resource consumption. The Bank has institutionalised initiatives to reduce paper consumption in all its offices and has partnered with employees in these steps. Some of the methods adopted to reduce paper usage are:

- Awareness: Employees are made aware of their impact by sharing reports on paper consumption on an individual basis. A unique ID has been assigned to each employee for printing documents to track their usage. This awareness helps employees relate to the problem and motivates them to find solutions.
- Management Practice: The Bank has initiated practices that curtail the use of paper. For example, email printing has been restricted to only mandatory ones and bills above ₹ 1 lakh have been digitised. Other practices include 'No Pen and Paper' policy on PhoneBanking premises and Credit Policy/Programme release only through digital modes. In a major initiative, the Bank has discontinued printing transaction receipts at ATMs. The transaction details are instantly sent to customers on their registered mobile number. Additionally, customers have a choice to view their balance on the ATM screen.

The Bank's structured initiatives have helped it reduce paper consumption significantly over the years. The Bank will persist its efforts with the aim of making all operations paperless.

ENERGY PERFORMANCE

As a financial sector company, the Bank's energy consumption is limited but recognises its role in improving energy efficiency, thereby reducing greenhouse gas emissions and mitigating climate change. The major sources of energy consumption are fuel for company owned vehicles, DG sets and electricity.

In 2015-16, the energy consumption per employee decreased to 25.81 GJ from 26.05 GJ in 2014-15. Absolute electricity consumption though increased by 16% due to expansion in the distribution network; and reductions in energy intensities were brought about by consistent energy conservation initiatives.

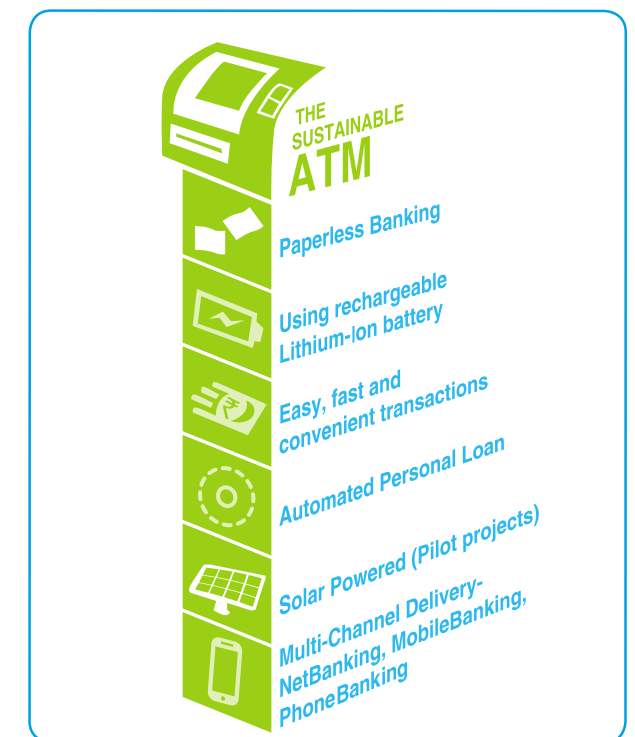
The Bank has installed energy efficient equipment at all its locations. Signages have been placed in all meeting rooms and conference halls to encourage users to switch off the lights when they leave the room. Electricity powered signboards and ACs are switched off after 10 PM and 7:30 PM respectively in a few branches. The Bank has also deployed Energy Management Module in 100 branches as a pilot project to optimise energy consumption.

In addition to internal energy saving initiatives, it has installed 51 ATMs that are backed by a solar powered UPS in areas with irregular electricity, which reduces their dependency on grid electricity to a great extent. The solar ATMs project was initially piloted with the use of rechargeable Lithium-Ion batteries.

Further, HDFC Bank procures 5 star rated air-conditioners for Branches/ATMs. LED light fixtures have been installed in a few select branches/offices and going forward all new branches and offices will be equipped with these. The Bank encourages the use of conference call facilities, virtual desktops and printer consolidation for further reduction in energy consumption.

The Bank is also engaging with employees to spread awareness about the impact they have on the environment. It has started capturing the distance travelled by individual employees for official requirements which will provide insights for improving energy and emission performance. Feedback will be then provided to employees on their environmental footprint, and on further steps to be taken for mitigating the impact.

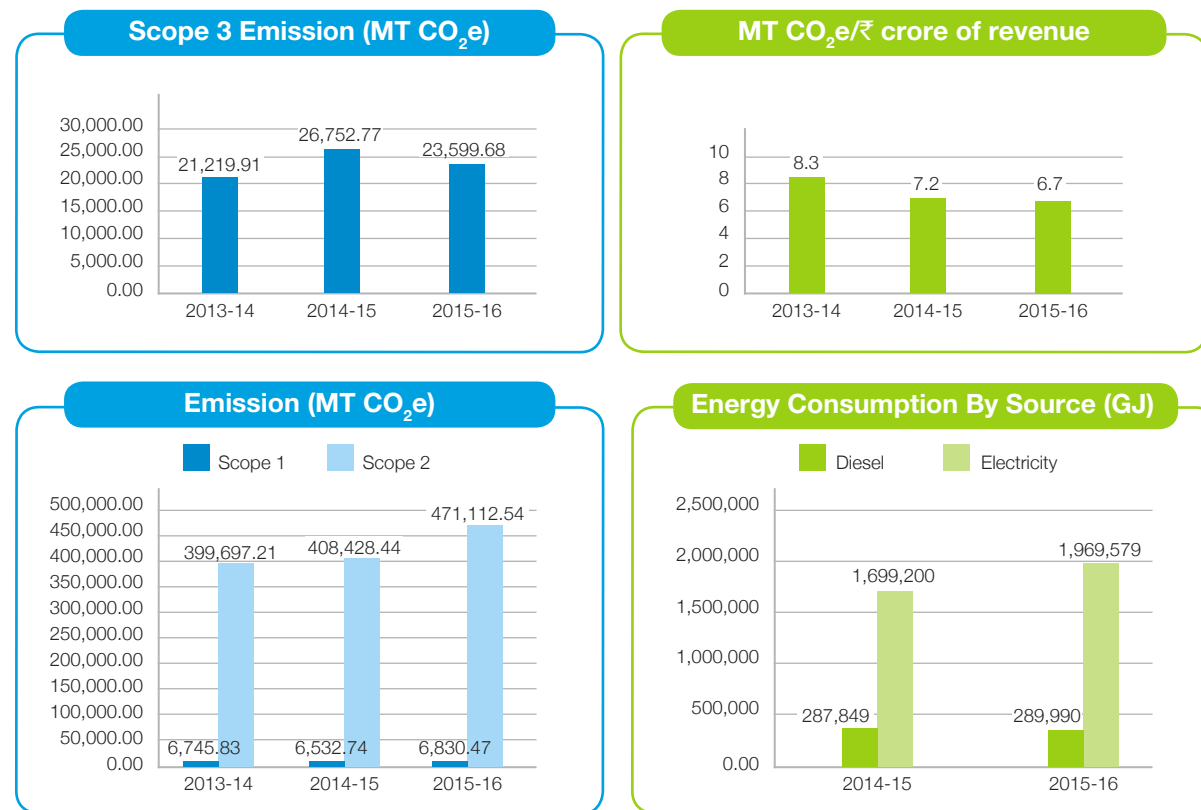
The above mentioned initiatives continue year on year and are executed with the same zeal across locations.



EMISSION MANAGEMENT

The Bank has been measuring and disclosing its carbon emission for the last 6 years. Over the years, the performance has improved and it featured in CDP India's Climate Disclosure Leadership Index (CDLI) in 2015.

This year, due to increased electricity consumption, the combined Scope 1 and Scope 2 emission increased by 15%, though emission per rupee of revenue reduced by 6%. The increase in absolute emission can be attributed to addition of 506 branches. The intensity reduction was an outcome of efforts to sensitise employees and customers on various emission reduction initiatives. These efforts include adoption of digital banking channels, energy efficiency initiatives and paper conservation measures. The aggregate Scope 3 emission resulting from paper consumption, e-waste and business travel also reduced by 12% to 23,599 MT CO₂e.



DISPOSAL OF WASTE

The very nature of the banking business means there is limited scope for using recycled material as processed inputs. HDFC Bank is however constantly on the look-out for opportunities to recycle waste. The primary source of waste is e-waste comprising computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems. In 2015-16, the Bank generated 140.60 tonne of e-waste which was handed over to authorised recyclers for disposal.

VALUING STAKEHOLDERS



VALUING STAKEHOLDERS

INVESTORS AND SHAREHOLDERS

At HDFC Bank, investors and shareholders are key stakeholders. Major developments, plans and initiatives are communicated to them on a regular basis. Suggestions and recommendations received from investors and shareholders are placed before the Board. Shareholders get the opportunity to interact directly with the Board at the Annual General Meeting and open house sessions.

The Stakeholders' Relationship Committee has been set up to approve and monitor transfer, transmission, splitting and consolidation of shares and considers requests for dematerialisation of shares. The committee also addresses complaints relating to transfer of shares, non-receipt of Annual Report, and dividends in compliance with statutory requirements. Investor related activities are attended and processed by the office of Registrars and Transfer Agents. The Bank has set up a dedicated email id, shareholder.grievances@hdfcbank.com, to address queries relating to operational and financial performance.

In 2015-16, 2,668 complaints were received from shareholders, out of which only 10 were pending and 4 were not resolved to the satisfaction of the shareholders. Besides complaints, 5,671 letters were received from the shareholders relating to change of address, nomination and other such requests.

VENDORS AND SUPPLIERS

Engaging with vendors and suppliers is a part of the Bank's initiatives to achieve sustainability. The Bank has broadly classified suppliers into 3 categories namely: Resource Suppliers, Service Suppliers, and Infrastructure Suppliers.

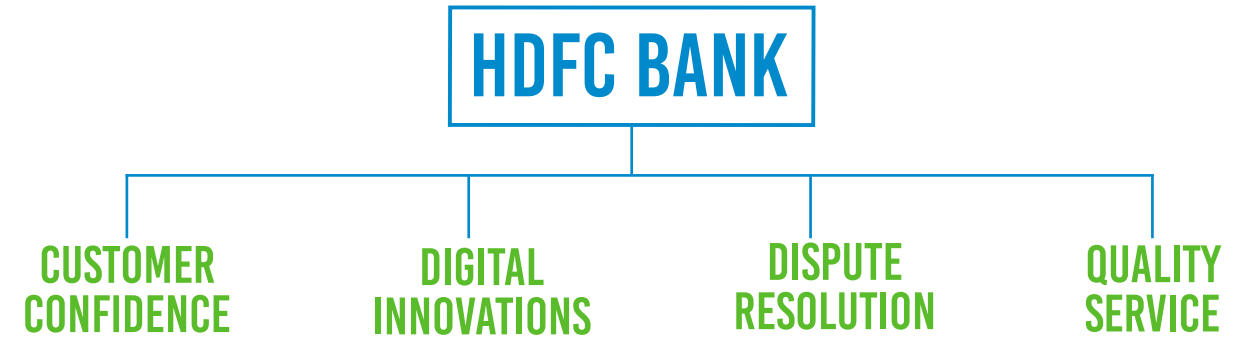
1. Resource Suppliers are providers of IT infrastructure and materials such as paper used in daily operations.
2. Service Suppliers are providers of house-keeping, legal, security, cash transport services.
3. Infrastructure Suppliers are providers of leased spaces for branches and other operations.

Suppliers have been screened using environmental, social and labour criteria and the Bank provides suppliers with agreements for abiding with applicable laws preventing employment of any form of child, forced or compulsory labour within the organisation.

Preference is given to local suppliers (local geography defined as India) and the Bank engages first with those in proximity of its branches. There have been no significant changes in HDFC Bank's supply chain in the last reporting period.

CUSTOMERS

Providing a unique banking experience, through its products and services, is the central theme of the customer focused approach. The Bank aims to understand the needs and priorities of its customers and provide them superior service quality.



DIGITAL INNOVATIONS

HDFC Bank's customers are rapidly adopting technology in their daily lives. The Bank is walking shoulder to shoulder with their evolving needs and behaviour. The digital journey began with the launch of the '*Bank Aapki Muthhi Mein*' campaign two years ago and since then, it has rapidly gained momentum. The focus is on using innovation in digital technologies across multiple channels to deliver the power of speed and convenience. Further information is available on the easy-to-navigate website www.hdfcbank.com.

CUSTOMER CONFIDENCE

The Code of Conduct and Ethics Manual detail out the policies and processes to ensure privacy and confidentiality of data. The Bank follows well defined and standard procedures for maintaining data security including the 'Code of Bank's Commitment to Customers' as prescribed by the Banking Codes and Standards Board of India (BCSBI). To ensure highest level of privacy, employees are provided access to customer data purely on a need-to-know basis. Every transaction is verified independently through an internal mechanism to prevent fraudulent transactions and to reduce risk. The online banking services have 8 layers of control including password protection, authentication and others.

The Bank has set up an effective governance structure to manage cyber security and conducts cyber security threat assessment and mitigation requirements on a continuous basis. The following security initiatives were conducted to combat cyber-crime.

Initiatives	Outcome
Vulnerability Assessments and Penetration Tests	Reduced vulnerabilities in applications and IT Infrastructure
Anti-Phishing Services to shut down phishing sites in time	Prevention of easy access for customers to fraudulent sites
Risk Engine and Transaction Monitoring Systems	Reduction of suspicious transactions on Internet Banking, ATM and e-commerce channel

Initiatives	Outcome
24x7 Cyber Security Command Centre	Monitoring Cyber Attacks Targeted at Critical Information Assets
Continuous awareness amongst customers	Reduced rates of data loss and increased privacy

In 2015-16, there were 26 complaints concerning breaches of privacy and 24 complaints regarding data theft / loss reported by customers, which were resolved successfully. Apart from this, there were 2 external attacks and 1 internal attack on the Bank's security systems. All the attempts were successfully thwarted.

The Bank takes up various other initiatives to promote secure and responsible banking. A few of them are listed below –

- Risk Based Authentication
- Transaction Monitoring
- Incident Management
- Email/SMS Alerts
- STU - Site to User (Image and Phrase during log-in)
- Virtual Key Board for NetBanking Log-in
- Transaction limits for Financial Transactions
- Restricted Transfer limits to New Beneficiary
- Customer Awareness
- Cooling period of 24 hours of NEFT/TPT transactions for new enrolments

Messages related to secure banking practices are included on printed communication and customer emails. Further, the Bank's Information Security Group regularly communicates with customers regarding these risks. Also, HDFC Bank regularly conducts 'Secure Banking' seminars at branches across the country to ensure customers are aware of safe banking practices.

To ensure transparency customers are made aware of all the terms and conditions of products through well-defined communication channels. Care is taken to ensure that the terms and conditions governing products are explained by the customer-facing teams. The choice of the customers registered with Do-Not-Call Registry is respected.

HDFC Bank's Citizen's Charter not only provides information about its products and services but also gives information regarding general banking facilities, policy on customer information, time standards for various banking transactions and the process followed for the redressal of grievances. This is backed by a dedicated customer care service to accept feedback and address grievances in an efficient manner.

DISPUTE RESOLUTION SYSTEM

The Bank realises that quick and effective handling of customer grievances, as well as prompt corrective and preventive actions are essential to providing excellent customer service. To achieve this, it has a clearly documented policy for redressal which is in accordance with the regulations issued by RBI (Reserve Bank of India) and IRDAI (Insurance Regulatory and Development Authority of India.)

The Bank has strengthened its Grievance Redressal Mechanism by creating distinct levels:

- Branch/Phone Banking/Email Management Support Unit
Customers can approach any of the above front-end channels for registering their complaint. A complaint

docket number is shared as an acknowledgement. If the resolution is not available on the same day, the complaint is logged into the state of the art CRMnext system.

- Grievance Redressal Unit
The unit is responsible for handling complaints received at the Grievance Redressal email id/letter/ phone call. All the complaints received by this unit are handled by a specialised team to ensure faster and quality resolution. They also carry out root cause analysis of complaints to reduce recurrence.
- Principal Nodal Officer Desk
The unit is responsible for handling complaints escalated to the Principal Nodal Officer through a dedicated email id or phone call. A dedicated team handles cases received at this desk and also works towards reduction of complaints through Root Cause Remediation.

An independent cross-functional team of senior staff does the review in order to ensure unbiased resolution. The Bank has been able to achieve an average complaints resolution turn-around-time (TAT) of 4 days. Also, specific Relationship Managers (RMs) cater to customer queries/complaints pertaining to the non-retail segment. In case of customer dissatisfaction in response to the resolution of the complaint, the customer can approach the Banking Ombudsman or the Banking Nodal Officer.

To ensure fairness and transparency there is also a Customer Compensation Policy. The policy ensures that customers are compensated for any financial loss he/she incurs due to deficiency in service or any act of omission or commission directly attributable to the Bank. The policy covers areas relating to unauthorised debiting of account, payment of interest to customers for delayed collection of cheques/instruments and honouring cheques after acknowledgement of stop payment instructions. It also includes remittances within India, foreign exchange services amongst others.

The effectiveness of grievance handling and overall customer service initiatives are periodically reviewed at different levels, including the Board of Directors through the Customer Service Committee.

Aspect	For the year ended March 31, 2015				For the year ended March 31, 2016		
	ATM transaction disputes on HDFC Bank's ATMs	ATM transaction disputes on other Bank's ATMs	Other than ATM transaction disputes	Credit Card Complaints	ATM transaction disputes on HDFC Bank's ATMs	ATM transaction disputes on other Bank's ATMs	Other than ATM transaction disputes
Pending at the beginning of the year	159	1,601	455	0	71	1,334	496
Received during the year	11,300	82,572	72,075	3	13,170	89,975	62,224
Resolved during the year	11,388	82,839	72,034	3	13,140	90,191	62,069



The average number of customer complaints per branch, including ATM transaction disputes, was 3.3 per month in 2015-16 as compared to 3.8 per month in 2014-15. During 2015-16, there were 4 cases where customers have alleged unfair trade practices. The total value of probable claims in these cases is around ₹ 9.18 lakh. The Bank is defending these cases in the courts of law and the same are pending for decisions by the courts as on the date of this report.

CUSTOMER QUALITY SERVICE

The Bank uses various channels to record and analyse the feedback given by customers and to assess the quality of its customer service. In addition to this, an annual customer satisfaction survey is conducted covering areas of service delivery, credit accessibility, responsiveness, channel engagement, turnaround time, and rework resolution.

Customer Quality Service

- Customer Complaint from our website car loans
- Voice of the Customer
- Service Quality Assessment
- Telephonic Customer Feedback

The Bank's Communication and Awareness Committee (CAAC) monitors compliance in accordance with the RBI guidelines on customer education. The main objective of this committee is to help customers prevent fraudulent attempts and to strengthen data security in instruments such as credit cards, debit cards, forex cards and cheque books. The committee works towards enabling a flexible approach that suits the needs of different stakeholders and provides support with training and development to ensure change in behaviour/culture.

PEOPLE

HDFC Bank recognises employees as its biggest asset. It constantly strives to maintain a healthy workforce and empowers them with adequate powers and resources. There were 87,555 permanent employees on its rolls as on March 31, 2016.

The Bank provides the onroll staff with benefits such as healthcare, disability/invalidity coverage, fringe benefits such as concessional loan, higher medical cover, superannuation benefits and ESOPs.

- Superannuation: Employees are entitled to Superannuation fund after a specified grade. 13% of the employee's annual basic salary is the contribution by the Bank to the insurance companies.
- Gratuity: Gratuity is provided to employees who have completed 5 years of service. An amount equivalent to 15 days' basic salary payable for each completed year of service is provided to the employee. The Bank contributes to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies.
- Pension: The pension is applicable to certain employees under the Indian Banking Association (IBA).

The retirement benefits such as superannuation, gratuity and pension are recognised in the profit and loss account in the period in which they accrue.

EMPLOYEE DIVERSITY AND INCLUSION

The Bank believes in diversity at the workplace as a means to promote inclusion and innovation. HDFC Bank is an equal opportunity employer and follows a non-discrimination policy to ensure equal opportunities for growth are made available to all employees. Uniformity in salaries is maintained for all employees, irrespective of gender. Subsequently, the remuneration is decided based on performance of the individual, through a performance management system.

To create an environment of inclusivity for women, the Bank has facilities like extended maternity leave, and onsite crèche for young wards in one of the hub locations, special workshops and seminars. The Bank also offers paternity leave which was availed by 2,424 male employees who returned to work after the leave ended.

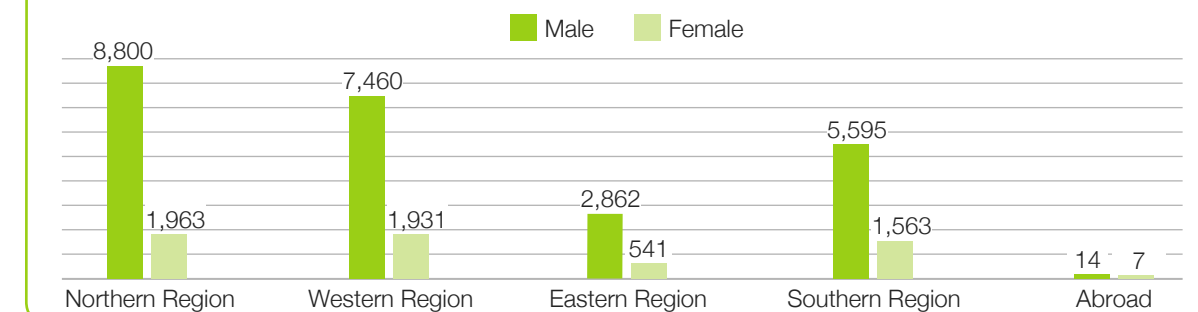
HDFC Bank attaches great importance to ensuring safety of women at the workplace. Immediate supervisors are entrusted with the responsibility of maintaining a positive environment and have been made directly responsible for ensuring safe working environment.

The Bank sensitises its employees on women's safety regularly and has a robust policy on the 'Prevention of Sexual Harassment' in line with 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. All cases of harassment are treated with great sensitivity and are escalated in time for resolution. The Internal Complaints Committee (ICC) investigates complaints/instances that are reported and ensures resolution through a fair and transparent process. In 2015-16, there were 17 cases related to sexual harassment reported to ICC which were resolved in the 90-day resolution period.

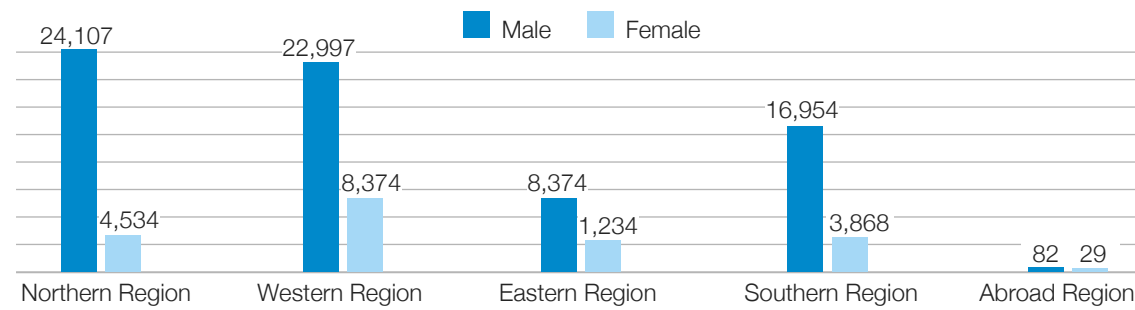
The Bank organised health check-up camps on the occasion of International Women's Day for women employees as well as non-employees.

It has also instituted the Tejaswini Awards, to recognise the contribution of women employees in its success.

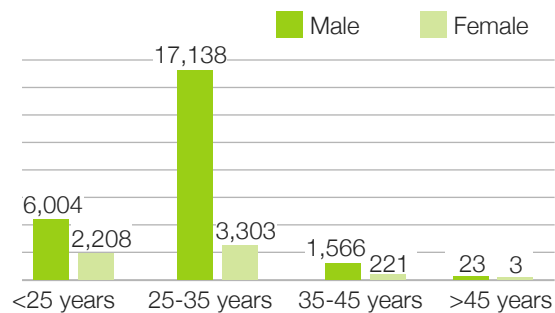
Employee Diversity hired by Region



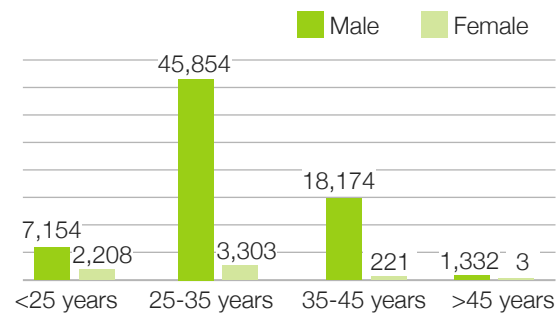
Total Employee Diversity by Region Gender



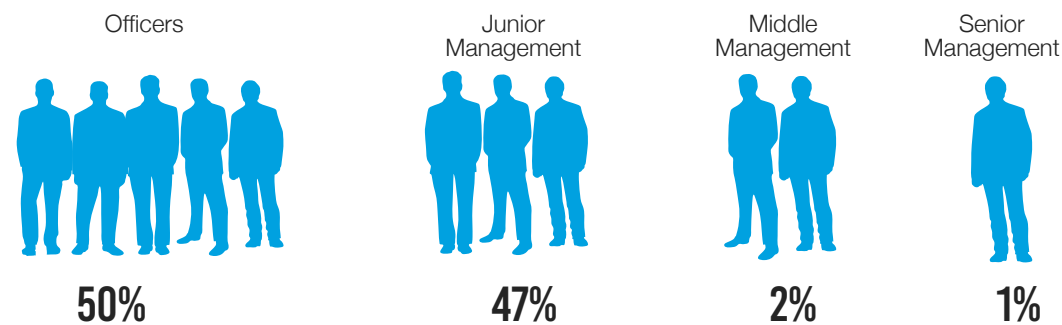
Age Group Diversity of Hired Employees



Age Group Diversity of Total Employees



Total Employees by Levels

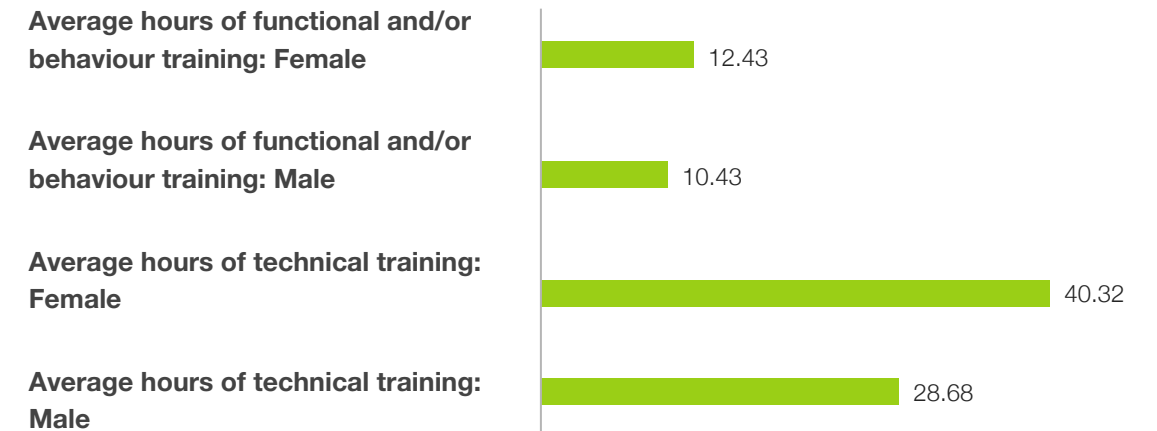


EMPLOYEE TRAINING

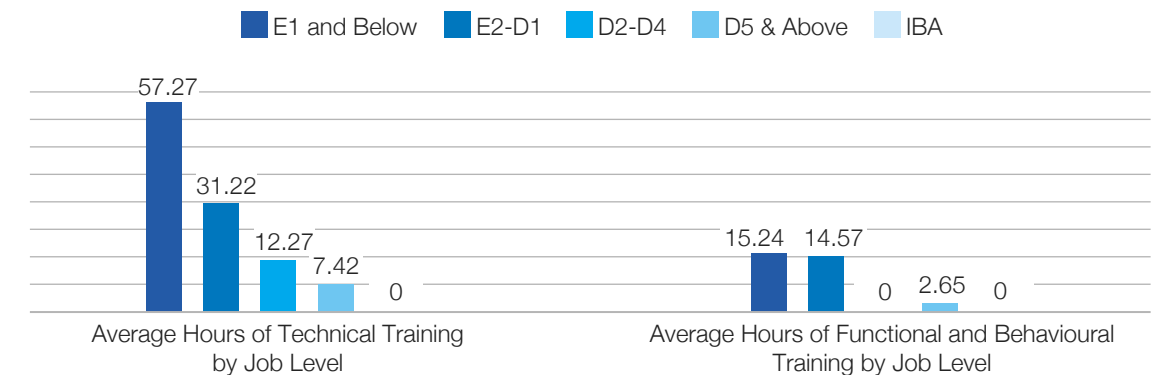
HDFC Bank realises the importance of imparting continuous knowledge as a means to develop a holistic approach to work. It provides behavioural and functional training as a part of skill enhancement programmes for employees. The technical and behavioural training programmes are aligned to the roles and responsibilities at each grade and area of business. The behavioural programmes include training on leadership, personal effectiveness, and strategic thinking. The Bank's Directors also undergo relevant trainings on a periodic basis, helping them keep abreast with the global banking ecosystem.

New employees attend an induction programme which covers the Bank's governance mechanisms, policies, and practices. Refresher courses are conducted to update employees on the latest policies and developments. In addition to this, cross functional training for all round development is also encouraged. An e-learning platform gives access to more than 100 courses for self-learning. For any clarifications on the organisational policies including ethical practices, employees can also reach out to the Human Resources Department.

Average Training Hours



Training Hours by Job Level



EMPLOYEE ENGAGEMENT

The Bank believes that a higher level of employee satisfaction leads to a more energised workforce. In order to keep employees engaged, it conducts a wide range of events across the year at both local and national levels.

Josh Unlimited: Pan-India Sports event conducted in 26 cities with participation by over 13,000 employees. The event was launched in 2012 as a means to promote fitness and build team spirit.

Stepathlon: A 100-day Inter Corporate pedometer-based race owned and organised by Stepathlon Lifestyles (I) Pvt. Ltd. (SLPL). Nearly 2,500 employees participated in this employee wellness initiative.

Hunar: An in-house talent competition conducted in 9 cities covering 31,700 employees. After a series of qualifying rounds, 10 winners were declared across the 4 categories.

Corporate Online Library: Inculcates reading habit in employees. Almost 1.5 lakh books were made available through this platform.

Kwiz Kat: A National Banking Quiz with participation by 200 teams.

In addition to the programmes mentioned above, employees participated in the 'HDFC Bank Voice Hunt Contest' in association with Shankar Mahadevan Academy and 'STILLS' an inter-corporate photography contest.

As under the 'HDFC Bank Cares' initiative the Bank relays health-related information and tips through newsletters to all employees. The objective is to encourage employees to maintain a healthy lifestyle. This initiative includes a maternity care programme, wellness programme (Doc on call), health check-up camps, eye check-up camps, health talks and FHPL Mobile Sparrow (app for mediclaim information). In 2015-16, over 23,733 employees participated in various programmes via personal visits as well as by accessing some of these facilities online.



Winners of the Hunar Event

RESPONDING
TO RISKS AND
OPPORTUNITIES

RESPONDING TO RISKS AND OPPORTUNITIES

In 2015-16, various factors contributed to growth. For maintaining steady growth, it is important to acknowledge the risks and recognise opportunities. The potential risks to its business are - Credit Risk, Market Risk, Liquidity Risk and Operational Risk. The Bank has a 'Risk Policy and Monitoring Committee' of the Board that supervises the implementation of the Risk Management Strategy. It weighs risks and opportunities, while making conscious efforts to understand stakeholder interests, for developing short-term and long-term goals. The Bank makes continuous efforts to identify and act on opportunities which generate long-term value for its stakeholders.

A few risks faced by the Bank and the opportunities it can leverage are discussed below-

RISKS

INTERNATIONAL AGREEMENTS

Developments in the international policy domain have direct implications on us as it can increase operational cost.

CAP AND TRADE SCHEMES

It has a credit exposure to many of the companies under PAT scheme. The impact on the financial health of these companies may have an impact on its risk exposure.

EMISSION REPORTING OBLIGATIONS

With ABRR as a regulatory requirement, there could be developments which increase complexity of reporting and the cost of reporting can go up.

RENEWABLE ENERGY REGULATION

There is a potential risk that the regulations require the Bank to consume a part of its electricity from renewable energy sources.

NATURAL CALAMITIES

Natural calamities such as flash floods and unforeseen events may affect customers, which would be a risk to the Bank's credit exposure.

FLUCTUATING SOCIO-ECONOMIC CONDITIONS

The fluctuating socio-economic condition in agriculture and farming related sectors due to the uncertainty in the business scenario poses a huge risk to the investments in that sector.

OTHER REGULATORY DRIVERS

Regulators may restrict the fund flow for non-environment friendly projects or allocate funds for projects with specific requirements, which may cause a functional slowdown.

REPUTATION

Given the wide range of stakeholders associated with the Bank, its responsibility towards addressing their concerns and expectations is very high and can lead to a reputational risk.

OPPORTUNITIES

INTERNATIONAL AGREEMENTS

International agreements have a scope to enhance business opportunity. The Bank has a structured internal mechanism to identify and monitor such developments.

CAP AND TRADE SCHEMES

Cap and Trade schemes have opportunity for developing a market place for financial instruments, which can be leveraged by the Bank.

EMISSION REPORTING OBLIGATIONS

The Bank has collaborated with an external sustainability and carbon consultant for assistance in measuring the carbon footprint of the entire organisation with the help of an IT platform.

RENEWABLE ENERGY REGULATION

Based on regulatory requirements, the Bank could purchase renewable energy from third parties, government or invest in renewable energy assets.

NATURAL CALAMITIES

The Bank's business contingency group assesses such risks and actions for mitigation are initiated.

FLUCTUATING SOCIO-ECONOMIC CONDITIONS

The Bank provides innovative financial solutions aimed at addressing the social and economic developments which provide customers with flexible choices of products and services.

OTHER REGULATORY DRIVERS

The Bank ensures that business is balanced across sectors. Also engages with customers on developing trends in the regulatory space.

REPUTATION

The Bank takes steps to ensure that stakeholder expectations are addressed and has developed an appropriate stakeholder engagement mechanism to communicate effectively.

INVESTING IN A SUSTAINABLE FUTURE



INVESTING IN A SUSTAINABLE FUTURE

As we approach the future, which is dynamic and transformative, the Bank understands the importance of imbuing sustainability in all its actions. Through focused actions, the Bank has taken steps to achieve its three broad goals –

1. Increasing reach to the marginalised and weaker sections of society to create Sustainable Communities and thereby aid the mission of inclusive society.
2. Engaging more actively with stakeholders by making them aware of its social and environmental impact.
3. Embed sustainability in the Bank's core business, i.e. products and services.

Going forward the Bank aims to consolidate its efforts in this direction by –

Creating Sustainable Communities –

- Undertaking skills and livelihood initiatives for the weaker sections of society
- Collaborating with national agendas and missions to strengthen the nation
- Contributing towards developing rural infrastructure for ecologically balanced growth

Supporting Sustainable Economic Growth –

- Innovating products and services aimed at reducing environmental impact
- Continuing with responsible and transparent banking practices
- Customising financial solutions for marginalised sections of society

Empowering Stakeholders -

- Taking steps to bring all sections of society into the banking fold
- Ensuring employee satisfaction and diversity in workforce
- Engaging and involving all the Bank's stakeholders in its sustainability journey

Through the Bank's consistent efforts to leverage opportunities and balance risks, it is trying to bring about a positive change in the scope of its business and operations. The Bank will continue its endeavour to promote inclusivity amongst its stakeholders thereby 'Creating Sustainable Communities'.

Independent Assurance Statement

Scope and Approach

HDFC Bank Limited ('HDFC' or 'the Bank') commissioned DNV GL Business Assurance India Private Limited ('DNV GL') to undertake an independent assurance of the Bank's Sustainability Report 2015-16 ('the Report') in its printed format. The intended user of this assurance statement is the management of HDFC. Our assurance engagement was planned and carried out in October 2016 for the financial year ending 31st March 2016.

We performed our work using AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS) and DNV GL's assurance methodology VeriSustain™¹, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

We evaluated the Bank's sustainability performance disclosed in the Report, and underlying management systems and reporting processes using the principles of AA1000 AS (ie. Inclusivity, Materiality and Responsiveness) and VeriSustain. Our assurance engagement as per the agreed scope of work focussed on verification of information related to the Bank's sustainability performance disclosed in the Report prepared by HDFC based on GRI G4 in line with its 'in accordance' – Comprehensive option of reporting, and covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2015 to 31st March 2016, including identified material Aspects of GRI's Financial Services Sector Disclosures.

The reporting Aspect boundary for sustainability performance is based on a materiality assessment process carried out by HDFC and covers the operations and key supply chain activities of the Bank in India, as set out in the Report in the section 'About this Report'.

We understand that the reported financial data and information are based on data from HDFC's Annual Report and Accounts 2015-16, which are subject to a separate independent audit process. The verification of the reported financial data from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a Type 1 Moderate Level of assurance in accordance with AA1000 AS (2008). No external stakeholders were interviewed as part of this assurance engagement.

Responsibilities of the Management of HDFC and of the Assurance Providers

The management of HDFC Bank Limited has the sole responsibility for the preparation of the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. In performing our assurance work, our responsibility is to the management of HDFC; however, our statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Bank. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith, and is complete, true and free from material errors. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

A team of sustainability and assurance specialists performed the verification at HDFC's Corporate Office in Mumbai. We undertook the following activities:

- A desk review of HDFC's sustainability systems, processes and outputs, and other relevant information and documentation requested by us and made available to us by the Bank;
- Evaluation of the Report's adherence to the three principles of AA1000 Accountability Principals Standard 2008 (ie. Inclusivity, Materiality and Responsiveness) and the additional principles of Completeness and Neutrality as set out in VeriSustain;
- Review of the bank's approach to stakeholder engagement and related outcomes disclosed in the Report. We did not have any direct engagement with external stakeholders;
- Interviews with selected senior managers and key decision-makers responsible for preparation of the Report and management of sustainability issues and review of underlying systems, processes and selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Review of supporting evidence for key sustainability-related claims in the Report. During our verification process, we have adopted a risk based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to the Company and its key stakeholders;

¹ The VeriSustain protocol is available on www.dnvgl.com



- An independent assessment of HDFC's reporting against the Global Reporting Initiative (GRI) G4 Guidelines and the reporting requirements for its 'in accordance' – Comprehensive option.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement, except the disclosures where reasons for non-disclosure have been attributed to confidentiality of information (G4-50, G4-PR5) by the Bank; this is adequately brought out within the Report. The scope of work did not include verification and aggregation of quantitative data and sustainability performance information; i.e. our work did not include the evaluation of the reliability and accuracy of performance indicators aggregated from different entities of the Bank at the Corporate level.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe HDFC's adherence to the GRI G4 Principles for Defining Report Content:

- **General Standard Disclosures:** The reported information on General Standard Disclosure generally meets the disclosure requirements for the 'in accordance' – Comprehensive option and reasons for non-disclosure of G4-50, based on permissible omissions related to confidentiality of information is explained in the Report.
- **Specific Standard Disclosures:** The Report describes the generic Disclosures on Management Approach (DMA) and Performance Indicators for identified material Aspects as below, including material Aspects under GRI's Financial Services Sector Disclosures:

Economic

- Economic Performance – G4-EC1, G4-EC2, G4-EC3, G4-EC4;
- Procurement Practices – G4-EC9;

Environment

- Materials – G4-EN1;
- Energy – G4-EN3, G4-EN5, G4-EN6;
- Emissions – G4-EN15, G4-EN16, G4-EN17, G4-EN18;
- Effluents and Waste – G4-EN23;
- Compliance – G4-EN29;

Social

Labour Practices and Decent Work

- Employment – G4-LA1, G4-LA2, G4-LA3;
- Training and Education – G4-LA9, G4-LA10, G4-LA11;
- Diversity and Equal Opportunity – G4-LA12;

Human Rights

- Investment – G4-HR1, G4-HR2;

Society

- Local Communities – G4-SO1, G4-SO2, FS13, FS14;
- Anti-corruption – G4-SO3, G4-SO4, G4-SO5;
- Anti-competitive Behaviour – G4-SO7;
- Compliance – G4-SO8;

Product Responsibility

- Product Portfolio – FS6, FS7, FS8;
- Product and Service Labeling – G4-PR3, G4-PR4;
- Marketing Communications – G4-PR7;
- Customer Privacy – G4-PR8;
- Compliance – G4-PR9;
- Active Ownership – FS10, FS11.

Observations

Without affecting our assurance opinion, we also provide the following observations. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report describes the stakeholder engagement processes the Bank has in place with identified key stakeholders, to identify, prioritise and respond to significant concerns on an ongoing basis. The stakeholder engagement process involves key functions and is guided by the Bank's CSR Committee. The material concerns and issues identified from stakeholder engagement are collected and prioritised, and the results are fairly presented in this Report. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Company has reviewed the materiality assessment exercise carried out in the previous reporting period and concluded that there are no significant changes in identified material aspects from the previous reporting period including Aspect boundaries. The Report fairly brings out identified material Aspects and the corresponding internal and external impacts of material aspect. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Responsiveness

The extent to which an organization responds to stakeholder issues.

We consider the response to key stakeholder concerns and material Aspects and topics through its policies, management systems and governance mechanisms to be fairly reflected within the Report. In our opinion, the level at which the Report adheres to this principle is 'Acceptable'.

Additional principles as per DNV GL VeriSustain

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported

The Report has fairly brought out the General and Specific Standard Disclosures including the management approach, monitoring systems and required sustainability performance indicators against GRI G4 requirements for its 'in accordance' – Comprehensive option, within its identified reporting boundary. In our opinion, the level at which the Report adheres to this principle is 'Acceptable'.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation. In our opinion, the level at which the Report adheres to the principle of Neutrality is 'Good'.

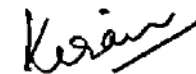
Opportunities for Improvement

The following is an excerpt from the observations and opportunities for improvement reported to the management of the Company and are not considered for drawing our conclusions on the Report; however, they are generally consistent with the management's objectives:

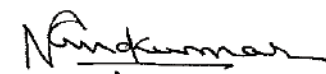
- The reporting boundary may be expanded in future reports to include the sustainability performance of its subsidiaries, associates and international operations.
- HDFC may bring out its performance against identified short, medium and long term targets and objectives related to its identified material Aspects and topics.

For and on behalf of DNV GL Business Assurance India Private Limited

Bengaluru, India
21st October 2016



Kiran Radhakrishnan
Lead Verifier
DNV GL Business Assurance India Private Limited,
India



Nandkumar Vadakepath
Assurance Reviewer
Regional Sustainability Manager - Region India &
Middle East
DNV GL Business Assurance India Private Limited



DNV GL Business Assurance India Private Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

ANNEXURE

Annexure 1 - List of Stakeholders	
Owners	Investors, Shareholders, Agents, Analysts and Rating Agencies
Customers	Direct Customers, Indirect Customers
Employees	Current employees, potential employees, retirees, representatives and dependents
Industry	Suppliers, Vendors, Competitors, Industry associations, Industry opinion leaders and Media
Community	Residents near branches and offices, Chambers of Commerce, resident associations, community organisations and special interest groups
Environment	Ecologists, advocates and NGOs
Government	Public authorities, local policymakers, regulators, opinion leaders
Civil Society	NGOs, beneficiaries, partner agencies, labor unions

Annexure 2 - List of Aspects	
Economic	Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices
Environmental	Energy, Materials, Water, Emission, Effluents and Waste, Transport, Products and Services, Compliance
Labour Practices and Decent Work	Employment, Diversity and Equal Opportunities, Training and Education, Occupational Health and Safety, Equal Remuneration for Men and Women, Labor Practices Grievance Mechanisms
Human Rights	Investment, Child Labor, Forced or Compulsory Labor, Security Practices, Freedom of Association and Collective Bargaining
Society	Local Communities, Anti-Corruption, Public Policy, Compliance, Anti-competitive Behaviour, Grievance Mechanisms for Impacts on Society
Product Responsibility	Customer Health and Safety, Product and Service Labelling, Customer Privacy, Marketing Communications, Compliance

CONTENT INDEX- GRI G4 IN ACCORDANCE- COMPREHENSIVE

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
STANDARD DISCLOSURE				
STRATEGY AND ANALYSIS				
G4-1	CEO Letter	Message from the Managing Director Message from the Deputy Managing Director	Page 1-2	
G4-2	Key impacts, risks and opportunities	Responding to our Risks and Opportunities	Page 50-53	
ORGANISATIONAL PROFILE				
G4-3	Organisation name	Profile	Page 6	
G4-4	Primary brands, products, and services	Profile	Page 6-7	
G4-5	Headquarters location	Profile	Page 6	
G4-6	Where the organisation operates	Profile	Page 7	
G4-7	Nature of ownership and legal form	Profile	Page 6	
G4-8	Markets served	Profile	Page 7	
G4-9	Scale of the organisation	Profile	Page 7	
G4-10	Total number of employees by type	Valuing Stakeholders	Page 46-47	
G4-11	Collective bargaining agreements	Valuing Stakeholders	Page 46-47	
G4-12	Supply Chain description	Vendors and Suppliers	Page 41	
G4-13	Organisational changes during the reporting period	Creating Sustainable Communities	Page 20	
G4-14	Precautionary principle	Being Environmentally Responsible	Page 38	

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-15	External charters, principles, or other initiatives	Foundations Of Ethical Governance	Page 13	
G4-16	Membership associations			HDFC Bank is Member of the Indian Banks Association (IBA)
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Entities included in financial statements	About This Report	Page 5	
G4-18	Process for defining report boundaries and content	About This Report	Page 5	
G4-19	Material aspects included in the report	Defining Materiality For Us	Page 9	
G4-20	Descriptions of material aspect boundaries within the organisation	Defining Materiality	Page 10	
G4-21	Descriptions of material aspect boundaries outside the organisation	Defining Materiality	Page 10	
G4-22	Restatements			There are no restatements of information provided in previous reports
G4-23	Changes from previous reports in terms of scope and/or boundaries	Defining Materiality		No significant changes from previous reporting period
STAKEHOLDER ENGAGEMENT				
G4-24	Stakeholder groups	Defining Materiality	Page 10	
G4-25	How stakeholders were identified	Defining Materiality	Page 10	
G4-26	Approach to stakeholder engagement	Defining Materiality	Page 10	
G4-27	Topics raised during stakeholder engagements	Defining Materiality	Page 10	

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
REPORT PROFILE				
G4-28	Reporting period	About This Report	Page 5	
G4-29	Date of most recent report	About This Report	Page 5	
G4-30	Reporting cycle	About This Report	Page 5	
G4-31	Report contact	Investing in a Sustainable Future		Last page of report
G4-32	"In accordance" option, GRI Index and report assurance	About This Report	Page 5	
G4-33	Policy regarding report assurance	About This Report	Page 5	
GOVERNANCE				
G4-34	Governance structure of the organisation	Foundations Of Ethical Governance	Page 17	
G4-35	Process for delegating authority for sustainability topics from the board to senior executives and other employees	Foundations Of Ethical Governance	Page 17	
G4-36	High-level accountability for sustainability topics	Foundations Of Ethical Governance	Page 17	
G4-37	Processes for consultation between stakeholders and the board on sustainability topics	Defining Materiality	Page 10	
G4-38	Composition of the board and its committees	Foundations Of Ethical Governance	Page 15	
G4-39	Whether the chair of the board is also an executive officer	Foundations Of Ethical Governance	Page 15	
G4-40	Nomination and selection processes for the board and its committees	Foundations Of Ethical Governance	Page 16	
G4-41	Board conflicts of interest	Foundations Of Ethical Governance	Page 17	



Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-42	Board and executives' roles in the organisation's mission statements, strategies, policies, and goals related to sustainability impacts	Foundations Of Ethical Governance	Page 17	
G4-43	Board knowledge of sustainability topics	Valuing Stakeholders	Page 48	
G4-44	Board performance with respect to governance of sustainability topics	Foundations Of Ethical Governance	Page 16	
G4-45	Board role in the identification and management of sustainability impacts, risks, and opportunities	Foundations Of Ethical Governance	Page 17 Annual Report Page 23, 24	
G4-46	Board role in reviewing risk management processes for sustainability topics	Foundations Of Ethical Governance	Page 18 Annual Report Page 23, 24	
G4-47	Frequency of the Board's review of sustainability impacts, risks, and opportunities	Foundations Of Ethical Governance	Page 15	
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report	Foundations Of Ethical Governance	Page 18	
G4-49	Process for communicating critical concerns to the board	Foundations Of Ethical Governance	Page 16	
G4-50	Nature and total number of critical concerns that were communicated to the board			Omission due to confidential nature of information
G4-51	Remuneration policies for the board and senior executives	Foundations Of Ethical Governance	Page 16 Annual Report Page 58	

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-52	Process for determining remuneration	Foundations Of Ethical Governance	Page 16 Annual Report Page 32	
G4-53	Stakeholders' views on remuneration	Valuing Stakeholders		No linkage of stakeholders with remuneration
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees	Annual Report Annexure 6	Annual Report Page 58	
G4-55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees	Annual Report Annexure 7	Annual Report Page 59	
ETHICS AND INTEGRITY				
G4-56	Code of conduct	Foundations Of Ethical Governance	Page 18	www.hdfcbank.com
G4-57	Helplines or advice lines for employees	Foundations Of Ethical Governance	Page 18	
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	Valuing Stakeholders	Page 42	
SPECIFIC STANDARD DISCLOSURES				
CATEGORY: ECONOMIC				
ASPECT: ECONOMIC PERFORMANCE				
G4-DMA		Financial Growth	Page 13	
G4-EC1	Economic value	Financial Growth	Page 13	
G4-EC2	Climate change risks	Responding to our Risks and Opportunities	Page 50-53	



Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-EC3	Benefit plan coverage	Valuing Stakeholders	Page 45	
G4-EC4	Financial assistance from the government			No assistance Received
CATEGORY: ENVIRONMENTAL				
ASPECT: MATERIALS				
G4-DMA		Being Environmentally Responsible	Page 34	
G4-EN1	Materials by weight or volume	Being Environmentally Responsible	Page 35	Paper is the material used in significant quantities
G4-EN2	Recycled input materials			Not available as amount of recycled paper is currently not tracked
ASPECT: ENERGY				
G4-DMA		Being Environmentally Responsible	Page 35	
G4-EN3	Energy consumption (Scope 1 + 2)	Being Environmentally Responsible	Page 36	
G4-EN4	Energy consumption (Scope 3)			This data is not tracked currently
G4-EN5	Energy intensity	Being Environmentally Responsible	Page 36	
G4-EN6	Energy reductions	Being Environmentally Responsible	Page 36	
G4-EN7	Energy reductions in products and services			Not material as HDFC Bank belongs to the service sector and has negligible impact

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
ASPECT: EMISSIONS				
G4-DMA		Being Environmentally Responsible	Page 37	
G4-EN15	GHG emissions (Scope 1)	Being Environmentally Responsible	Page 37	
G4-EN16	GHG emissions (Scope 2)	Being Environmentally Responsible	Page 37	
G4-EN17	GHG emissions (Scope 3)	Being Environmentally Responsible	Page 39	
G4-EN18	GHG emissions intensity	Being Environmentally Responsible	Page 39	
G4-EN19	Reduction of GHG emissions			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN20	Ozone-depleting substances (ODS)			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN21	NOx, SOx and other emissions			Not material as HDFC Bank belongs to the service sector and has negligible impact
ASPECT: EFFLUENTS AND WASTE				
G4-DMA		Being Environmentally Responsible	Page 38	



Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-EN22	Water discharge			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN23	Waste by type and disposal method	Being Environmentally Responsible	Page 38	
G4-EN24	Significant spills			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN25	Hazardous waste			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN26	Biodiversity affected by runoff			Not material as HDFC Bank belongs to the service sector and has negligible impact
ASPECT: COMPLIANCE				
G4-DMA		Being Environmentally Responsible	Page 34	
G4-EN29	Environmental fines and sanctions			No fines for non-compliance with environmental laws and regulations
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
ASPECT: EMPLOYMENT				
G4-DMA		Valuing Stakeholders	Page 45	

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-LA1	Number and rate of new employee hires and turnover	Valuing Stakeholders	Page 45	
G4-LA2	Benefits provided to full-time employees	Valuing Stakeholders	Page 45	
G4-LA3	Return to work and retention rates after parental leave	Valuing Stakeholders	Page 46	
ASPECT: LABOUR/MANAGEMENT RELATIONS				
G4-DMA				
G4-LA4	Notice periods regarding operational changes	Valuing Stakeholders	Page 45	
ASPECT: TRAINING AND EDUCATION				
G4-DMA		Valuing Stakeholders	Page 46	
G4-LA9	Average hours of training for people	Valuing Stakeholders	Page 46	
G4-LA10	Programmes for skills management managing career endings	Valuing Stakeholders	Page 46	
G4-LA11	Employees receiving performance and career development reviews	Awards and Accolades	Page 8	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA		Valuing Stakeholders	Page 45	
G4-LA12	Composition of governance bodies and employees	Valuing Stakeholders	Page 45 Annual Report Page 221	
SUB-CATEGORY: HUMAN RIGHTS				
ASPECT: INVESTMENT				
G4-DMA		Being Environmentally Responsible	Page 34	
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	Being Environmentally Responsible	Page 35	



Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-HR2	Employee training on human rights	Valuing Stakeholders	Page 45	
SUB-CATEGORY: SOCIETY				
ASPECT: LOCAL COMMUNITIES				
G4-DMA		Creating Sustainable Communities	Page 20	
G4-SO1	Local community engagement, impact assessments and development programmes	Creating Sustainable Communities	Page 20-21	
G4-SO2	Negative impacts on local communities	Being Environmentally Responsible	Page 38	
ASPECT: ANTI-CORRUPTION				
G4-DMA		Foundations Of Ethical Governance	Page 15	
G4-SO3	Risks related to corruption	Foundations Of Ethical Governance	Page 16	
G4-SO4	Communications and training on anti-corruption	Valuing Stakeholders	Page 48	
G4-SO5	Confirmed incidents of corruption	Foundations Of Ethical Governance		None
ASPECT: ANTI-COMPETITIVE BEHAVIOUR				
G4-DMA		Foundations Of Ethical Governance	Page 15	
G4-SO7	Anti-competitive behaviour			None
ASPECT: COMPLIANCE				
G4-DMA		Foundations Of Ethical Governance	Page 15	
G4-SO8	Fines for non-compliance with laws			None

Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
ASPECT: PRODUCT AND SERVICE LABELLING				
G4-DMA		Valuing Stakeholders	Page 41	
G4-PR3	Product and service information required for labelling	Valuing Stakeholders	Page 41	
G4-PR4	Non-compliance with regulations concerning product and service labelling			None
G4-PR5	Surveys measuring customer satisfaction	Valuing Stakeholders	Page 44	
ASPECT: MARKETING COMMUNICATIONS				
G4-DMA		Valuing Stakeholders	Page 44	
G4-PR6	Sale of banned or disputed products			Not Applicable
G4-PR7	Non-compliance with regulations concerning marketing communications			None
ASPECT: CUSTOMER PRIVACY				
G4-DMA		Valuing Stakeholders	Page 41	
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	Valuing Stakeholders	Page 44	
ASPECT: COMPLIANCE				
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services		Annual Report Page 212	
FINANCIAL SECTOR SUPPLEMENTS				
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Being Environmentally Responsible	Page 37	



Indicator	Standard Disclosure	Reference Chapter	Page number	Explanation
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	Creating Sustainable Communities	Page 20-22	
G4-FS6	Percentage of the portfolio for business lines by specific region, size (Ex: Micro/SME/large) and by sector	Annual Report 2015-16 (Business Segments)	Annual Report Page 20	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Being Environmentally Responsible	Page 37	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Being Environmentally Responsible	Page 37	
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Being Environmentally Responsible	Page 37	
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Being Environmentally Responsible	Page 37	





We understand your world

For any queries or questions regarding
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