

SUSTAINABILITY REPORT 2016-17

Unlocking
Digital
Opportunities



We understand your world

In accordance with GRI G4 Comprehensive Option



एच डी एफ सी बैंक



HDFC BANK

 HDFC BANK

Table of Contents

Bank's Approach

1	Sustainability at a Glance	1	10	Conserving Environmental Resources (Sustainability)	38
2	In Conversation with the MD	3	10.1	Digital Banking	40
3	In Conversation with the DMD	5	10.2	Reduction in Energy Consumption	40
4	About The Report and About Us	7	10.3	Waste Management	42
5	Achievements 2016-17	12	10.4	Renewable Energy	42
6	Identifying the Most Material Aspects	15	10.5	Risk Management Framework	42
7	Culture, Governance and Ethics	21	11	Customers (Customer Focus)	43
7.1	Ethical Practices	22	11.1	Customer Security	44
7.2	Board Performance	22	11.2	Customer Grievance Redressal Mechanism	45
7.3	Appointment and Remuneration	23	11.3	Quality Service Mechanism	46
7.4	Committees of the Board	23	12	Financial Performance (Operational Excellence)	48
7.5	CSR Governance Process	23	Operating Responsibly		
7.6	Compliance, Ethics and Risk Management	23	13	Engaging with Stakeholders	49
Core Values			13.1	Investors and Shareholders	50
8	Creating Digital Access (Product Leadership)	25	13.2	Suppliers	51
8.1	Digital Transformations	25	13.3	Employees	51
8.2	Creating Digital Inclusion	27	14	Risks and Opportunities	55
9	Creating Sustainable Communities (People)	28	15	Looking Ahead	58
9.1	Promoting Education	29	Content Index- GRI G4 in Accordance		
9.2	Healthcare and Hygiene	31	59		
9.3	Skill Training and Livelihood Enhancement	32			
9.4	Natural Resource Management	32			
9.5	Financial Literacy and Inclusion	33			
9.6	Sustainable Livelihood Initiative	35			
9.7	Employee Contribution and Volunteering	37			

1 Sustainability at a Glance

Mission

To be a

'World Class Indian Bank'

84,325
Total Employees

Customer base of
4.05
Crore



Core values

Customer focus

Product Leadership

Operational Excellence

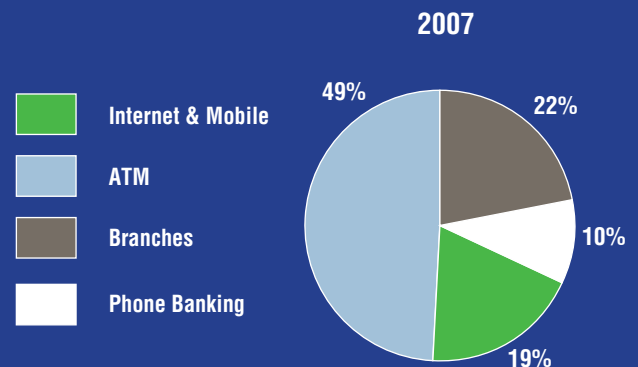
Sustainability

People

Growth in Network

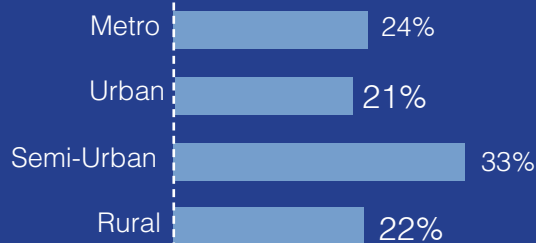
	March 2014	March 2015	March 2016	March 2017
Branches	3,403	4,014	4,520	4,715
ATMs	11,256	11,766	12,000	12,260
Cities / Towns	2,717	2,464	2,587	2,657

% Customer Initiated Transactions by Channel

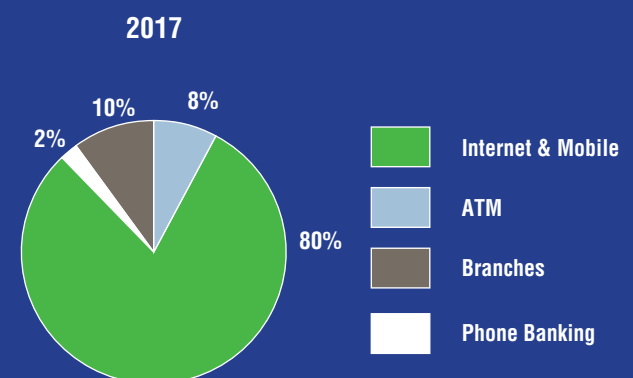
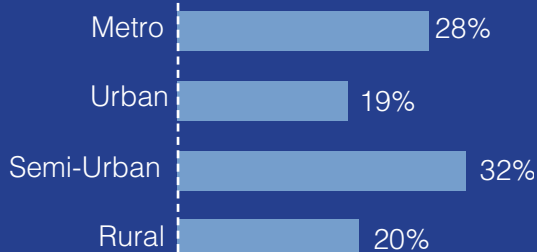


Branch Classification

March '14



March '17



Comparative growth in Internet and Mobile Banking – 61% in 10 Years

Comparative growth in branch network – 52% branches in Rural and Semi-urban areas

18.3%

Increase in Net Profit
over FY 2015-16



15.7%*

*Calculated over proposed
dividend for FY 2016-17

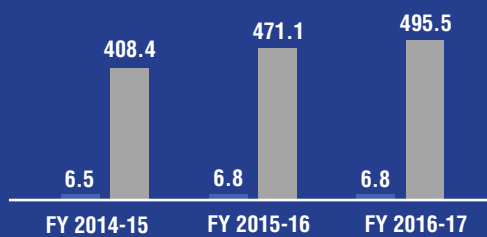
Increase in dividend
per share over
FY 2015-16



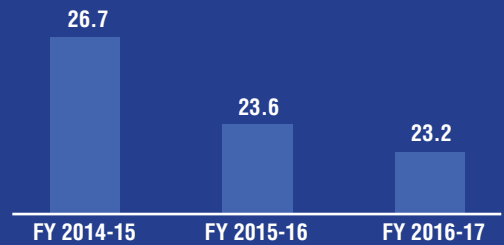
**Reduction in Carbon
Emissions in FY 2016-17
from previous year**

Emissions ('000 MTCO₂e)

■ Scope 1 ■ Scope 2



Scope 3 Emissions ('000 MTCO₂e)



1,37,157

PMJDY Accounts
opened in FY 2016-17

₹5,522 Crore

Loans disbursed under
Mudra Yojana in FY 2016-17

14.4% Growth

Bank's advances to MSME's



0.4% Increase

% of spend on Corporate Social
Responsibility in FY 2016-17



6.16 MTCO₂e/ ₹ Crore

Emission Per ₹ Crore of Revenue

40 Lakh

Households benefitted
through Dhanchayat



11.13 Tonne

E-Waste generated



68 Lakh

Households reached
through SLI so far



22.96 Hours

Average number of hours of training
imparted in FY 2016-17



3.17 lakh farmers benefitted and digitized payments at over **1,200** milk cooperatives across **16 states** through Milk to Money ATM's



Mr. Aditya Puri



2

In Conversation with the MD

In Conversation with the MD

Dear Friends,

It gives me great pleasure to present our Sustainability Report for the Financial Year 2016-17.

At HDFC Bank, we have identified Sustainability as a core value as we firmly believe that economic growth cannot come at the expense of the environment or giving back to society. With this in mind, all our social initiatives are aimed at 'Creating Sustainable Communities'. Simply put, it means enabling people to break out of the vicious cycle of poverty by creating long term solutions rather than providing short term relief.

This is epitomised by our Sustainable Livelihood Initiative (SLI), a holistic effort at the bottom of the pyramid that encompasses training, financial literacy, credit counselling, financing and market linkage. It enables people to earn a living by equipping them with skills such as weaving, pottery and goat-rearing to name a few. So far, we have covered 68 lakh households and are well on our way to meet the Board mandated 1 crore target.

The Holistic Rural Development Programme (HRDP) is our flagship CSR initiative and is also fully aligned with philosophy of 'Creating Sustainable Communities'. It aims to improve the economic and social conditions of the villages in which it operates by focusing on the key areas of Education, Skills Training & Livelihood Enhancement, Natural Resource Management, Healthcare & Hygiene, Financial Literacy & Inclusion.

Another important initiative for the bank is our Annual Blood Donation Drive, which is primarily driven through employee participation. 2016 was the landmark 10th year of the drive and it witnessed record participation in terms of cities, camps and colleges.

The last financial year brought with it many changes that impacted the banking industry and the economy at large. In the face of these challenges, the Bank was able to grow its Net Profit by 18.3 per cent, and it's a balance sheet by 16.6 per cent. This was possible due to a strong customer focus which ensured that customers could access the bank's services through multiple touch points be it 12,260 ATMs or 4,712 branches or multiple digital channels.

Our focus on semi urban and rural areas has continued with 52 per cent of our branch network located in these areas.

As we go forward, we will increasingly leverage our digital capabilities to give our customers a banking experience that is second to none in the world. Our commitment to Sustainability remains undiminished. It will only gather momentum and become a way of life at HDFC Bank.

Aditya Puri





Mr. Paresh Sukthankar



3

In Conversation with the DMD

In Conversation with the DMD

Businesses cannot prosper if the communities they operate in fail. We have believed all along that a corporate with strong financial and managerial resources has the responsibility and the ability to bring about focused and sustainable social change. Our policies and efforts reflect this belief.

'Creating Sustainable Communities' is the underlying philosophy that drives most of our Bank's social initiatives. Through our flagship programmes namely Sustainable Livelihood Initiative (SLI) and Holistic Rural Development Programme (HRDP), efforts are focused in the areas of education, healthcare & hygiene, skills training & livelihood enhancement, natural resource management, financial literacy and inclusion. Under HRDP, the Bank is working in over 500 villages across 14 states in the country. The two programmes have a strong rural focus as over half of India lives in the villages and their progress and well-being is vital for the nation.

We are also particularly proud of the Zero Investment Innovations for Education Initiative (ZIIIEI), which is a movement to transform education in government schools across India. At the heart of this is the belief that it is teachers who can bring about change and make education relevant to changing times. Under the aegis of this programme, the Bank will train 15 lakh school teachers across 12 states and union territories of India to improve the quality of education in 6.2 lakh government schools, potentially impacting 8.3 crore students. This was piloted in Uttar Pradesh last year where 5 lakh teachers were trained in 1.75 lakh government schools, and over 2 crore school students in the state benefited from this initiative.

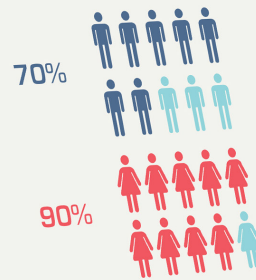
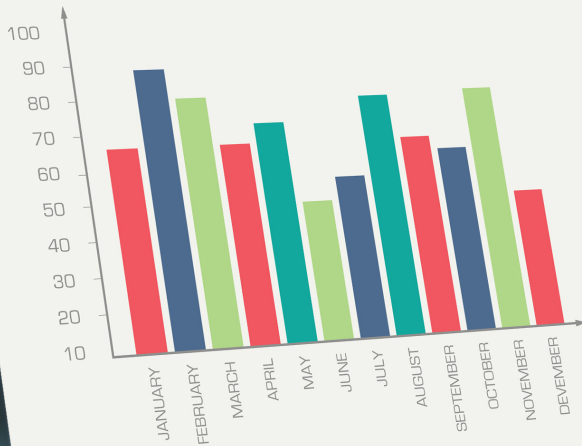
We have also been contributing to sustainability through lowering carbon footprints and promoting cleaner environment by helping reduce paper consumption and visits to the Bank branches by encouraging our customers to adopt digital platforms. In the year gone by, this acquired greater momentum. Going forward, it will be our endeavour to embed sustainability into everything that we do.

Clearly, 2016-17 was a milestone in our CSR journey since in this year we crossed the benchmark for CSR spends at 2 per cent of average profits. What is a matter of greater satisfaction for us is that we have been able to make a difference to the communities in which we operate.

Paresh Sukthankar



SUSTAINABILITY



4

About The Report and About Us



About The Report and About Us

ABOUT THE REPORT

The financial year 2016-17, marks the fourth year of the Sustainability Reporting journey of HDFC Bank. This report centres around the theme 'Unlocking Digital Opportunities' which is in line with the focus on technology and sustainable development. It is aligned to GRI G4 guidelines and the Financial Service Sector Disclosures, and follows the 'In accordance' Comprehensive option of reporting. 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 Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness. This report is 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.

Reporting Principles:

Stakeholder Inclusiveness- A stakeholder engagement exercise has been conducted to identify the top prioritised stakeholders. Further details of the process adopted and the list of prioritised stakeholders are mentioned in the chapter 'Identifying the Most Material Aspects'.

Sustainability Context- The Bank aims to contribute to the improvement of economic, environmental, and social conditions at the local, regional, or global level. With a focus on continuous innovation, the Bank's vision is to reach rural hinterlands and ensure accessibility and convenience of banking facilities across the country.

Materiality- The Bank's material aspects are influenced by both internal and external factors. Materiality determines which relevant topics are sufficiently important that it is essential to report on. Since not all material topics are of equal importance, the aspects have been classified based on their relative priority. The process of materiality and the matrix is explained in the chapter 'Identifying the Most Material Aspects'.

Completeness- The report compiles information from all entities at HDFC Bank and ensures the data presented in the report is reasonable and appropriate. The Bank undergoes regular internal and external audits for data.

The Sustainability Report is published annually and the previous reports are available at <https://www.hdfcbank.com/htdocs/aboutus/csr/index.html>. The last Sustainability Report- 'Creating Sustainable Communities' was released in December 2016.

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, the Bank does not capture information about social and environmental initiatives of Subsidiaries, Associates and Foreign Branches at present, this report does not reflect their performance. There have been no significant changes in the reporting period regarding the organization's size, structure, ownership.

ABOUT US

Inception

The Housing Development Finance Corporation Limited (HDFC) was amongst the first organisations to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of liberalisation of the Indian Banking Industry in 1994. The Bank was incorporated in August 1994 in the name of 'HDFC Bank Limited'. Headquartered in Mumbai, HDFC Bank commenced its operations as a scheduled commercial bank in January 1995.



MISSION

To be a World Class Indian Bank.

VALUES



MILESTONES

- PMJDY accounts opened- 1,37,157



- India's first Teacher's Credit Card launched
- Launched the 'JetPrivilege-HDFC Bank Credit Card'

- Ties up with Vodafone India to launch m-Paisa

- Women's Card Launch

- First new-age modern bank with branch in remote Leh

- Infinia Card Launch

- 2000th Branch

- Salary Solutions for Indian Army



- 5000 ATMs
- 4000 ATMs

- Over the seas Rural Banking BPO



- Women's Debit Card

- Credit Card launched



- NYSE
- ISO 9001:200

- Mobile Banking for first time in India



- First International Debit Card in India

- Retail Investment Advisory



- Listed on NIFTY
- Listed on SENSEX
- IPO Launched
- First Branch Inauguration
- Commenced Operations

- Founded in 1994

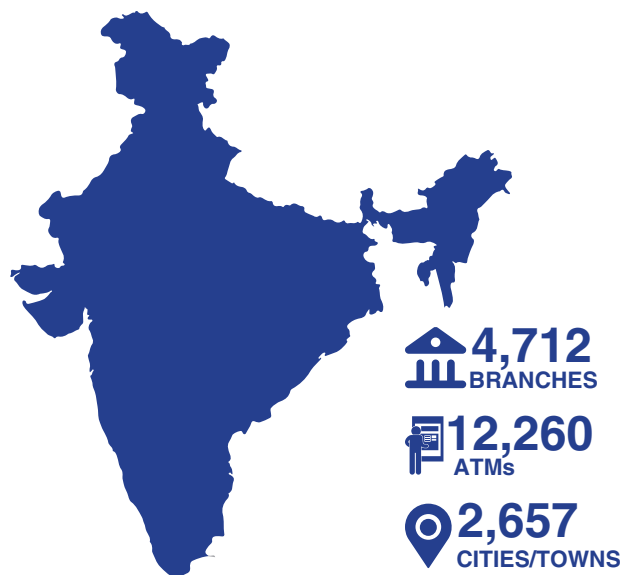


Business Segments

HDFC Bank provides a wide range of banking services covering commercial and investment banking on the wholesale side and transactional/branch banking on the retail side. The Bank's products are divided into three key business segments. Further details of the products are available on the website: <http://www.hdfcbank.com/>

Retail Banking

The objective of Retail Banking segment is to provide its target market at full range of financial products and banking services. 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. The Bank has a wide array of retail loan products including auto loans, loans against marketable securities, personal loans and loans for two-wheelers.



**This is a representative map of India and not a political map.*

***Data presented as of March 31, 2017*

LOAN PRODUCTS	DEPOSIT PRODUCTS	OTHER PRODUCTS/SERVICES
<ul style="list-style-type: none"> • Auto Loans • Personal Loans • Home Loans/Mortgages • Commercial Vehicles Finance • Retail Business Banking • Credit Cards • Loans against Gold • 2-Wheeler/Consumer Durable Loans • Construction Equipment Finance • Loans against Securities • Agri and Tractor Loans • Education Loans • Self Help Group Loans • Joint Liability Group Loans • Kisan Gold Card 	<ul style="list-style-type: none"> • Savings Accounts • Current Accounts • Fixed/Recurring Deposits • Corporate Salary Accounts 	<ul style="list-style-type: none"> • Depository Accounts • Mutual Fund Sales • Private Banking • Insurance Sales (Life, General) • NRI Services • Bill Payment Services • POS Terminals • Debit Cards • Foreign Exchange Services • Broking (HDFC Securities Ltd.)

Wholesale Banking

The Bank's target market is primarily large, well-rated manufacturing companies in the Indian corporate sector and to a lesser extent, small & mid-sized corporates and agri-based businesses. For these customers, the Bank provides a wide range of commercial and transactional banking services, including working capital finance, trade services, transactional services, cash management, etc. The Bank is also a leading provider of structured solutions, which combine cash management services with vendor and distributor finance to facilitate superior supply chain

management for its corporate customers. Based on its superior product delivery / service levels and strong customer orientation, the Bank has made significant inroads into the banking consortia of a number of leading Indian corporates including multinationals, companies from the domestic business houses and prime public sector companies. It is recognised as a leading provider of cash management and transactional banking solutions to corporate customers, mutual funds, stock exchange members and banks.



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

Within this business, the Bank has three main product areas - Foreign Exchange and Derivatives, Local Currency Money Market & Debt Securities, and Equities. With the liberalisation of the financial markets in India, corporates need more sophisticated risk management information,

advice and product structures. To comply with statutory reserve requirements, the Bank is required to hold 25% of its deposits in government securities. The treasury business is responsible for managing the returns and market risk on this investment portfolio.

Products/Segments

- Foreign Exchange
- Debt Securities
- Derivatives
- Equities

Other Functions

- Asset Liability Management
- Statutory Reserve Management





5

Achievements 2016-17

5 Achievements 2016-17

HDFC Bank named Best Bank in India at Euromoney Awards for Excellence 2016



HDFC Bank MD Mr. Aditya Puri on Fortune Business person of the year list: Ranked 36th, The only Indian head of an Indian company in the list

Mr. Aditya Puri conferred 'Lifetime Achievement Award' by The Financial Express



HDFC Bank recognized as Most Honoured Company by Institutional Investor Magazine

Mr. Aditya Puri, Managing Director, HDFC Bank as the Best CEO



Mr. Sashi Jagdishan, Chief Financial Officer, HDFC Bank as the Best CFO

HDFC Bank No. 1 in large corporate relationships, mid-market penetration



Greenwich Associates study

Best Analytics Implementation Award - HDFC Bank



Businessworld Digital Leadership and CIO Awards 2017

Best HR System Project
Best Lending Systems Project



The Asian Banker Technology Innovation Awards 2017

Best Performing Bank - Private Sector



CNBC TV 18 Financial Advisor Awards 2016-17

Chemical Deal of the Year, India



The Asset Triple A Asia Infrastructure Awards 2017

India's Best Bank



Euromoney Awards for Excellence 2017

Best Banking Brand in India - HDFC Bank



Asiamoney Best Brands in Finance Survey 2017

Best Bank - Overall
Fastest Growing Large Bank



Businessworld India's Best Banks' survey 2016

India's Leading Bank
- Private Sector



Dun & Bradstreet Corporate
Award 2017

Sustained Excellence in
Learning & Development



12th BML Munjal
Awards 2017

Profitability: Rank 1
Strength & Soundness: Rank 1
Bank of the Year



The Financial Express India's
Best Banks 2016

Best CEO- Mr. Aditya Puri
Best at Investor Relations- Rank 1
Most Committed to Corporate
Governance- Rank 1
Best Managed Company - Rank 2
Best at CSR - Rank 8
Bank of the Year



Finance Asia poll on Asia's
Best Companies 2016

Best Bank in Cheque Truncation
System (CTS)
Best Bank in National Automated
Clearing House (NACH)
Best Bank in National Financial
Switch (NFS)
Runner up in Rupay Cards



National Payments Excellence
Awards 2016

Best Domestic Bank
- India



Asiamoney India Banking
Awards 2017

Banker of the year
- Mr. Aditya Puri



Business Standard Annual
Awards 2016

Best IT Risk and Cyber
Security Initiatives



IBA Banking Technology
Awards 2017

India's Leading Banks
- Private Sector



Dun & Bradstreet - India's Leading BFSI
Companies & Awards 2017

Bank of the year



Outlook Money Awards 2016

Bank Of The Year (Private Sector)
Best Large Size Bank
Fastest Growing Large Bank



Business Today - KPMG India's
Best Banks 2016

Best IPO, India
Best QIP, India



The Asset Triple A Country
Awards 2016



6

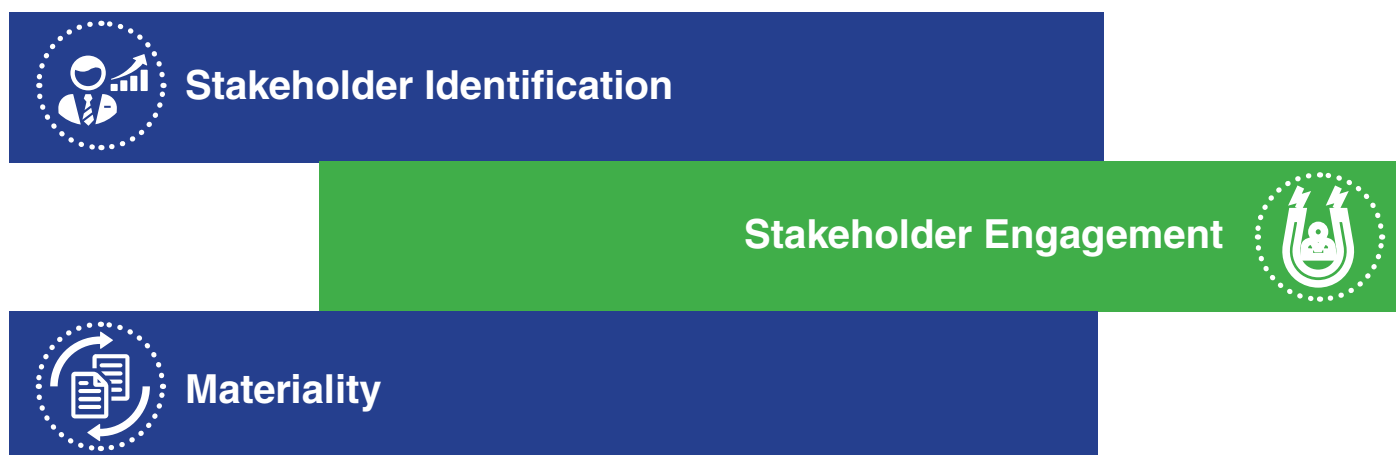
Identifying the Most Material Aspects

6 Identifying the Most Material Aspects

Stakeholder relationships are vital to the Bank. Regular and planned engagements are conducted with all identified Stakeholder 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. The stakeholder groups are prioritised and

approached based on their influence on the Bank and their availability for engagement. 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.

Process of Stakeholder Engagement



Top Stakeholders Identified



Materiality Assessment Process

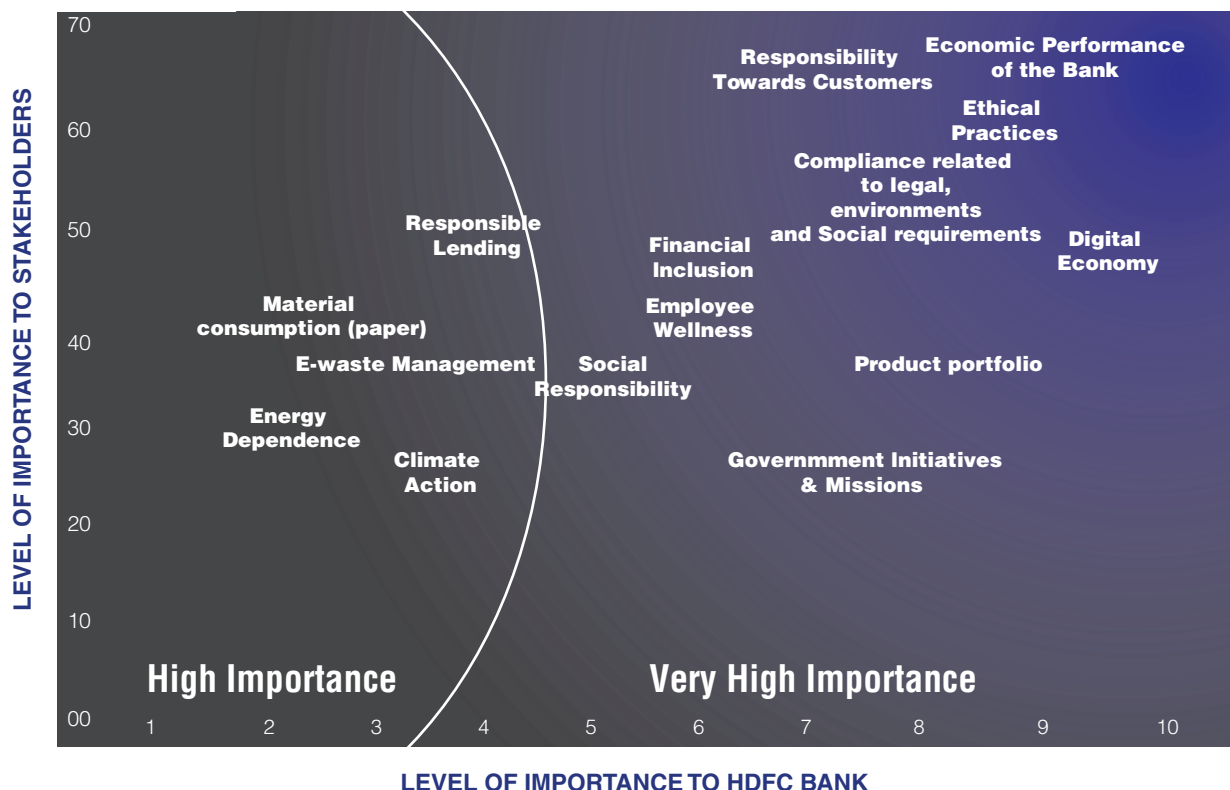


Stakeholder	Internal/ External	Frequency of Engagement			Key Concerns	HDFC Bank Response
		Annual	Periodic	Need Basis		
Customers	External		Online Communication, Customer satisfaction Feedback		<ol style="list-style-type: none"> 1. Ease of Transacting across channels 2. Innovative Technology Applications 3. Data Security 4. Advanced Analytics 	<ol style="list-style-type: none"> 1. Enable new Products / Channels including Apps such as Chillr, Payzapp for one click payment 2. Making personalised recommendations with virtual RM 3. Awareness on data security and privacy
Investors/ Shareholders	Internal	General Meetings	Quarterly Reports, Investor meets, Press releases		<ol style="list-style-type: none"> 1. Compliance 2. Governance and Ethical Practices 3. Economic Performance 	<ol style="list-style-type: none"> 1. Growth and Profitability 2. Policies for Ethical Conduct



Employees	Internal	Performance Appraisal	Training programmees, Employee Wellness Programmes	Volunteering Activities	1. Training and career progression 2. Wellness and Safety 3. Employee Benefits	1. Regular behavioural and technical training 2. Employee Engagment and wellness programmes conducted
Community	External		Project Monitoring and Reviews	Focus Group Discussions	1. Training and Inclusive Growth 2. Financial Literacy	1. Holistic Rural Development Programme, Sustainable Livelihood Initiative 2. Financial Literacy Camps
Regulatory Bodies	External		Policy Updates and Ministry Directives, Mandatory filings with regulators including RBI and SEBI		1. Aadhar Linkages 2. Social Security Schemes	1. Awareness generation on aadhar linkages and PMJDY

MATERIALITY MATRIX 2016-17



Issues of High Importance to HDFC Bank and its Stakeholders

Material Issues	GRI G4 Aspects	Stakeholder Impacted
Climate Action	Category: Economic Economic Performance	Internal and External
Energy Dependence	Category: Environment Energy	Internal
E-Waste Management	Category: Environment Effluents and Waste	Internal
Material Consumption (Paper)	Category: Environment Materials	Internal
Responsible Lending	Category: Social	External

Issues of Very High Importance to HDFC Bank and its Stakeholders

Material Issues	GRI G4 Aspects	Stakeholder Impacted
Economic Performance of the Bank	Category: Economic Economic Performance	Internal and External
Responsibility toward Customers	Category: Social Sub-Category: Product Responsibility Customer Health and Safety Customer Privacy Marketing Communications Compliance	Internal and External
Ethical Practices	Category: Ethics and Integrity Sub-Category: Product Responsibility Compliance	External
Compliance related to Legal, environmental and social requirements	Category: Environmental Compliance Category: Social Sub-category: Society Compliance Sub-Category: Product Responsibility Compliance	External
Financial Inclusion	Category: Social Sub-Category: Society Local Communities	External

Digital Economy	Category: Environment Products and Services	External
Product Portfolio	Category: Environment Products and Services	Internal and External
Employee Wellness	Category: Social Sub-Category: Society Labour Practices and Decent Work Training and Education Category: Economic Economic Performance	Internal
Government Initiatives and Missions	Category: Environmental Compliance Category: Social Sub-category: Society Compliance	Internal and External
Social Responsibility	Category: Social Sub-Category: Society Local Communities	External

Employee Response Word Cloud

Customer Response Word Cloud



Through the materiality exercise, the Bank was able to identify aspects which resonate the most with the employees. The size of the word in the cloud represents the frequency of occurrence.





Culture, Governance and Ethics

Culture, Governance and Ethics

7.1 Ethical Practices

The Bank's Corporate Governance Policy provides direction and framework to monitor the Bank's ethical conduct across all engagements. The framework is in compliance with the Companies Act 2013, the regulations and guidelines of the Securities and Exchange Board of India (SEBI) along with the requirements of the listing agreements entered into with the Indian Stock Exchange. The Bank also complies with the listing requirements of Section 303A of NYSE's Listed Company Manual.

7.1.1 Board of Directors

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. In FY 2016-17 the Board comprised of 12 Directors, headed by the Chairperson. 7 meetings were conducted to evaluate the Bank's Performance and to make strategic decisions.

DIRECTORS AS ON MARCH 31, 2017

Executive Directors	Non - Executive Directors	Independent Directors	Additional Directors
1. Mr. Aditya Puri (Managing Director) 2. Mr. Paresh Sukthankar (Deputy Managing Director) 3. Mr. Kaizad Bharucha (Director)	1. Mr. Keki Mistry 2. Mrs. Renu Karnad	1. Mrs. Shyamala Gopinath (Chairperson) 2. Mr. Partho Datta 3. Mr. Bobby Parikh 4. Mr. A N Roy 5. Mr. Malay Patel 6. Mr. Umesh Chandra Sarangi	1. Mr. Srikanth Nadhamuni

7.2 Board Performance

The performance of the Board determines the growth trajectory of the Bank. In this regard, the framework/policy approved by the Nomination and Remuneration Committee, serves as the basis for evaluating the performance of the Board and its members. 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 Bank has in place 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



7.3 Appointment and Remuneration

The Nomination and Remuneration Committee (NRC) of the Board evaluates qualified and deserving personnel based on their academic background, previous experience, track record and values. The committee

further makes recommendations to the Board of Directors for final appointment. The remuneration of the Directors is governed by the Compensation Policy, framed in accordance with RBI guidelines.

7.4 Committees of the Board

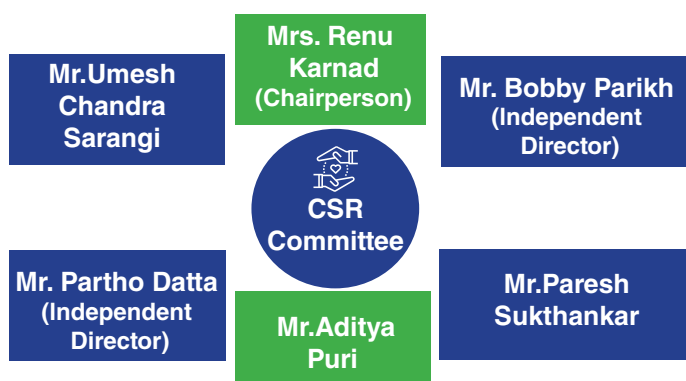
The Committees of the Board are formed to safeguard interests of stakeholders and take informed decisions. Every committee monitors the Economic, Environmental

and Social activities of the Bank's operations. A Director can be a member of no more than 10 committees and the Chairman of no more than 5 Committees across the Bank.



7.5 CSR Governance Process

HDFC Bank follows a top down approach while creating the CSR and Sustainability agenda. The Board of Directors is directly involved in bringing about the integration of the marginalised communities for creating a conducive growth environment. The CSR Committee consists of:



The objective of this committee is to lay down the framework for Creating Sustainable Communities, underlying the philosophy that drives the Bank's CSR initiatives. The focus areas are promoting Education, Healthcare & Hygiene, Skill training & Livelihood Enhancement, Natural Resource Management and Financial Literacy & Inclusion. The initiatives are monitored and reported on regular basis.

7.6 Compliance, Ethics and Risk Management

HDFC Bank aims to achieve high governance standards by ensuring that employees adhere to a clearly articulated 'Code of Conduct'. HDFC Bank does not engage in policy advocacy, but is actively involved in consultations and discussion forums with the government and other bodies in the Banking industry.

Risk management is indispensable to any business. Balancing risk return trade-offs is crucial for successful operations. HDFC Bank identifies, measures, monitors, and manages risks of varied nature. The main types of risks are: Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

The Board of Directors endorses and approves risk strategy and risk policies. The implementation of the risk strategy is supervised by the Risk Policy and Monitoring Committee of the Board at regular basis.



8

Creating Digital Access (Product Leadership)

8 Creating Digital Access (Product Leadership)

In this rapidly changing world, digitisation has impacted nearly every aspect of people's lives. To stay relevant, HDFC Bank invests in new digital technologies,

which eases banking transactions. Bank's firm faith in 'breakthrough technology' is an essential part of its DNA.

8.1 Digital Transformations

With 81% of Bank's customers transacting over digital channels, it becomes imperative to focus on integrating social media into the normal course of Banking. In this regard, the Bank has introduced chat interfaces powered by Artificial Intelligence (AI) and Natural Language Processing (NLP). This is done by way of a humanoid robot, an Intelligent Robotic Assistant (IRA) and online chat assistant, Electronic Visual Assistant (EVA). While IRA greets customers, displays a list of available services and accompanies them to the relevant counter, EVA provides personalised and coherent answers within split seconds.

The Bank OnChat is linked to popular social media channels and aids with bill payments, travel reservations, recharging phones among other things. Such transformations are aimed at reimagining the experience of the customer, making it more personalised, contextual and relevant.

The expense tracker is a personal financial management tool which gives customers a snapshot of their income, expenses, and investments and helps them secure control over their finances. The Bank has introduced a few initiatives to speed up on-the-go banking. Some of them are:

Phone Banking

1. Missed Call recharge
2. Toll Free Banking

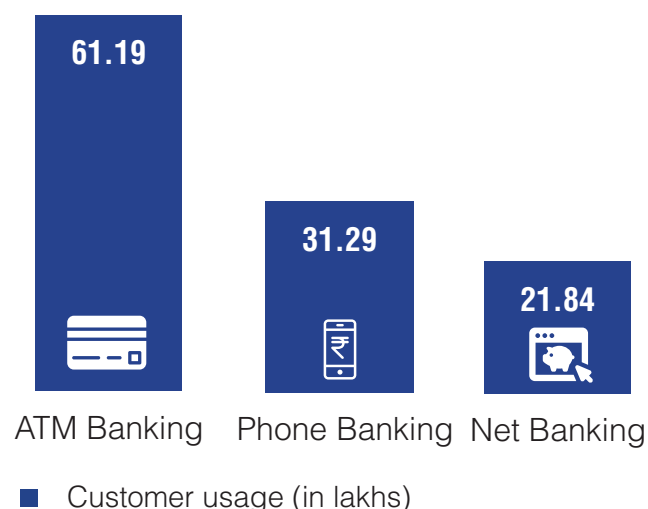
Net Banking

1. Instant personal and car loans
2. SmartBuy
3. ENet
4. Traditional Banking Services

Mobile Banking

1. PayZapp
2. Chillr
3. ZipRide, ZipDrive
4. Mobile Banking Lite

Customer initiated Transactions by Channel (In Lakhs)



Personal Loan



10 second Personal Loan using net banking / mobile banking / ATM

Zip DRIVE



ZipDrive is instant Car Loan disbursal, exclusively for HDFC Bank customers. Customers having ZipDrive Offer on their Net banking, can chose the car model and dealer online and disburse the car loan themselves.

Zip RIDE



Online Disbursal using NetBanking Pre-approved customers with ZipRide offer can disburse Two wheeler loan for their preferred bike instantly to Dealers account.

8.1.1 Instant Personal Loans

The Bank understands the needs and priorities of its customers and has been providing much needed financing to their needs since its inception. Timely finance which is tailor made as per the customer requirements plays an important role towards upgrading lifestyles. The Bank envisions the financial empowerment of its customers and other relevant stakeholders as top priority. To further streamline its efforts in this dimension, the Bank has come-up with a range of instant personal loan products.

8.1.2 Loans in 10 seconds

HDFC Bank has introduced a first of its kind facility, where a customer avails a loan sanctioned within 10 seconds. This facility is available around the clock through net banking to select pre-approved customers of the Bank.

8.1.3 '30-min auto' and '15 min 2-wheeler loan'

HDFC Bank launched the '30-min auto' and '15 min 2-wheeler loan' to provide instant loans to customers, with just the use of biometric details. This can be done through NetBanking and MobileBanking.

8.1.4 SmartBuy

SmartBuy is a platform to display offers extended by merchants. The platform is an integrator enabling comparison of prices across various travel and clothing sites. HDFC Bank acts as a payment facilitator by providing the payment gateway.

8.1.5 PayZapp

PayZapp is a complete payment solution ensuring paperless and digital transactions in one-click. The app allows customers to shop, compare and book flight tickets and hotels, send money to anyone in their contact list, pay bills and recharge mobile, DTH and data card.

8.1.6 Chillr

Chillr is the first multi-bank mobile application which allows customers to send money instantly from their HDFC Bank account to any contact in their phonebook. One can recharge, pay bills, split bills, request money on Chillr. It acts as tool to financial inclusion, 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).

8.2 Creating Digital Inclusion

HDFC Bank strives to create a responsive, and sustainable ecosystem, which will contribute to India's economic growth.

The Bank's principle objective is to empower rural India, considering that over half the population lives there. Today, the Bank has more than 50 % of its branches in semi-urban and rural areas. Technology has also enabled availability of agricultural loans within three to four working days in certain geographies. Additionally, an eligible farmer can avail of an enhancement to a loan in a few seconds using ATMs or mobile phones.

The initiatives listed below are a few to highlight digital inclusion.

8.2.1 Access for Retail Agri Businesses: Kisan Gold Card

Using HDFC Bank's flagship product, Kisan Gold Card, the Bank has penetrated into rural hinterlands reaching nearly 60,000 villages. The Bank has designed a range of crop and geography specific products keeping in mind the harvest cycles and local needs of farmers spread across diverse agro-climatic zones across India. It also ensures credit is targeted at activities such as dairy, pisciculture and sericulture. Apart from loans directly linked to agriculture, the Bank offers other credit products such as two-wheeler loans, car loans, loans against gold jewellery and mortgage loans.



The Bank has a symbiotic relationship with rural customers and is making efforts to empower them by providing education and technical support, besides offering financial products. As part of these efforts, the Bank has launched Kisan Dhan Vikas Kendras (KDVK) across Punjab, Maharashtra, Uttar Pradesh and Madhya Pradesh. The KDVKs can help a farmer with free Soil Health Cards, Mandi prices, financial literacy, digital literacy, information on various government initiatives, expert advice. These services are also available on the Bank's website in vernacular languages. Advisories on weather, cropping and harvesting are also shared through SMS.

enrolled over 26 lakh accounts in social security schemes so far. Loans to the tune of INR 5,500 crore were extended under the Pradhan Mantri Mudra Yojana (PMMY) and over INR 140 crore under the 'Stand Up India' scheme to Scheduled Caste (SC) or Scheduled Tribe (ST) women borrowers. Under PMMY, HDFC Bank has advanced loans in broadly three distinct categories:

Shishu	Kishore	Tarun
Loans up to INR 50,000	INR 50,000 to INR 5 lakh	INR 5 lakh to INR 10 lakh

8.2.2 PMJDY and Social Security Schemes

The Bank now offers last mile digital access through mobile applications like BHIM/ UPI/ USSD/ Scan & Pay as well as Aadhaar and RuPay enabled Micro-ATMs. HDFC Bank has aided in opening over 17 lakh accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and



Availing social security schemes





9

Creating Sustainable Communities (People)

9 Creating Sustainable Communities (People)

'Creating Sustainable Communities' is the underlying philosophy that drives the Bank's CSR initiatives and it springs from one of its Core Values: Sustainability. The objective is to enable families to break the vicious circle of poverty and draw them into a cycle of growth, development and empowerment without disturbing the ecological balance.

The Bank is committed to identifying and supporting outreach programmes aimed at developing and advancing the community in this manner. The Bank works through partnerships with Non-Governmental Organisations

(NGOs) as well as directly through its various businesses to create social value through its products and services.

Holistic Rural Development Programme (HRDP) is the flagship CSR initiative of the Bank. This programme aims to improve the economic and social conditions of the villages where it operates. The focus areas of HRDP are Promoting Education; Skills Training and Livelihood Enhancement; Natural Resources Management; Healthcare and Hygiene; Financial Literacy and Inclusion. Under the programme, the Bank is working in over 500 villages across 14 States in the country.

9.1 Promoting Education

The Bank comprehends and lays emphasis on the need for a strong academic foundation in the early stages of a child's development. Thus, the Bank's educational programmes are designed to create an environment conducive for children's learning and development. This includes providing basic infrastructure, scholarships, career guidance; enabling teacher training and learning improvements. The initiatives are spread across several states covering close to 900 schools impacting more than 65,000 students.

and 1 Union Territory, implemented by Sri Aurobindo Society. It is an inclusive innovation at its best yet also for the fact that it brings together the government, the schools and educators.

HDFC Bank collaborated with Sri Aurobindo Society in Uttar Pradesh to train over 5.5 lakh school teachers under the ZIIIEI. The distinguishing trait of this programme is that the focus is on improving the skills of teachers, which in turn benefits the students. The training gave teachers a platform to come up with innovative ideas to generate new teaching solutions that have the potential to bring about path-breaking changes in education. ZIIIEI is expected to result in improved education delivery in classrooms that will result in reduced drop-out rate.

9.1.1 ZIIIEI

ZIIIEI (Zero Investment Innovations for Education Initiatives) is an initiative in the field of education supported by HDFC Bank under CSR in collaboration with the State Governments and Education departments of 11 States



Teachers and Students at a ZIIIEI Programme





Celebrating the ZIEI Programme

9.1.2 Educational Crisis Scholarships Support (ECSS)

HDFC Bank believes that the overall economic and social development of a nation depends on improved education system of the country. Keeping this objective in mind HDFC Bank decided to educate the children who are economically and socially disadvantaged under its ECSS programme.

Under this programme HDFC Bank ensure that children do not dropout of school's due to financial hardships or crisis in family. ECSS has been conceptualised to provide

assistance to such students so that their families can deal with a difficult situation without any adverse effect on the children's education. Under this programme students from schools between classes VI to XII and students pursuing Under-Graduate/ Post-Graduate Full-time/ Part-time Degree/ Diploma/ Vocational training courses (recognized by UGC/AICTE), who, due to personal or financial constraints, are unable to continue with their education and are at risk of leaving school prematurely are provided financial aid. For FY 2016-17, the Bank has selected a total of 1,123 students for this scholarship.



Students receiving Scholarship under ECSS



9.2 Healthcare and Hygiene

HDFC Bank believes that healthy communities will shape a strong India. In the interior parts of the country, the lack of healthcare facilities, sanitation and awareness about hygiene is quite apparent. The Bank strives hard to bring change in the attitude of the general public towards sanitation and hygiene. It promotes the practice of hygiene and sanitation required for maintaining a healthy lifestyle amongst the community.

In this regard, the Bank has constructed toilets in close to 7,500 households and 900 schools in rural India. Repair of hand pumps is among the steps taken to ensure adequate availability of potable water. A primary healthcare centre was set up in the flood affected areas of Uttarakhand which benefitted around 50,000 people.



Toilet Construction and Sanitation Awareness Programmes

9.2.1 Annual Blood Donation Drives

In the 10th year of its annual blood donation drive, HDFC Bank collected nearly 1.7 lakh units of blood from over 2 lakh people in different cities, camps and colleges. The

tie-up with defence and corporates establishments led to record-breaking collection of blood in FY 2016-17.



Blood donation drive conducted at the Bank



9.3 Skill Training and Livelihood Enhancement

To create a sustainable community, people must have a steady source of income which will contribute to a thriving economy. The Bank provides skills training and development opportunities to enable beneficiaries to earn a living, with a special focus on women and youth. The Bank addresses this need through multiple projects ranging from competency-based skill-oriented training and placement, capacity building, promoting entrepreneurial activities and upskilling for agricultural and allied practices. These initiatives are tailor-made programmes that focus on addressing the specific needs of a community.

Nearly 16,000 individuals have benefited through the Bank's efforts in skill training with over 5,000 coming from Uttar Pradesh alone. It has also supported more than 1,100 individuals to become entrepreneurs. The projects are spread across varied geographies from Jammu & Kashmir in the North, Meghalaya in the North East, and Tamil Nadu in the South to Gujarat in the West.



Agricultural Training

9.4 Natural Resource Management

Under the Natural Resource Management programme, the Bank has undertaken multi focussed interventions such as soil and water conservation, water management, construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability, promoting organic fertilisers, and renewable energy in the villages adopted.

9.4.1 Soil and Water Conservation

HDFC Bank aids in rejuvenating the top soil and conserving ground water in areas with low water availability. This is done through a variety of soil and water conservation initiatives, such as rainwater harvesting, tree plantation etc.

The Bank has planted more than 67,000 trees, meeting twin goals of developing horticulture and ensuring top soil retention for better agriculture yield. Over 3,800 acres of agrarian land has been treated for enhanced agricultural produce. With a specific goal to provide irrigational support, more than 200 water harvesting structures have been built or remodelled. In order to improve output as well as enrich soil fertility, crop diversification has been carried out in nearly 850 acres.



Check dam constructions



9.4.2 Water Management

Water wheels- cylindrical containers used to carry clean drinking water across large distances- have been distributed in 150 villages across 4 states.

Additionally, in Raigarh, Maharashtra, Elevated Storage Reservoirs were provided to ensure availability of water at every house.



Water Wheels in the village

9.5 Financial Literacy and Inclusion

One of the primary focus areas of the Bank is financial literacy and inclusion. With nearly 40 per cent of the country's total population lacking access to formal banking services, HDFC Bank has made concerted efforts to reduce this gap. The Bank undertakes workshops across the country for communities enabling them to make smart financial decisions to sustain themselves. Financial literacy guides and posters act as the standard curriculum to educate the target audience. To make the programme more conducive, material is available in multiple

languages, allowing participants to learn in the language they are comfortable with. These workshops are executed through the Bank's business units as well as through NGO partners. Till date, over 40 lakh households have benefited from this. HDFC Bank publicizes information on general banking, credit counselling and digital banking across various schools, colleges, and reaches out to pensioners, and senior citizens through training sessions, camps.

9.5.1 Dhanchayat

Dhanchayat is the Bank's financial literacy programme on wheels and this has been running successfully, making more and more people in rural areas aware of the perils of borrowing from the unorganised sector. It is an educational film created by HDFC Bank under the aegis

of its Swachch Banking CSR initiative. The Dhanchayat vans are equipped with micro-ATMs with biometric facility fitted in them which enable instant e-KYC and Re-KYC using Aadhar Card while visiting the villages. Till date the Dhanchayat vans have covered 40 Lakh households.



A display of the film in villages



9.5.2 Multifunctional Terminals

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 enjoys the hassle free cash distribution. As on March 31, 2017 the Bank has covered nearly 3.17 lakh farmers and digitized payments at over 1,200 milk cooperatives across 16 states including Gujarat, Maharashtra, Punjab and Rajasthan.



Milk to Money ATM in a village



9.5.3 Financial literacy for SME's

HDFC Bank has extended financial literacy programme to general public as well as SME entrepreneurs. Financial literacy has been extended to the SMEs in Jammu as well. Under this initiative, the Bank conducted financial literacy

campus in various states to bring SMEs into the traditional banking fold. The Bank's advances to MSMEs grew by 14.4 percent to touch INR 85,166.6 crore on March 31, 2017 from INR 74,657.3 crore on March 31, 2016.



Financial Literacy programme for SME's



9.5.4 Digital Literacy Camps

HDFC Bank has made continuous efforts to minimise its environmental impact. By going digital the Bank has not only enabled customs with convenience but also decreased its indirect carbon footprint by minimizing

the footfalls at the ATMs/Branches. The campaign '**Bank Aapki Mutthi Mein**' was the starting of the digital journey of HDFC Bank. Digital literacy camps are conducted across villages to ensure some level of comfort in online banking.



9.6 Sustainable Livelihood Initiative

HDFC Bank takes immense pride in its Sustainable Livelihood Initiative (SLI). This initiative aims at creating long-term sustainable solutions empowering women in the community. Under the guidance of the Bank employee's, women participants form Self Help Groups (SHGs) or Joint Liability Groups (JLGs). They are further provided with occupational skills training, financial literacy, credit counselling, livelihood finance and market linkage. As of FY 2016-17, 68 lakh households in 25 states were covered through this programme. SLI is conducted in Assam, Bihar, Chhattisgarh, Meghalaya, Madhya Pradesh, Odisha, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand. SLI has 8000 Outreach Officers who work solely towards ensuring people in these areas are brought under the banking ambit. Using an exclusive work-force, a focused approach and by providing customized banking services, HDFC Bank has reached more than 11,000 villages (census villages) through SLI.

Financial Products:

1. Savings (Basic Savings Deposit Account-BSBDA): Financial inclusion is one of the major goals of the Bank in order to inculcate a culture of banking and financially empower communities for the future. The Bank has been aligning itself with regulatory requirements to bring about financial inclusion among communities. In order to encourage the habit of banking and getting the community members mapped into the financial channel, the Bank provides "ZERO BALANCE Accounts" to SHG/JLG groups and their members.

2. Recurring and Fixed Deposit: Products like Recurring and Fixed deposit enable the account holder to plan their financial management and get the benefits of such products. Community members who are unaware of such services/products offered by the banking sector often lag financially due to poor financial management. Savings in form of such banking products provide them the opportunity to become financially stable.

3. Insurance: In today's fast paced life with growing variety of risk, insurance products play pivotal role to ensure financial security and stability. There are significant numbers of households who lack awareness about such services and often lag the much needed financial support in the crisis. Being a growing Nation with a low per capita income, it is almost unfeasible to plan for such services. The Bank has come-up with an insurance product exclusively designed for low income households provides insurance cover to members.

Non -Financial Services:

1. Credit Counselling: Educating people on banking and financial aspects is an important step towards achieving financial inclusion. To accomplish this, the Bank conducts financial counselling and training programs right from the stage of stakeholder acquisition till credit linkage.

2. Capacity Building: Skill based training is provided for upgradation or development in the existing or new livelihood activities both in farm and non-farm sectors. Stakeholders are engaged in equipping enhanced methodologies in their livelihood activities which has increased their production leading to higher returns and increased monthly income. The Bank teaches the stakeholders the use of new technological methods in their existing activity which will lead to production of goods with enhanced quality thereby facilitation better price for their products.

3. Additional support during distress: The Bank renders supporting hand when the stakeholders are in distress situation like floods, fire and other natural calamities and also helps them at times when she has lost her livelihood.

Apart from providing need based loans, stakeholders are also supported to acquire new skill/enhance their existing skills through capacity building program. Micro-entrepreneurial skill based programs are imparted in an activity of stakeholders choice. These programs help the stakeholders to create an alternate source of income besides their primary activity resulting in their holistic & sustainable development.

Following programs are being conducted by the Bank:

-Micro Entrepreneurial Training: Skill based training is provided to stakeholders over 100 activities like tailoring, agarbathi making, broom making, snacks item making bag making etc. During FY 2016-17, over 1.5 lakh stakeholders have been trained through ME training.

-Women Health Care Camps: Women healthcare is one of major lagging area when it comes to healthcare. As SLI has 100% of its stakeholder base as women, by providing timely healthcare to them, it will not only benefit the women but will eventually result in overall well-being of the entire family. During FY 2016-17, over 63,000 women have benefited through health camps.

-Agricultural training and camps: Bank's social initiatives have a strong focus towards empowerment of famers. Farmers are provided with the exposure and training for innovative agricultural techniques. During FY 2016-17, over 7,000 beneficiaries have been reported through such camps.



Channels for Communication- Stakeholders Engagement



SLI's plan to improve access in the future:

1. Initiative backed by mission

HDFC Bank has a Board mandated mission of reaching 10 Million households which are at the bottom of the pyramid through its Sustainable Livelihood Initiative.

2. Exclusive staff

For a focused approach, there are more than 8,000 exclusive staff who reach out to the unbanked/ under banked pockets/ villages to offer the Bank's services at their place thus bringing them under banking ambit.

3. Customized products

Most of the customers will be new to bank and their cash flow would be more or less seasonal and of small volume. Hence a range of banking products under savings, credit etc are customized to suit the target customer needs. This encourages them to develop an affinity towards banking.

4. Technology as a Tool

These customers will be making small volume transaction in large quantity. To support these transactions and at the same time to make this set of service viable to Bank, appropriate technologies are used.

HDFC Bank's SLI has adopted a group lending model in which credit is offered to members of group. Such groups upon prompt repayment are offered higher ticket loans to further augment their livelihood activity.





9.7 Employee Contribution and Volunteering

The employee volunteering program is an initiative that enables easy and convenient contribution toward the betterment of society. With a click of a button, employees can make donations on a monthly basis to a cause of their choice by directly linking it to salary accounts. The Bank supports this by donating a matching amount. In a period of 11 years HDFC Bank has raised over INR 14 Crore to different organisations through Give India. Additionally, employees can contribute by volunteering for various events.





10

Conserving Environmental Resources (Sustainability)

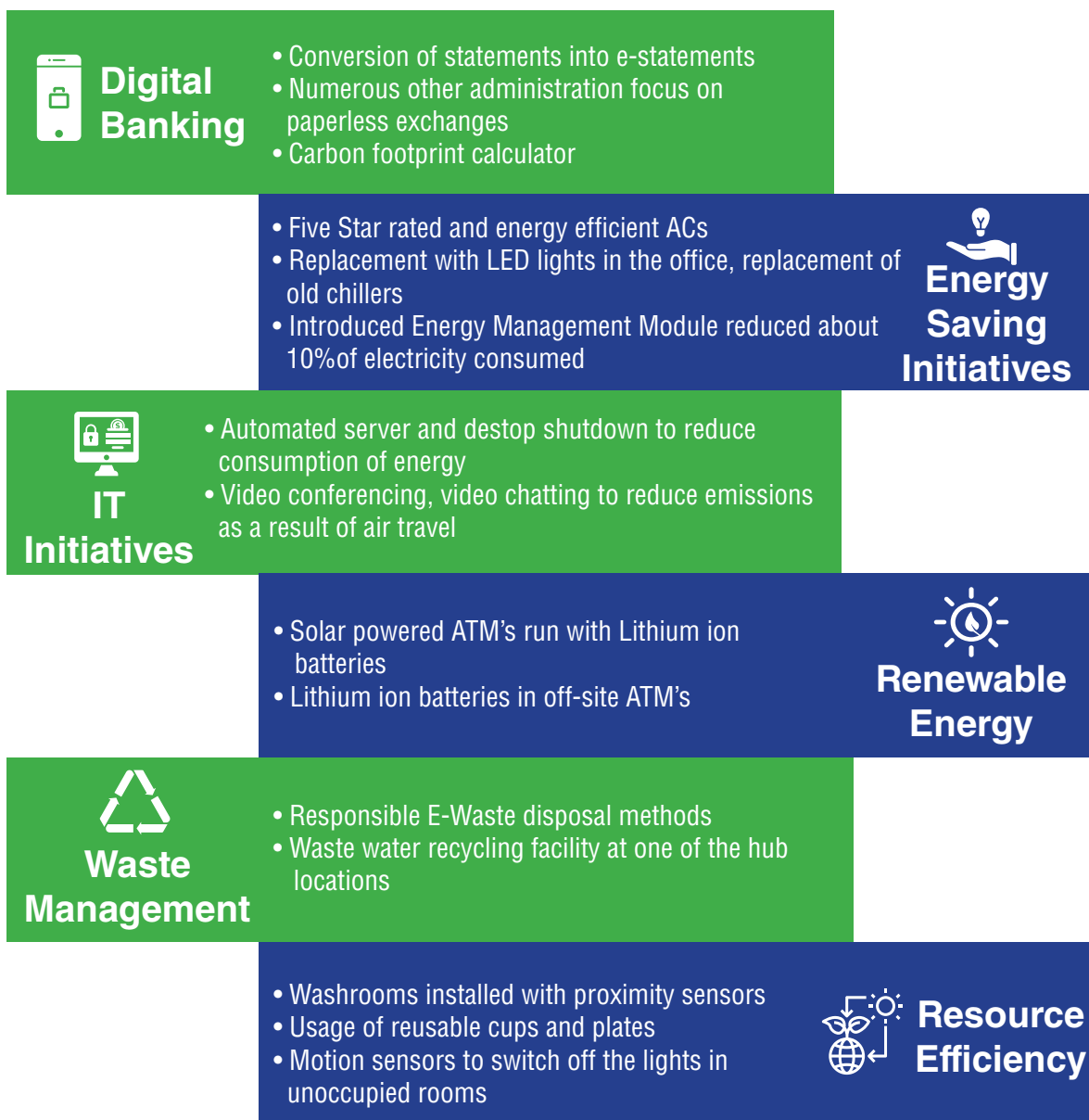
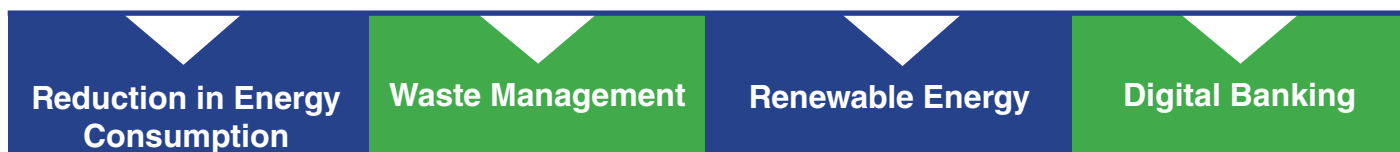
10 Conserving Environmental Resources (Sustainability)

Conservation Banking

In line with its core value of Sustainability, the Bank continuously strives toward reducing its environmental impact. The Bank recognises the need to strike a balance between Economic, Social and Environmental aspects. In

this regard, the Bank has undertaken initiatives in digital banking, renewable energy, waste management and energy reduction. The focus therefore, is to minimise the risks owing to the growing effects of climate change.

HDFC Bank





CERTIFICATE 2016



HDFC BANK LTD.

offset for 2016 a total of **272.89 t CO₂e** with climate neutral GoGreen products and services.

The Carbon Management of Deutsche Post DHL Group offset the greenhouse gas emissions generated by transportation and logistics through climate protection projects:

- | | |
|--|---|
| Efficient Stoves, Lesotho (CDM 5482, GS 913, Fairtrade ID 35357) | Alternative Irrigation, India (VER, GS 1309) |
| Household Biogas Program, China (CDM 2898, GS 1239) | Landfill Gas Plant, Turkey (VER, GS 440) |
| Wind Power Plant, Nicaragua (CDM 2315, GS 567) | Reforestation, Panama (VER, GS 2557, CCBS, FSC) |
| Ceramic Water Purifiers, Cambodia (VER, GS 1020) | Reforestation, Uganda (VCSR 610/612, CCBS) |
| Biosand Water Filters, Honduras (VER, GS 1290) | |

10.1 Digital Banking

Technology is changing the face of banking. To stay relevant, HDFC Bank has been continuously transforming and constantly experimenting with technology. The digital journey of the Bank began in December 2014 with the *'Bank Aapki Mutthi Mein'* campaign. Furthering with this agenda, several initiatives including artificial intelligence, chatbots and personalisation have been undertaken by the Bank.

10.1.1 Carbon Footprint Calculator

The carbon footprint calculator is a unique way to spread awareness about energy conservation. This initiative is aimed at any user visiting the Bank's website. The calculator enables determination of the average carbon footprint for an individual or a family based on their location of stay, travel and residence. Additionally, the calculator show cases the methods to offset this footprint.

10.2 Reduction in Energy Consumption

HDFC Bank has made constant efforts to improve energy efficiency in its operations, which in turn will reduce emissions and help mitigate climate change. The major sources of energy consumption are fuel for owned vehicles, DG sets and electricity.

10.2.1 Energy Efficient Management Systems (ENMS)

The Bank encourages the use of energy efficient equipment across branches. It uses star-rated AC's as per BEE standards. Further, continuous effort are taken to reduce consumption of energy, electricity powered signboards and ACs are switched off after 10 PM and 7:30 PM respectively in a few branches. Signages have also been placed in all meeting rooms and conference halls to encourage users to switch off the lights when not in use. As a pilot, the Energy Management Module has been deployed in 100 branches.



LED light fixtures have been installed wherever possible. HDFC Bank intend to continue this by installing LED fixtures in all new branches and offices.

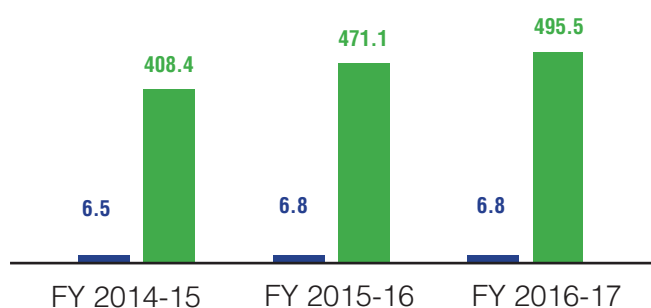
In FY 2016-17, the energy consumption per employee is 28.06 GJ, with an increase by 8% of energy consumed per employee in FY 2015-16. This hike in consumption is due to reduction in the number of employees.

10.2.2 Emissions Management

There was a 5% increase in combined scope 1 and scope 2 emissions due to increase in number of branches from 4,520 to 4,715. Although the emissions have increased but the emission per crore of revenue has reduced by 7%. 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 combined Scope 3 emission resulting from paper consumption, e-waste and business travel is 23,235.44 MTCO₂e for FY 2016-17.

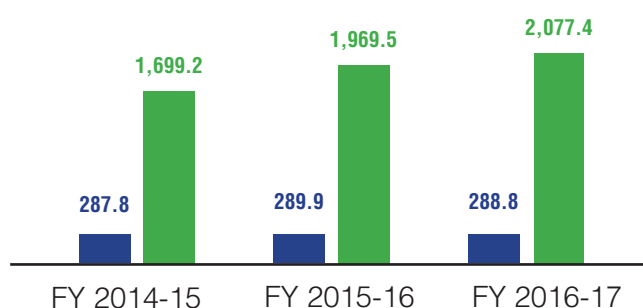
Emissions ('000 MTCO₂e)

■ Scope 1 ■ Scope 2



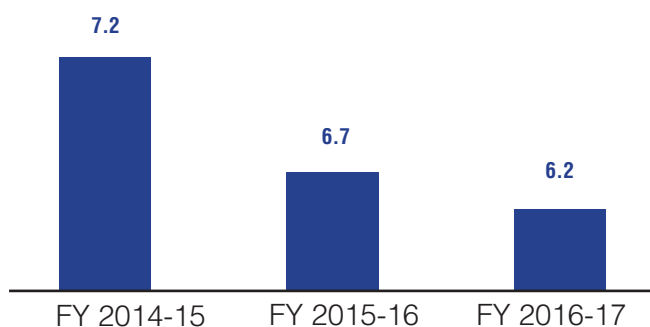
Energy Consumption by Source ('000 GJ)

■ Diesel ■ Electricity



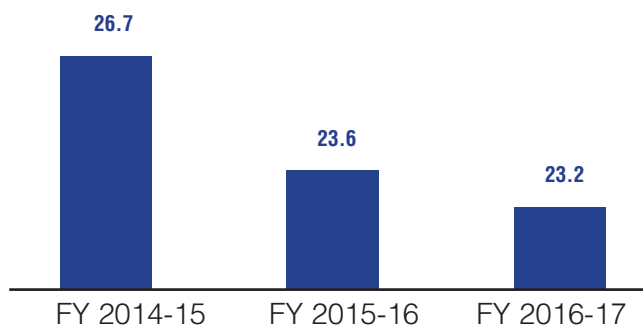
MTCO₂e per ₹ Crore of Revenue

■ ₹ Crore of Revenue



Scope 3 Emissions ('000 MTCO₂e)

■ Scope 3 Emissions ('000 MTCO₂e)



10.3 Waste Management

10.3.1 Going Paperless

The Bank's sustainability strategy predominantly features reduced consumption of paper. The Bank has established systems to reduce paper consumption in all its offices, where a centralised stationary desk manages most of

the stationary requirements. Additionally, some initiatives have been carried out at the individual and at the group level.

INITIATIVES
Tracking employee paper consumption using a unique ID
Communicating quantities of paper usage per employee through internal reports
Email printing for bills above INR 1 lakh
No Pen and Paper policy on Phone Banking and Credit Policy releases
Discontinuation of paper receipts at the ATM's

STAKEHOLDER IMPACTED
Employees
Employees
Employees
Employees, Customers
Employees, Customers, Suppliers

Over the years these initiatives have helped to reduce paper consumption significantly. HDFC Bank continues to make efforts with the aim of making all operations paperless.

The Bank has installed 51 solar powered ATMs across India. The solar ATMs project was initially piloted with the use of rechargeable Lithium-Ion batteries.

10.3.2 Dealing with E-waste

In the banking sector, there is limited scope for using recycled material as processed inputs. Nonetheless, HDFC Bank is constantly on the look-out for opportunities to recycle waste. E-waste is the primary component of waste generated by the Bank comprising computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems. In the FY 2016-17, the Bank generated 11.13 tonne of e-waste which was disposed over by handing it over to authorised recyclers.

10.3.3 Effluent Management

The Bank understands its responsibility towards environment friendly operations, despite being a low resource intensive sector. Considering the magnitude of operational activities and manpower employed, the Bank's Central Processing Unit located at Kanjurmarg, Mumbai is the largest operating location. The operational activities at this facility involves a fairly large number of working personnel due to which it generates domestic effluents from support facilities like pantry, washrooms etc. These effluents are treated in the Effluent Treatment Plant before being released into the municipal sewer systems.

10.4 Renewable Energy

ATMs have become one of the most important delivery channels for expansion in rural areas. The only challenge is to ensure that they run efficiently 24*7. Therefore, HDFC Bank has utilised Renewable Energy to power ATMs in areas with fluctuating power supply. In addition to providing reliable power for ATM, internal energy saving initiatives are also fulfilled.

10.5 Risk Management Framework

The Social and Environmental Risk Management System (SEMS) assesses the social and environmental risks and impacts of the projects financed by HDFC Bank. Under SEMS, investments are screened for risks related to negative social and/or environmental impacts before being approved. Any project with a lifecycle of more than five years and requiring a minimum investment of Rs 10 Crore is put through the rigours of the SEMS before they are approved. The process involves a due diligence conducted by independent engineers appointed by the Bank, who assess the project from technical, environmental, health, safety and social standpoints. The outcomes of these assessments are then discussed with the client to ensure compliance. Additionally, an environmental management plan is to be prepared by companies encompassing implementation and monitoring measures for the protection of the environment right from the project conceptualisation to the commissioning stage. The plan includes project initiatives or proposed cost components, as may be required. The Bank's Relationship Managers (RM) regularly interact with the client on issues related to environmental and social impact of projects.

In FY 2016-17, about 160 term loans were disbursed, after being screened through SEMS. After review of defaulters and interactions with customers, counselling and follow ups are undertaken at regular intervals. 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.





11

Customers (Customer Focus)

11 Customers (Customer Focus)

HDFC Bank takes a holistic view of what it means to make a positive difference in the world. This effort begins with the role of the brand and the value it creates for those linked to its business, including customers. HDFC Bank maintains and continually expands one of the largest private databases of customer information. The banking experience is enhanced by the superior products and services, suited for the needs of the customer. The Bank has in place the following policies to protect customer rights:

- a. Cheque Cancellation Policy
- b. Customer Compensation Policy
- c. Comprehensive Deposit Policy
- d. Grievance Redressal Policy
- e. Customer Acceptance, Customer Care & Customer Severance Policy
- f. Model Policy on Collection of Dues and Repossession of Security
- g. Customer Rights Policy
- h. Customer Privacy Policy

11.1 Customer Security

Customer privacy is of utmost importance for the Bank. To ensure privacy and confidentiality of data, the Code of Conduct and Ethics Manual is formulated. 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). Additionally, the Bank's Citizen's Charter outlines the guiding principles with respect to formulation of various products offered by the Bank and terms governing the conduct of the account.

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 fraud 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.

Cyber Security: HDFC Bank has set up an effective governance framework to manage cyber security. A suitable organisational structure has been put in place to monitor various cyber security threats and minimize them. In order to protect critical assets from cyber attacks, the Cyber Security Operations Center (SoC) operates on a 24*7 basis. The Bank further enhanced SoC to manage, respond and resolve cyber security incidents in an effective/timely manner. Further the Bank conducts regular vulnerability assessments and penetration tests to assess/remedy vulnerabilities in applications and IT infrastructure. Anti-phishing services have been subscribed to ensure phishing sites are shutdown in a timely manner and customers are prevented from being lured to fraudulent sites. Engine and transaction monitoring systems are implemented to monitor suspicious transactions on Internet Banking, ATM and e-commerce channels. This year, there has been 26 incidents of customer data loss.

HDFC Bank also carries out continuous awareness programmes for employees and customers. A testimony to the Bank's crisis preparedness is that it has secured PCI DSS 3.0 certification and ISO 27001 certification for its critical information assets. Its efforts have been further recognized through awards from IDRBT, DSCI-NASSCOM for various cyber security initiatives. The Bank made significant investments in strengthening protection against Distributed Denial of Service (DDoS) attacks and Web Application Firewall (WAF). Various simulation exercises were carried out to learn from techniques like ethical hacking and smoke screen & decoy testing. The Bank also participated in IDBRT's cyber security drills to identify weak links and strengthen defence. It will continue to invest further in the coming years in the areas of cyber security to take it to the next level. It implemented a 3-way disaster recovery solution for its Core Banking platform. This ensured that Core Banking Systems went without any prolonged outage. In addition, the Bank has a well-rehearsed disaster recovery set-up, so as to ensure 99.5 per cent up-time of important applications.



11.1.1 Online Banking Security



Beware Frauds

The different kind of Frauds and scams, and how to identify and protect yourself from them.



Security Measures

The steps we take to protect you with security solutions and robust processes.



Security Tips

A few basic security guidelines for whenever you transact online the Dos and Don'ts.

11.1.2 Offline Banking Security

42

Complaints from customers concerning breaches of customer privacy

1

Complaint from outside parties concerning breaches of customer privacy

1

Complaint by regulatory bodies concerning breaches of customer privacy

16

Complaints from clients concerning breaches of privacy and data security

11.2 Customer Grievance Redressal Mechanism

Providing a platform for grievances and a mechanism for redressal is the Bank's way of voicing its customers opinion. The Bank's customer grievance redressal system is three-fold. At the first level, the customer with a complaint/ grievance can register with the authority designated by the Bank for handling complaints via Branch/ Phone Banking/ e-mail. A complaint docket number is given to the customer as an acknowledgement. If the customer fails to receive a response within one day, the complaint is logged into the CRMnext system. The Bank insists on logging complaints in CRM so that end to end resolution can be tracked and monitored. Adequacy checks are done on the complaints closed in CRM to ensure that correct resolution is given to the customer. Feedback is shared with the respective units for improvement. All the complaints received by this unit are handled by a

specialized team to ensure faster and quality resolution. A root cause analysis of complaints to reduce recurrence of repeat areas of customer complaints are also conducted.

The unit is responsible to handle complaints escalated to the Bank's Principal Nodal Officer through a dedicated e-mail id or phone call. A dedicated team handles cases received at this desk also works towards reduction of complaints through Root Cause Remediation. Additionally, the customer can approach the Banking Ombudsman appointed by the Reserve Bank of India in case of receipt of an unsatisfactory response. This is the third stage of complaint redressal.



The average turnaround time, HDFC Bank has been able to achieve for the resolution of complaints is 4 days. The major areas of customer complaints in FY 2016-17 were related to:

- Cash not dispensed or less cash dispensed in the Bank's ATMs
- Phishing /Unauthorized usage through Debit Card online

- Transaction dispute related – credit cards
- Phishing /Unauthorized usage through Debit Card done at other Bank ATM's
- Customer disputing on EMI/ROI/Tenor/Loan Amount

ASPECT	For the year ended March 31, 2016			For the year ended March 31, 2017		
	Other than ATM Transaction Disputes	ATM Transaction disputes on HDFC Bank's ATM	ATM Transaction disputes on other Bank's ATM	Other than ATM Transaction Disputes	ATM Transaction disputes on HDFC Bank's ATM	ATM Transaction disputes on other Bank's ATM
Pending at the beginning of the year	496	71	1,334	2,349	145	1,464
Received during the year	62,224	13,170	89,975	96,454	12,703	95,415
Redressed during the year	62,069	13,140	90,191	94,756	12,659	95,069

11.3 Quality Service Mechanism

Understanding the quality of service provided to customers help us to bridge the gap between expectation and reality of delivery. We have numerous channels to record and analyse customer feedback to assess service quality. Additionally, an annual customer satisfaction survey covers details of service delivery, credit accessibility, responsiveness, channel engagement, turnaround time and rework resolution.

Further, the Bank has a Communication and Awareness Committee (CAAC) ensuring compliance with RBI standards on customer education. The main objective of this committee is to help customers prevent fraud attempts and to strengthen data security. The CAAC is responsible for conducting awareness and training programmes and reaching out to a wide network of customers.

During the year 2016-17, the Bank received 3 cases, where customers alleged unfair trade practices. The total value of probable claims in these cases is around INR 6.81 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.





12

Financial Performance
(Operational Excellence)

12 Financial Performance (Operational Excellence)

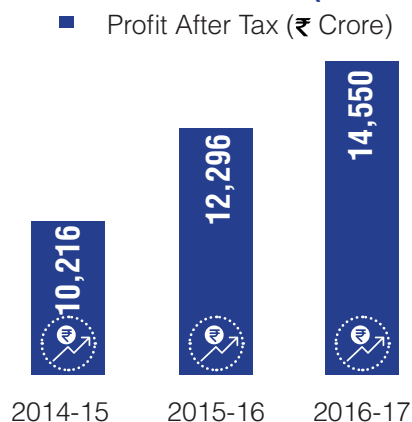
HDFC Bank performed fairly well this financial year in terms of asset size, revenues and profitability. The Bank was able to capture a domestic loan growth at about 23.7 per cent against the overall banking system loan growth

of around 5 per cent. Additionally, the Bank's Net Profit rose by 18.3 percent and Net Interest Income by 20.1 percent from March 31, 2016.

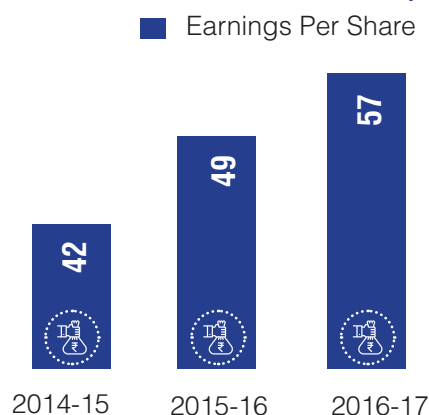
Total Revenue	₹ 45,435.71 Crore
Operating Cost	₹ 19,703.32 Crore
Payments to and provisions for employees	₹ 6,483.66 Crore
Expenditure on Community Activities	2% of average Net Profit for the last three financial years
Retained Earnings	—
Proposed Dividend*	—

*The Board of Directors, at the meeting held on April 21, 2017 has proposed a dividend of INR 11.00 per equity share aggregating INR 3,392.7 crore, inclusive of tax on dividend. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4-Contingencies and Events Occurring after the Balance Sheet date as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2017.

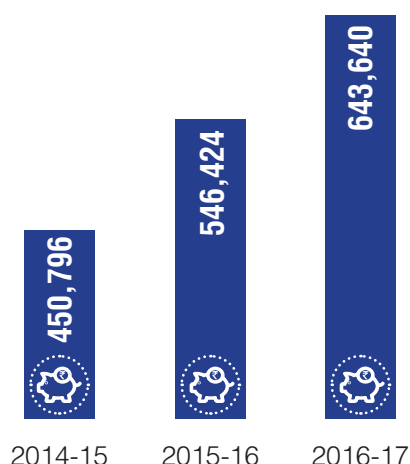
PROFIT AFTER TAX (₹ Crore)



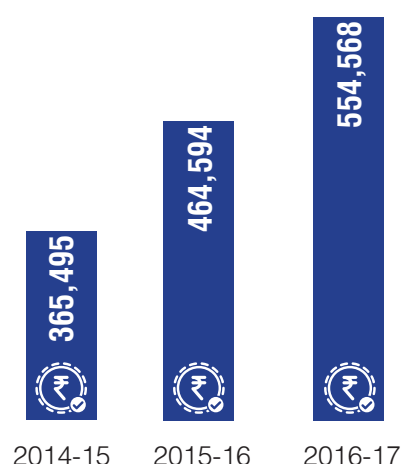
EARNINGS PER SHARE (₹)



DEPOSIT (₹ Crore)



ADVANCES (₹ Crore)





13

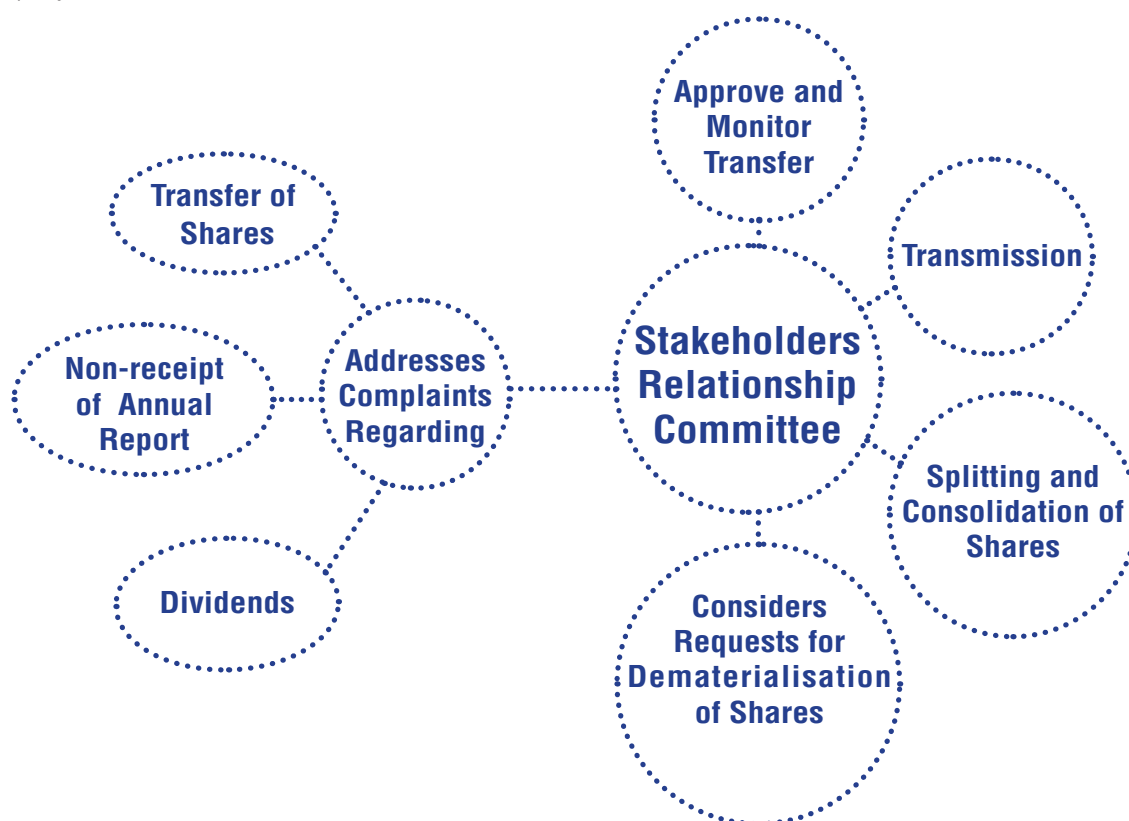
Engaging with Stakeholders

13 Engaging with Stakeholders

13.1 Investors and Shareholders

Investors and shareholders are key stakeholders. At HDFC Bank, major developments, plans and initiatives are communicated to shareholders and investors at regular intervals. While suggestions/ recommendations received from the investors are placed directly before the Board, shareholders also get to interact with the Board at annual general meetings and open houses. The relevant issues are taken up by the Board for further discussion.

The Board has constituted a Stakeholders' Relationship Committee to monitor and address stakeholder issues focussed on share transactions. The following are the functions of the committee:



Investor grievances 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.

COMPLAINTS	Stakeholders		3,087
	Pending		8
	Unsatisfied		4



13.2 Suppliers

The Bank has taken steps to include suppliers into its sustainability agenda. The Bank has broadly classified suppliers into 3 categories:

Resource Suppliers	Service Suppliers	Infrastructure Suppliers
<ol style="list-style-type: none"> 1. IT infrastructure 2. Materials such as paper used in daily operations 	<ol style="list-style-type: none"> 1. Legal 2. Cash transport services 3. Security 4. House-keeping 	<ol style="list-style-type: none"> 1. Providers of leased spaces for branches and other operations

Suppliers are screened using environmental, social, labour criteria and other statutory requirements applicable to the laws of the land. We have a defined procedure for vendor selection and termination. HDFC Bank gives preference to local procurement (local geography defined as India).

The Bank engages with suppliers situated in proximity of its branches. In FY 2016-17 there have been no significant changes in HDFC Bank's supply chain in the last reporting period.

13.3 Employees

The Bank believes that the key to building an organization is its People. The philosophy of the Bank can be summarised as: Hiring right talent and retaining them by creating a conducive environment through a combination of financial and non-financial incentives. To foster a culture of innovation and gain competitive edge, attracting and

retaining quality employees is necessary. HDFC Bank values the importance of its employees and strives to maintain healthy relations within the company. Today the Bank has 84,325 employees. Out of these, 284 form a part of the employee association of the Bank.

13.3.1 Employment Benefits

The Bank provides its permanent employees with benefits such as healthcare, disability/ invalidity coverage, fringe benefits such as concessional loan, higher medical cover, superannuation benefits and ESOPs.

i. Superannuation: Employees above a specified grade are entitled to receive retirement benefits under the Superannuation Fund. The Bank contributes 13% of the employee's annual basic salary {15% for the wholetime Directors and for certain eligible erstwhile Centurion Bank of Punjab ('eCBoP') staff} to the insurance companies, which administer the fund.

ii. Gratuity: Any employee who has completed 5 years of service is eligible for Gratuity. An amount equivalent to 15 days' basic salary payable for each completed year of service is provided to the employee as a lumpsum payment on resignation, death while in employment or on termination. The Bank contributes to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies.

iii. Pension: Under the Indian Banking Association (IBA) pension is applicable to certain employees. The Bank contributes 10% of basic salary to a pension fund set up by the Bank and administered by the Board of Trustees and the balance amount is provided based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

With respect to certain eLKB employees who moved to a CTC structure and had completed service of more than 15 years, pension would be paid on separation based on salary applicable as on the date of movement to CTC structure. Provision thereto is made based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

iv. Employee Stock Option Scheme ('ESOS'): Employees are provided with the grant of options to acquire equity shares of the Bank. Employees who owns any options can exercise their right within a stipulated time.

13.3.2 Employee Diversity and Inclusion

HDFC Bank is committed to fostering an environment of inclusion and mutual respect for diverse talents, perspectives and backgrounds. In this regard, the Bank provides equal opportunities and follows a non-discriminatory policy for all its employees. Remuneration is assessed through a performance management system, irrespective of the employee gender.

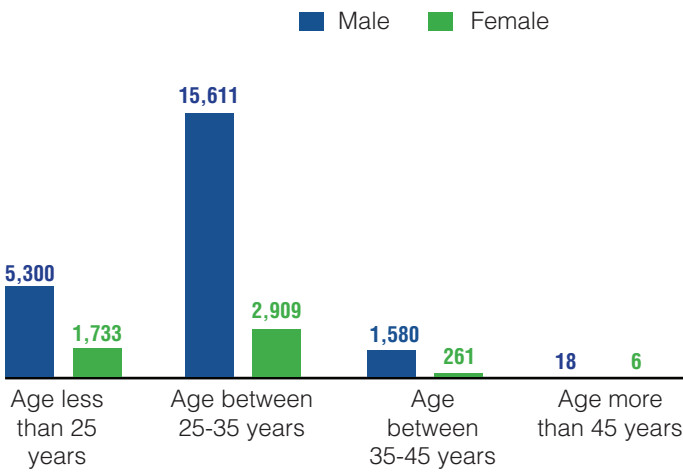
Womens' inclusion is a priority at the Bank. In this regard, the Bank has facilities such as extended maternity leave, onsite creche for young children in one of the main location, special workshops and seminars. This year, parental leave was availed by 1,005 females employees and 1,782 male employees respectively. Of the total of 2,787 female & male employees availed parental leave, 2,771 employees returned back to work after their leave.

Another step toward inclusivity is ensuring safety at the workplace. In this regard, HDFC Bank creates a positive environment where women feel safe. Women working late hours are made sure to be accompanied by a colleague or a team.

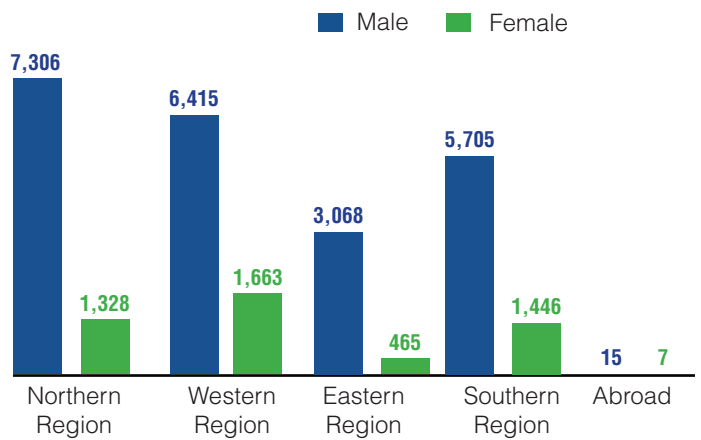
HDFC Bank has an Internal Complaints Committee(ICC) that investigates cases reported through a fair and transparent process. The Bank treats cases of sexual harassment with great sensitivity. ICC resolved all cases that were received throughout the year.

At HDFC Bank, inclusion extends to the disabled workforce. The Bank ensure this by providing ramps and staircases with railings wherever feasible for access.

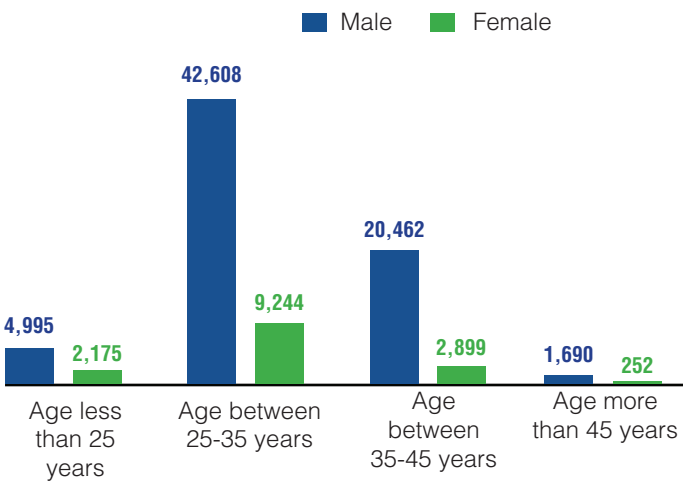
Employee Diversity hired by Age



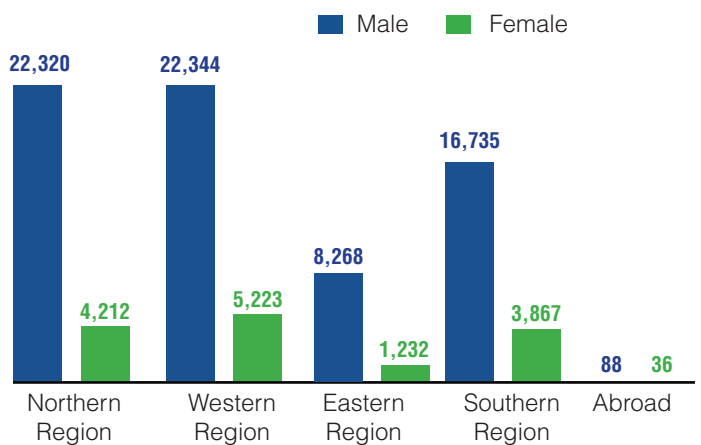
Employee Diversity hired by Region



Total Employee Diversity by Age



Total Employee Diversity by Region



Total number of employees (as on March 31, 2017)

Job Level	Total Employees
E1 and below	37,655
E2 - D1	44,285
D2 - D4	1,926
D5 and above	175
IBA	284

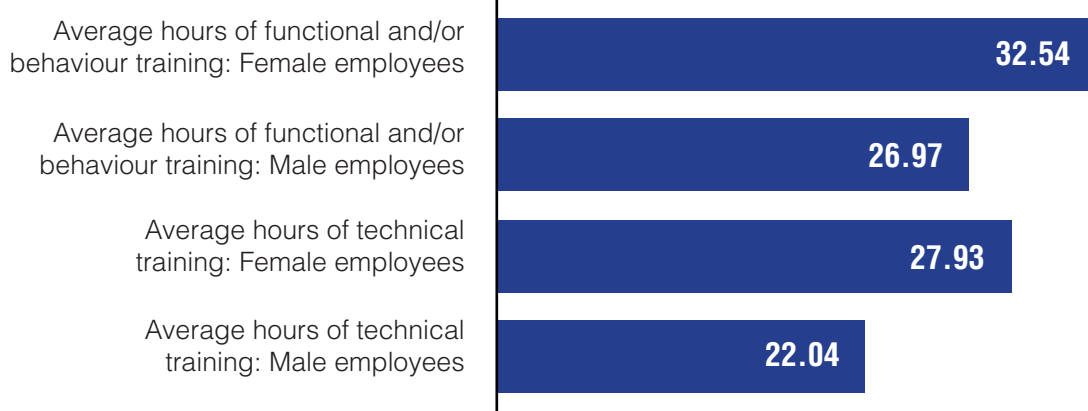
13.3.3 Learning and Development

HDFC Bank regularly imparts knowledge to employees for their holistic development. Aligned to the roles and responsibilities at each grade and area of business, the Bank provides behavioural and functional training to enhance employee skillset. Behavioural training

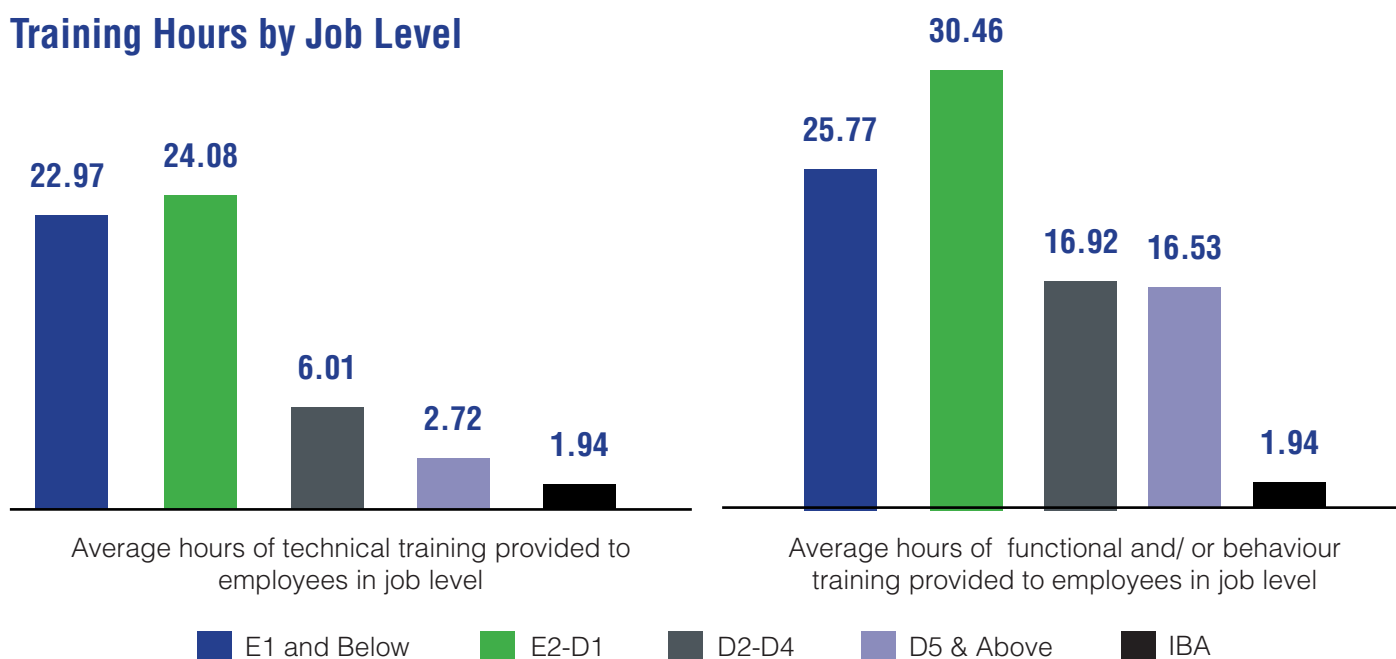
comprises of guidance on leadership, personal effectiveness, and strategic thinking while functional training includes modules on technical parameters. The product training and advanced programmes enable skill development, regular updates and build expertise. The training methodology has evolved to application based training including simulations, case studies and games. Leveraging technology, many of the class room programmes are now being delivered through online mode.

New employees are acquainted with the Bank's governance structure, policies and practices at the induction programme. Refresher courses are conducted on any policy new update. Cross functional training is also encouraged for all round development of the employees. An e-learning platform with various courses is provided for self-learning. HDFC Bank also gives regular training to its Directors to keep them aware with the global banking scenario.

Average Training Hours



Training Hours by Job Level



13.3.4 Employee Engagement Initiatives

HDFC Bank conducts a wide range of events across the year at both local and national levels.

This year the total participation to all the value add services is 36,991 employees where as last year participation was 29,099. There is 27 % increase in participation of employees as compare last year.

Basic Health Check-up Camps

Both on site and off site basic health check-up camps are conducted with the objective to spread awareness among the employees. This year total participation in the health check-up camps was 7,796 employees.

Josh Unlimited

Josh Unlimited provides a platform for the Bank employees to participate in multiple sports such as cricket, football, badminton, throwball, athletics, carom, chess and table tennis among others. The competition is organised in 27 cities. More than 17,000 employees participated in the event this year.

Stepathlon: A 100-day corporate race that saw participation rise by 1,000 to about 3,500.

Hunar: It is a Pan-India in-house talent competition. This year it was attended by more than 1,000 employees.

Corporate Online Library: A knowledge resource available to all employees for accessing nearly 1.5 lakh books.

Employees can also participate in the '**HDFC Bank Voice Hunt Contest**' in association with Shankar Mahadevan Academy and 'Corporate Photography Contest' which is an inter-corporate event.



The poster for the Health Checkup Camp features the HDFC Bank logo and the 'HDFC Bank CARES' logo. The main title is 'Health Checkup Camp'. Below the title, there is a photo of a woman in a blue lab coat holding a clipboard, with the text 'science & health TODAY' and 'Metabolic Syndrome: Fighting an Epidemic'. To the right, it says 'To check your Health Status, know your numbers.' and lists services: 'Body Composition Analysis by TANITA machine', 'Doctors Consultation', 'Random Blood Sugar', and 'Blood Pressure'. At the bottom left, it provides the date (7th & 8th July, 2016), timings (10.30am-3.30pm), and venue (4th Floor, Cafeteria, Peninsula Business Park). At the bottom right, it says 'Book your appointments now by clicking on this link' with the URL <https://demo.flpl.net/hdfcappointments>. Logos for FINANCE-PAD, P. D. HINDUJA HOSPITAL & MEDICAL RESEARCH CENTRE, and FAMILY HEALTH PLANETRA LIMITED are at the bottom.





14

Risks and Opportunities

14 Risks and Opportunities

In FY 2016-17, 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 as - 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.

Few of 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 the Bank as it can increase operational cost

Cap and Trade Schemes

The Bank 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 requirements, 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 conditions in agriculture and farming related sectors due to the uncertainty in the business scenario poses a huge risk on 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 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. The Bank 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 appropriate stakeholder engagement mechanism to communicate effectively.

15 Looking Ahead

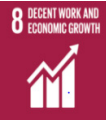
Banking today is a flourishing industry, focused on technological innovation. Internet banking has emerged as the biggest focus area in the 'Digital Transformation' agenda. In this regard, HDFC Bank will continue to make 'Breakthrough Innovations' to ensure ease of customer transactions while simultaneously empowering communities through the SLI and HRDP programmes; initiatives in the areas of financial inclusion, community development, education and skilling, encouraging not only digital literacy but a holistic progress. Through focused actions, the Bank has taken up three broad goals:

- Widening the Bank's horizontal spread to reach out to the marginalised community and thereby create inclusiveness
- Build capacity and create a larger digitally literate community
- Ensure sustainability in products and services of the Bank

To reiterate, the Bank's commitment to People, Planet and Profits remains unwavering. The conviction that is at the heart of the Bank's responsibility efforts: you cannot have a business that can prosper if the communities they operate in fail.



CONTENT INDEX- GRI G4 IN ACCORDANCE- COMPREHENSIVE

Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
GENERAL STANDARD DISCLOSURES					
STRATEGY AND ANALYSIS					
G4-1	CEO Letter		In Conversation with the MD In Conversation with the DMD		Page 4, 5
G4-2	Key impacts, risks, and opportunities		Risks and Opportunities		Page 58
ORGANIZATIONAL PROFILE					
G4-3	Organization name		About Us and The Report		Page 7
G4-4	Primary brands, products, and services		About Us and The Report		Page 8-10
G4-5	Headquarters location		About Us and The Report		Page 7
G4-6	Where the organization operates		About Us and The Report		Page 8
G4-7	Nature of ownership and legal form		About Us and The Report		Page 7
G4-8	Markets served		About Us and The Report		Page 8
G4-9	Scale of the organization		About Us and The Report		Page 10
G4-10	Total number of employees by type	Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all	 Employees		Page 54
G4-11	Collective bargaining agreements		Employees	Only 284 employees are part of the employee union	Page 54
G4-12	Supply chain description		Suppliers		Page 54

Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-13	Organizational changes during the reporting period		Creating Sustainable Communities		Page 30
G4-14	Precautionary principle		Conserving Environmental Resources (Sustainability)		Page 40
G4-15	External charters, principles, or other initiatives		Culture, Governance and Ethics		Page 22
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 Us and The Report		Page 7
G4-18	Process for defining report boundaries and content		About Us and The Report		Page 7
G4-19	Material aspects included in the report		Identifying the Most Material Aspects		Page 16-17
G4-20	Descriptions of material aspect boundaries within the organization		Identifying the Most Material Aspects		Page 16-17
G4-21	Descriptions of material aspect boundaries outside the organization		Identifying the Most Material Aspects		Page 16-17
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		About Us and The Report	No significant changes from previous reporting period	Page 8



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
STAKEHOLDER ENGAGEMENT					
G4-24	Stakeholder groups		Identifying the Most Material Aspects		Page 16-17
G4-25	How stakeholders were identified		Identifying the Most Material Aspects		Page 16-17
G4-26	Approach to stakeholder engagement		Identifying the Most Material Aspects		Page 16-17
G4-27	Topics raised during stakeholder engagements		Identifying the Most Material Aspects		Page 16-17
REPORT PROFILE					
G4-28	Reporting period		About Us and The Report		Page 7
G4-29	Date of most recent report		About Us and The Report		Page 7
G4-30	Reporting cycle		About Us and The Report		Page 7
G4-31	Report contact		About Us and The Report		Page 7
G4-32	“In accordance” option, GRI Index and report assurance		About Us and The Report		Page 7
G4-33	Policy regarding report assurance		About Us and The Report		Page 7
GOVERNANCE					
G4-34	Governance structure of the organization		Culture, Governance and Ethics		Page 22
G4-35	Process for delegating authority for sustainability topics from the Board to senior executives and other employees		Culture, Governance and Ethics		Page 22
G4-36	High-level accountability for sustainability topics		Culture, Governance and Ethics		Page 22



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-37	Processes for consultation between stakeholders and the Board on sustainability topics		Culture, Governance and Ethics		Page 22
G4-38	Composition of the Board and its Committees	End to discrimination against women and achieve gender equality 	Culture, Governance and Ethics		Page 22
G4-39	Whether the Chair of the Board is also an Executive Officer		Culture, Governance and Ethics		Page 22
G4-40	Nomination and selection processes for the Board and its Committees	End to discrimination against women and achieve gender equality 	Culture, Governance and Ethics		Page 22 Annual Report 32
G4-41	Board conflicts of interest		Culture, Governance and Ethics		Page 22 Annual Report 32
G4-42	Board and Executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts		Culture, Governance and Ethics		Page 22 Annual Report 32
G4-43	Board knowledge of sustainability topics	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 	People		Page 30
G4-44	Board performance with respect to governance of sustainability topics		Culture, Governance and Ethics		Page 22
G4-45	Board role in the identification and management of sustainability impacts, risks, and opportunities		Culture, Governance and Ethics		Page 22



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-46	Board role in reviewing risk management processes for sustainability topics		Culture, Governance and Ethics		Page 22
G4-47	Frequency of the Board's review of sustainability impacts, risks, and opportunities		Culture, Governance and Ethics		Page 22 Annual Report 203
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report		Culture, Governance and Ethics		Page 22 Annual Report 203
G4-49	Process for communicating critical concerns to the Board		Culture, Governance and Ethics		Page 22 Annual Report 203
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		Culture, Governance and Ethics		Page 22 Annual Report 32
G4-52	Process for determining remuneration		Culture, Governance and Ethics		Page 22 Annual Report 32
G4-53	Stakeholders' views on remuneration				No linkage of stakeholders with remuneration



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees		Annual Report Annexure 6		Annual Report 58
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees		Annual Report Annexure 6		Annual Report 58

ETHICS AND INTEGRITY

G4-56	Code of conduct		Culture, Governance and Ethics		Page 22
G4-57	Helplines or advice lines for employees		Risks and Opportunities		Page 58
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior		People		Page 30


SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC

ASPECT: ECONOMIC PERFORMANCE

G4-DMA	Economic value		Operational Excellence		Page 50
G4-EC1		Promote sustained, inclusive and sustainable economic growth, full		Operational Excellence	Page 50



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EC2	Climate change risks	Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity or effective climate change-related planning and management including focusing on women, youth and local and marginalized communities	 Risks and Opportunities	We are in the process of establishing systems to calculate the financial implications of climate change. We will be reporting this information going forward.	Page 58
G4-EC3	Benefit plan coverage		Engaging with Stakeholders		Page 52
G4-EC4	Financial assistance from the government			No assistance Received	

CATEGORY: ENVIRONMENTAL

ASPECT: MATERIALS

G4-DMA			Conserving Environmental Resources (Sustainability)		
G4-EN1	Materials by weight or volume		Conserving Environmental Resources (Sustainability)	Paper is the material used in significant quantities	Page 40
G4-EN2	Recycled input materials			Not available as amount of recycled paper is currently not tracked.	

Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-DMA			Conserving Environmental Resources (Sustainability)		Page 40
G4-EN3	Energy consumption (Scope 1 + 2)	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into markets. Increase access to information and communications using affordable infrastructure. Taking further action to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p>	Conserving Environmental Resources (Sustainability)		Page 40



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN4	Energy consumption (Scope 3)	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into markets. Increase access to information and communications using affordable infrastructure. Taking further action to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p>	   	Conserving Environmental Resources (Sustainability)	Page 40



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN5	Energy intensity	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into markets. Increase access to information and communications using affordable infrastructure. Taking further action to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p>	Sustainability at a Glance		Page 1







Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN6	Energy reductions	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into markets. Increase access to information and communications using affordable infrastructure. Taking further action to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p>	Conserving Environmental Resources (Sustainability)		Page 40









Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN7	Energy reductions in products and services			Not material as HDFC Bank belongs to the service sector and has negligible impact	

ASPECT: EMISSIONS

G4-DMA				Conserving Environmental Resources (Sustainability)	Page 40
G4-EN15	GHG emissions (Scope 1)	<p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	 	Conserving Environmental Resources (Sustainability)	Page 40
G4-EN16	GHG emissions (Scope 2)	<p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	 	Conserving Environmental Resources (Sustainability)	Page 40


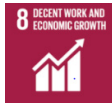



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN17	GHG emissions (Scope 3)	<p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>  	Conserving Environmental Resources (Sustainability)		Page 40
G4-EN18	GHG emissions intensity	<p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>  	Conserving Environmental Resources (Sustainability)		Page 40
G4-EN19	Reduction of GHG emissions	<p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>  		Not material as HDFC Bank belongs to the service sector and has negligible impact	




Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
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	


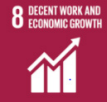

ASPECT: EFFLUENTS AND WASTE

G4-DMA				Conserving Environmental Resources (Sustainability)	Page 40
G4-EN22	Water discharge	Ensure availability and sustainable management of water and sanitation for all			Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN23	Waste by type and disposal method	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and sanitation for all		Conserving Environmental Resources (Sustainability)	Page 40
G4-EN24	Significant spills	Ensure availability and sustainable management of water and sanitation for all			Not material as HDFC Bank belongs to the service sector and has negligible impact



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN25	Hazardous waste			Not material as HDFC Bank belongs to the service sector and has negligible impact	
G4-EN26	Biodiversity affected by runoff	Ensure availability and sustainable management of water and sanitation for all 		Not material as HDFC Bank belongs to the service sector and has negligible impact	

ASPECT: PRODUCTS AND SERVICES

G4-DMA				Conserving Environmental Resources (Sustainability)	Page 40
G4-EN27	Mitigation of environmental impacts of products and services	<p>Ensure availability and sustainable management of water and sanitation for all </p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all </p> <p>Integrate climate change measures into strategies and planning. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities" </p>		Conserving Environmental Resources (Sustainability)	Page 40



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-EN28	Products and packaging materials reclaimed	"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and sanitation for all"		Not material as HDFC Bank belongs to the service sector and has negligible impact	


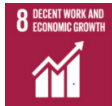

ASPECT: COMPLIANCE

G4-DMA			Conserving Environmental Resources (Sustainability)		Page 40
G4-EN29	Environmental fines and sanctions			No fines for non-compliance with environmental laws and regulations	

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

ASPECT: EMPLOYMENT

G4-DMA			Employees		Page 54
G4-LA1	Number and rate of new employee hires and turnover	End to discrimination against women and achieve gender equality Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	 	Employees	Page 54
G4-LA2	Benefits provided to full-time employees		Employees		Page 54
G4-LA3	Return to work and retention rates after parental leave	End to discrimination against women and achieve gender equality		Employees	Page 54



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all			

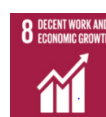


ASPECT: COMPLIANCE

G4-DMA			Engaging with Stakeholders		Page 52
G4-EN29	Notice periods regarding operational changes		Engaging with Stakeholders		Page 52 Annual Report 203

ASPECT: TRAINING AND EDUCATION

G4-DMA			Employees		Page 54
G4-LA9	Average hours of training for People	End to discrimination against women and achive gender equality Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employees		Page 54
G4-LA10	Programs for skills management managing career endings	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employees		Page 54
G4-LA11	Employees receiving performance and career development reviews	End to discrimination against women and achive gender equality Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employees		Page 54



ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA			Employees		
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Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-LA12	Composition of governance bodies and employees	<p>End to discrimination against women and achieve gender equality</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	 	Employees	Page 54

SUB-CATEGORY: HUMAN RIGHTS

ASPECT: INVESTMENT

G4-DMA			Conserving Environmental Resources (Sustainability)		Page 40
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening		Conserving Environmental Resources (Sustainability)		Page 40
G4-HR2	Employee training on human rights		Employees		Page 54

SUB-CATEGORY: SOCIETY

ASPECT: LOCAL COMMUNITIES

G4-DMA			Creating Sustainable Communities (People)		Page 30
G4-SO1	Local community engagement, impact assessments and development programs		Creating Sustainable Communities (People)		Page 30
G4-SO2	Negative impacts on local communities		Conserving Environmental Resources (Sustainability)		Page 40

ASPECT: ANTI-CORRUPTION

G4-DMA			Culture, Governance and Ethics		Page 22
G4-SO3	Risks related to corruption		Culture, Governance and Ethics		Page 22



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-SO4	Communications and training on anti-corruption		Employees		Page 54
G4-SO5	Confirmed incidents of corruption			None	

ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-DMA			Culture, Governance and Ethics		Page 22
G4-SO7	Anti-competitive behavior			None	



ASPECT: COMPLIANCE

G4-DMA			Culture, Governance and Ethics		Page 22
G4-SO8	Fines for non-compliance with laws			None	


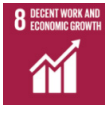



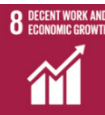
SUB-CATEGORY: PRODUCT RESPONSIBILITY

ASPECT: PRODUCT AND SERVICE LABELING

G4-DMA			Engaging with Stakeholders		Page 52
G4-PR3	Product and service information required for labeling		Engaging with Stakeholders		Page 52
G4-PR4	Non-compliance with regulations concerning product and service labeling			None	
G4-PR5	Surveys measuring customer satisfaction		Customers (Customer Focus)		Page 46

Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
ASPECT: MARKETING COMMUNICATIONS					
G4-DMA			Engaging with Stakeholders		Page 52
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			Customers (Customer Focus)		Page 46
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data		Customers (Customer Focus)		Page 46
ASPECT: COMPLIANCE					
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services				Annual Report 212
FINANCIAL SECTOR DISCLOSURES					
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	<p>End poverty in all forms everywhere</p>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> 	Engaging with Stakeholders		Page 52



Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	End poverty in all forms everywhere Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	 	Creating Digital Access (Product Leadership)	Page 26
G4-FS6	Percentage of the portfolio for business lines by specific region, size (Ex: Micro/sme/ large) and by sector	End poverty in all forms everywhere Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	 		Annual Report 29
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	End poverty in all forms everywhere Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	 	Conserving Environmental Resources (Sustainability)	Page 34
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose			Conserving Environmental Resources (Sustainability)	Page 40
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues			Conserving Environmental Resources (Sustainability)	Page 40

Indicator	Indicator Details	SDG Reference	Chapter	Explanation	Page Number
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening		Conserving Environmental Resources (Sustainability)		Page 40



Independent Assurance Statement

Scope and Approach

DNV GL represented by DNV GL Business Assurance India Private Limited has been commissioned by the management of HDFC Bank Limited (hereafter referred as 'HDFC Bank' or 'the Bank') to carry out an independent assurance engagement (Type 1, Moderate level as per AA1000AS) for the sustainability performance reported in HDFC Bank's Sustainability Report 2016-17 ('the Report') in its printed/ web format, including references made to the Bank's website and Annual Report 2016-17. The sustainability disclosures in this Report have been prepared by the Bank in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and its 'in accordance' - Comprehensive option of reporting, and covering the economic, environmental and social performance for the activities undertaken by the Bank during the financial year ending 31st March 2017, including identified material Aspects of from GRI's Financial Services Sector Disclosures.

The intended user of this assurance statement is the Management of HDFC Bank. We performed our work using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS) and DNV GL's assurance methodology VeriSustain™, which is based on DNV GL's professional experience, international best practices in assurance including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and GRI's Principles for Defining Report Content. Our assurance engagement was planned and carried out in October 2017.

The reporting Aspect Boundaries of sustainability performance are based on a materiality assessment process carried out by HDFC Bank, covering its key operations and its significant supply chain activities in India, as set out in the Report in the section 'Identifying the Most Material Aspects'.

We are providing a Type 1 Moderate Level of assurance in accordance with AA1000AS (2008). We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and the process did not involve engagement with external stakeholders.

Responsibilities of the Management of HDFC Bank Limited and of the Assurance Providers

The Management 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, and maintenance of the integrity of the Bank's website. In performing this assurance work, our responsibility is to the Management of HDFC Bank; this statement is intended to represent DNV GL's 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 Bank 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 assurance at HDFC Bank's Corporate Office in Mumbai and Kamala Mills branch in Lower Parel at Mumbai. We undertook the following activities:

- A desk review of HDFC Bank'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 Principles 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 Bank'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;
- An independent assessment of the Report 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, i.e. G4-50 (Nature and Total Number of Critical Concerns that were communicated to Highest Governance Body and Mechanisms to address and resolve them), and G4-PR5 (Results of Surveys measuring Customer Satisfaction 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 and the verification of the reported financial data from the Annual Report and Accounts was also not within the scope of our work.

We understand that the reported financial data and information are based on data from HDFC Bank's Annual Report and Accounts 2016-17, which is subject to a separate independent audit process.

Opinion

On the basis of the verification undertaken, nothing came to our attention to suggest that the Report does not meet the requirements of reporting principles for defining report content of the GRI G4, for the identified material Aspects as identified by the Bank, including the generic Disclosures on Management Approach (DMA) and Performance Indicators for identified material Aspects as below, except the limitations cited above:

Economic

- Economic Performance– G4-EC1, G4-EC2*, G4-EC3, G4-EC4;

Environment

- Materials – G4-EN1, G4-EN2*;
- Energy – G4-EN3, G4-EN4*, 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.

**The Bank is in the process of developing procedures and systems for strengthening the disclosures related to these indicators and are partially disclosed.*

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'**:

AA1000AS Principles

Inclusivity

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

HDFC Bank has regular and planned processes for engaging with key stakeholders identified - ie. customers, investors/shareholders, regulatory bodies, employees and the community - and detecting and prioritizing their significant concerns through the Board CSR Committee. The Bank's responses to material concerns are adequately brought out within the 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 Report describes the process of materiality assessment carried out by the Bank, which includes identification of material issues through interactions with the Management, and considering key stakeholder concerns identified through the stakeholder engagement processes. 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.

The Report responds to the key stakeholder concerns for the identified material Aspects, and responses are adequately brought out through the management approach covering policies, strategies, management systems and governance mechanisms. 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 fairly brings out disclosures related to economic, environmental and social disclosures covering the identified reporting boundaries as brought out in the Report. The Disclosures on Management Approach may be further strengthened by bringing out the significant impacts of identified material Aspects, and processes of evaluation for all material Aspects. 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.

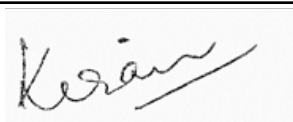
The disclosures related to sustainability issues and performances are presented in a neutral tone, in terms of content. In our opinion, the level at which the Report adheres to the principle of Neutrality is **'Good'**.

Opportunities for Improvement

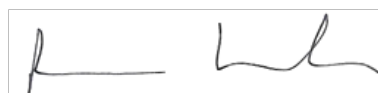
The following is an excerpt from the observations and further opportunities for improvement reported to the Management and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management's objectives:

- The reporting boundary may be expanded in future reporting periods to include the sustainability performance of its subsidiaries, associates and international operations that are material.
- HDFC Bank needs to bring out its performance against identified short, medium and long term targets and objectives related to its identified material Aspects and topics.
- Report needs to disclose all the GRI G4 requirements to meet the 'in accordance' – Comprehensive option of reporting.

For DNV GL



Kiran Radhakrishnan
Assessor – Sustainability Services
DNV GL Business Assurance India Private
Limited, India.



Prasun Kundu
Assurance Reviewer
DNV GL Business Assurance India Private
Limited, India.

12th October 2017, Bengaluru, India.



AA1000
Licensed Assurance Provider
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We understand your world

For any queries or questions
regarding the report or its contents, contact:

Nusrat Pathan
Head, Sustainability & Corporate Social Responsibility
HDFC Bank Limited
Nusrat.Pathan@hdfcbank.com





We understand your world