



SIMPLE
SUSTAINABLE &



SUSTAINABILITY REPORT
2013-14

 **HDFC BANK**
We understand your world

In accordance with GRI G3.1 Guidelines - Externally Assured Level A+



एच डी एफ सी बँक



HDFC BANK



HDFC BANK

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Message from the Managing Director



It is with great pleasure that I present our first Sustainability Report. Our mission is to be a world class Indian Bank, and we believe that our endeavour to evaluate and improve upon our triple bottom line performance will bring us closer to our goal.

Today, HDFC Bank is a 'one stop shop' financial services provider. By focusing on understanding our customers' needs, we have created a comprehensive range of world class products. Our emphasis on operational excellence allows us to present the right product to the right person at the right time. We are committed to executing our business strategy while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

Our financial performance in the past year has been commendable despite an

economic slowdown. Our normal basis for growth, which is to gain market share of 3-5% with the banking system growing at roughly three times the real GDP, is intact.

HDFC Bank's competitive strength lies in the way we have used technology to deliver service that is relevant, world class and timely. For instance, our Hindi mobile app, Hindi SMS Banking and a Toll free number to carry out basic banking activities have allowed us to reach out more to people, and have received great response, particularly in rural and semi-urban areas.

We are today among the largest commercial banks in the country, with a distribution network comprising 3,403 branches and 11,256 ATMs in 2,171 cities and towns as on March 31, 2014. We recognise that the rural population in India remains under banked and underserved, and faced with limited choices

“We want to give back to society by creating long-term solutions, rather than providing short-term relief”

when it comes to financial services.

Our focus has been to go deeper into the rural hinterland and provide our full range of customised banking solutions across savings, loans, payment and investment products in all our branches.

In the last fiscal alone, HDFC Bank has added 341 new branches, of which 230 of these branches were located in unbanked locations. At a national level, 55% of our branches are located in rural and semi urban areas and we hope to see this number increase to 60% in the next three years. As of March 31st, 2014 we had brought over 9.5 million households who were hitherto excluded from basic banking services, into the banking fold.

I strongly believe that opening an account is only the first step towards financial inclusion. The next step is sustainability. We want to give back to society by creating long-term

solutions, rather than providing short-term relief.

Through our flagship CSR programme, the Sustainable Livelihood Initiative, we have brought more than 2.5 million families from below the poverty line to above the line. We are encouraged by our progress and intend to cover 10 million households through this initiative.

In the future, we wish to improve upon our existing Sustainability performance and hope that we can empower more lives by taking banking services to doorsteps of people in the farthest corners of the nation. We also hope to create a greater positive impact on the environment as we move forward as a responsible corporate citizen.

**Aditya Puri,
MD, HDFC Bank**



Statement from

Deputy Managing Director



It gives me great pleasure to present HDFC Bank's first Sustainability Report. As a financial institution, we not only have responsibilities towards our customers but also to the communities in which we operate and the resources we utilise. Non-financial reporting and evaluation of non-financial performance has emerged as a healthy trend among Indian banks in recent times.

At HDFC Bank, we have been disclosing our performance in Business Responsibility since the last two years. Having formalised sustainability at HDFC Bank, we are, through this report, enhancing our efforts to communicate and involve all our stakeholders in our journey. Our vision for Sustainability is focused around maximising the positive impact and minimising the negative impact arising from our activities and operations. Over the last few years, we have made an effort to incorporate elements of social and environmental consideration into our functioning, with individual business units taking up varied initiatives of their own. In 2011-12, we embarked on a mission to

institutionalise sustainability in HDFC Bank. The first step that we took was to review the impact of our operations and products and to acknowledge the role that we can play in exhibiting social and environmental stewardship.

Our approach towards embedding Sustainability in our business is three-layered.

- To build the necessary culture within the organisation and drive policy-making with key inputs from our internal stakeholders comprising the Board, the top management and our employees.
- To engage strategically with our external stakeholders by reaching out to our customers, shareholders, suppliers and the community at large through sustainability-driven business practices.
- To focus on developing new products and services with their design and benefits incorporating environmental and social aspects.

Through various internal initiatives and awareness programmes, we have sought to enable a sustainability-driven culture in the Bank. In 2012-13, we established Sustainability

as our fifth core value alongside Operational Excellence, Customer Focus, Product Leadership and People. As an impact management and self-evaluation exercise, we have been measuring our carbon footprint since 2010 and have been reporting to the Carbon Disclosure Project (CDP). Our environmental performance has been improving year-on-year thanks to our efforts towards reducing the usage of paper and energy through initiatives such as replacement of conventional lights with energy saving CFLs. Our employees are encouraged to participate in community giving, both in terms of volunteering time as well as monetary donations.

We have made significant efforts to reach out to the economically weaker and unbanked sections of the population through financial inclusion. Through micro-financing and direct linkage of SHGs, we have made efforts to improve livelihoods in rural and semi urban areas. Our flagship programme – the Sustainable Livelihood Initiative (SLI), has been a key driver in achieving our objective to empower 10 million families in unbanked and under-banked locations and bring them into the banking fold. In October 2013, we achieved the milestone of reaching the 2 millionth household and are inspired to further our efforts to spread to more villages across India.

Our annual blood donation drive has gained in momentum each year since its inception in

2007. In the last fiscal year, the drive organised in December 2013 was recognised as the largest of its kind across the globe. Involving our customers in our Sustainability- driven initiatives is important to us. To ensure that we take our customers along in our journey, we made a positive start with creating products and services that are designed with a focus to reduce the environmental impact arising from their usage. We have invested in greener ATM infrastructure with Solar-powered pilot ATMs launched in Bihar. We have been promoting greater usage of direct banking channels that leverage mobile and internet technology, reducing dependency on fuel and energy for commute. To enable us to further improve upon such initiatives, we have been capturing all necessary information and data that will help us monitor, mitigate and report on our programmes. We are encouraged by our gradual improvement each year since we began.

This, being our first Sustainability Report, details our stand and position with respect to Sustainability. It outlines our key challenges, opportunities, initiatives and areas of growth and our approach to progress in our Sustainability journey in the years to come. We hope we are able to set higher benchmarks in our sustainability performance each year along with the growth in our business.

Paresh Sukthankar,
DMD, HDFC Bank

ABOUT US

OUR ORIGINS

The Housing Development Finance Corporation Limited (HDFC), founded in 1977, is India's largest mortgage company. It was amongst the first companies to receive an 'in-principle' approval from the Reserve Bank of India (RBI) to set up a private sector bank, thus leading to the establishment of

HDFC Bank Limited in August 1994. Headquartered in Mumbai, we began operations as a Scheduled Commercial Bank in January 1995 and have today become India's second largest private bank by balance sheet.

OUR JOURNEY

**HDFC Bank incorporated
as a scheduled
Commercial Bank**

1995

**Times Bank Limited
merged with HDFC Bank**

2000

**Amalgamation of
Centurion Bank of
Punjab with HDFC Bank**

2008

At HDFC Bank, our mission is to be "a World Class Indian Bank" in terms of product offerings, technology, service levels, risk management and compliance. We

are committed to contribute towards inclusive growth, reaching out to the bottom-of-the pyramid segments by offering developmental and financial support. Our objective is

to build sound customer franchises across distinct businesses, to be the preferred provider of banking services for customers, and to achieve healthy growth in

OUR CORE VALUES



CUSTOMER FOCUS



PEOPLE



PRODUCT LEADERSHIP



OPERATIONAL EXCELLENCE



SUSTAINABILITY

profitability, consistent with our risk appetite. Coupled with efforts towards social responsibility and environmental preservation, we are driven by the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. Since inception, our business philosophy has been guided by the Core Values of People, Customer Focus, Operational Excellence and Product

Leadership and these core values fuelled our growth over the years. In FY 2012-13, we adopted and established Sustainability as the fifth Core Value that defines our business.

Our business is built around offering products that cater to diverse customer needs. While we continue to strengthen our presence in major industrial and commercial centres, we are making concentrated efforts

to build a strong banking base in the hinterland. As on March 31st 2014, we had a network of 3,403 branches in 2,171 cities / towns branches in the country, while our international presence comprised a wholesale banking branch in Bahrain, a branch in Hong Kong and three representative offices in Dubai, Abu Dhabi and Kenya.

Our Products and Services

We cater to a wide range of banking services covering commercial and investment banking on the wholesale side and transactional/branch banking on the retail side. We serve customers through three key business segments which comprise mainly of:

Wholesale Banking

With superior product delivery, service levels and strong customer orientation, we have 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 and are 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 & 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

Retail Banking

Our Retail Banking business provides customers with a full range of financial products and banking services, giving them a one-stop window for all their banking requirements. The products are backed by world-class service and delivered to customers through our growing branch network, as well as through alternative delivery channels like ATMs, PhoneBanking, NetBanking and MobileBanking.

Loan Products

Auto Loans, Personal, Loans Home Loans, Vehicle Finance, Agri and Tractor Loans, Credit cards, Loans against Gold/Securities, Construction Equipment Finance, Education Loans, SHG Loans, Kisan Gold Card

Deposit Products

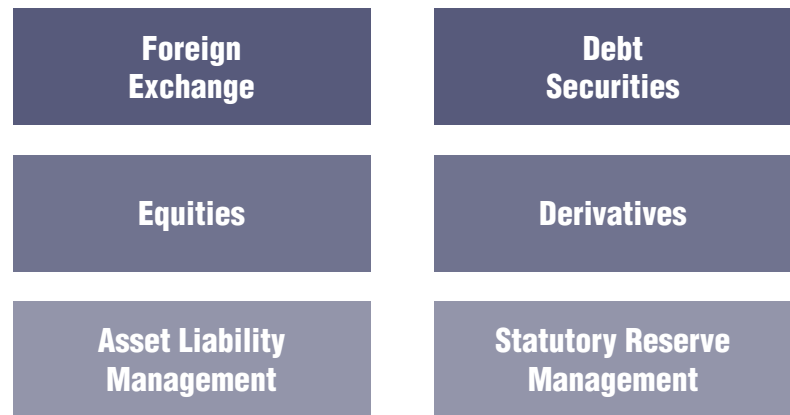
Savings Accounts, Current Accounts, Fixed/Recurring Deposits, Corporate Salary Accounts

Other Services

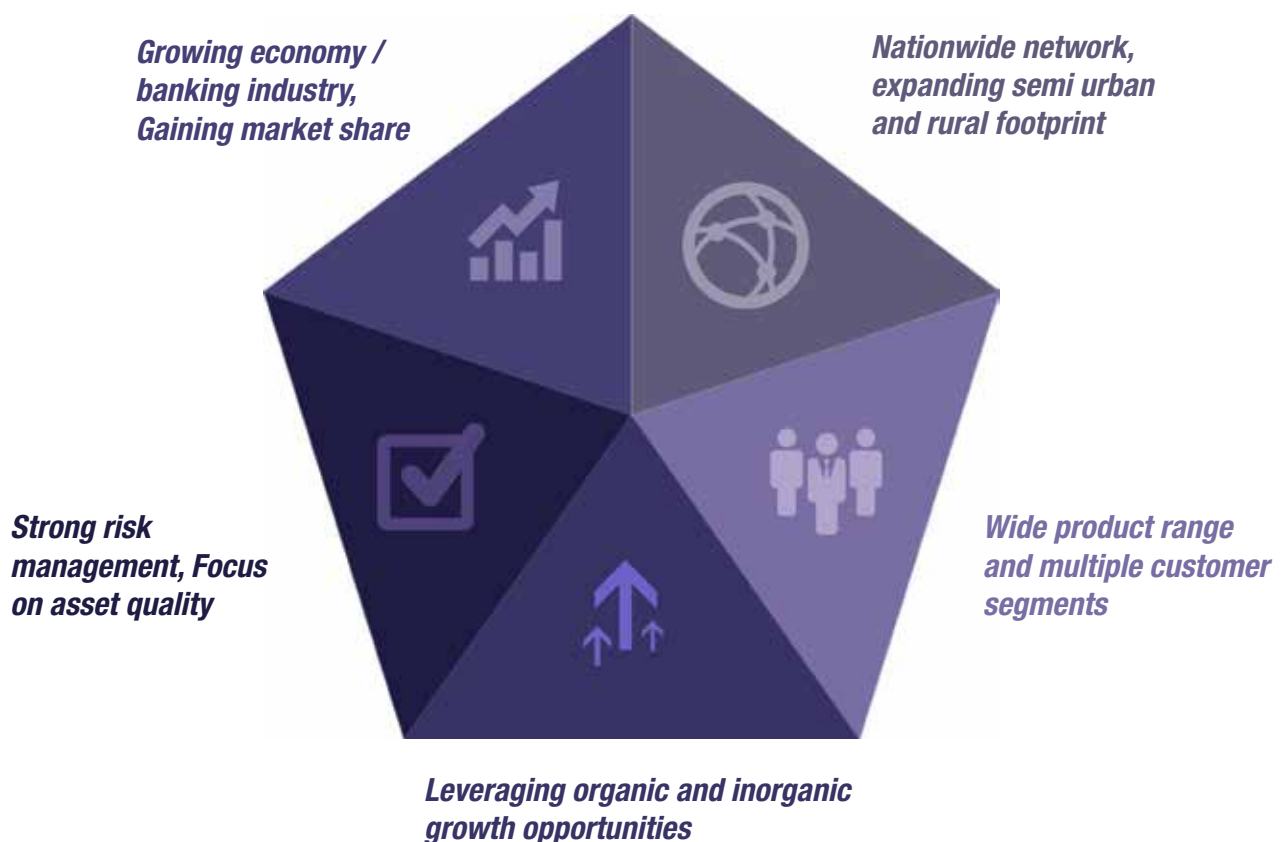
Depository Accounts, Mutual Fund Sales, Private Banking, Insurance Sales (Life, General), NRI Services, Bill Payment Services, POS Terminals, Debit Cards, Foreign Exchange Services, Broking (HDFC Securities Ltd)

Treasury

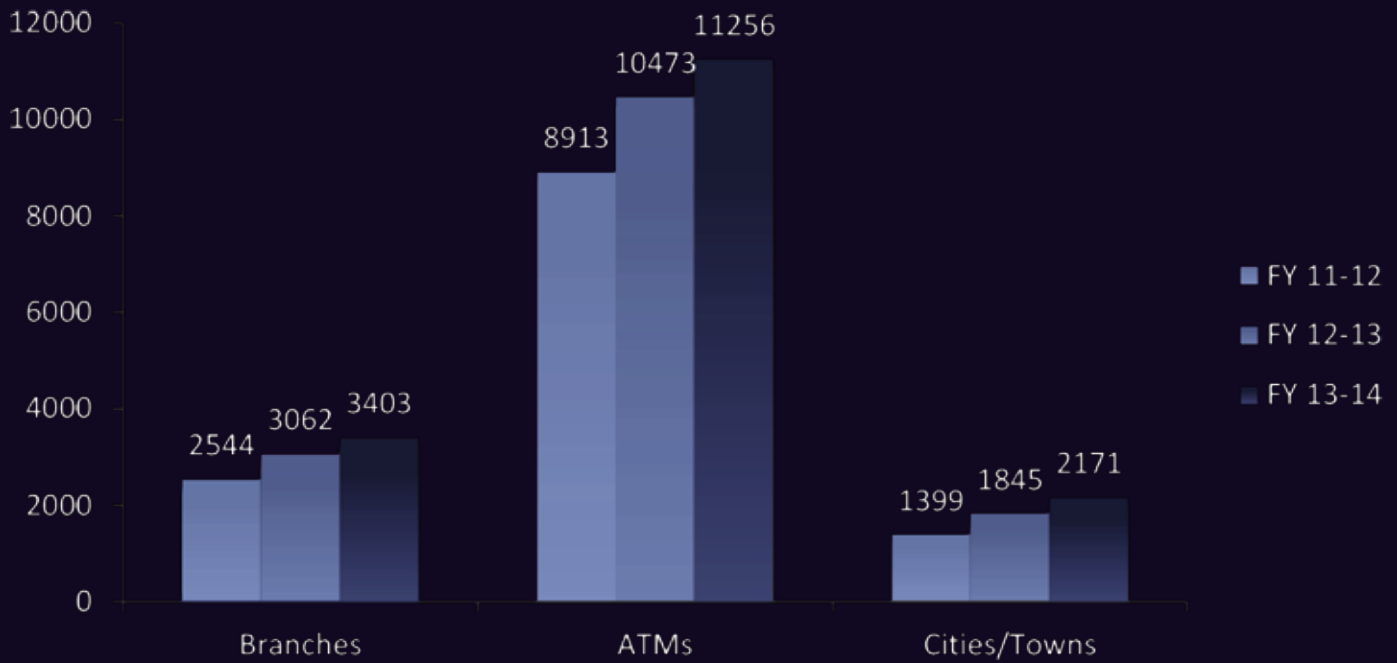
With the liberalisation of the financial markets in India, corporates need more sophisticated risk management information, advice and product structures. Along with such services, fine pricing on various treasury products is provided through our Treasury business.



Our Approach - Healthy Growth and Low Risk



OUR REACH



28
MILLION

Customer Base

3 
MILLION
New customer
acquisition in
FY 2013-14

55
percentage

*of all branches in semi
urban and rural areas*

Data as on 31st March 2014

Awards and Recognition FY 2013-2014

Our achievement with respect to outreach and penetration with a wide range of products and services has helped us improve our business performance year on year and has led us to industry-wide recognition in the form of awards and accolades.



**Global Finance Survey
World's Best Banks**



Business Standard



**Finance Asia Country
Awards for Achievement**



Forbes Asia



**IBA Banking
Technology Awards**



IBA Innovation Awards



MACCIA Awards



**The Asian Banker
Achievement Awards**



GUINNESS WORLD RECORD

ABOUT THE REPORT

Our first Sustainability Report, covering the financial year 2013-14 reflects our belief that small yet focused measures, both internally and in our products and services will guide us better towards our sustainability goals. The theme 'Simple and Sustainable' aptly reflects our approach towards Sustainability.

This report is in alignment with the GRI Guidelines. NextGen (www.nextgenpms.com) has provided advisory services and assisted in the process of compiling this report which is externally assured (Type 1 Moderate as per AA1000AS (2008)) by DNV Business Assurance India Pvt. Ltd (www.dnvgl.com), and is self-declared as Level A.

Scope and Boundary

The scope of this report covers the triple bottom line performance of HDFC Bank, based on the social, environmental and economic parameters listed in the Global Reporting initiative (GRI) G3.1 guidelines along with the Financial Sector Supplement.

The boundary of the report is limited to our Indian operations and does not include our subsidiaries.

Approach to Materiality Analysis and Prioritisation

We followed a clear process to identify our key stakeholders, and the areas relevant to them. This data was then tabulated to identify the areas of top priority which formed the focus of our efforts.

OUR APPROACH TO MATERIALITY



Identify Key Stakeholders

Identify Key Areas of Focus

Evaluate Performance and Scope for Improvement

In order to identify areas of priority that reflect the perspectives of our stakeholders, we first conducted an

extensive exercise which included elaborate interactions with key personnel of the Bank.

This helped us identify our top 5 stakeholder groups, who are¹:



Having identified our key stakeholders, we reached out to them through personal interactions, email communication and surveys, depending on their availability and access. These interactions addressed various sustainability

issues. Feedback on key aspects covering major sustainability-related activities and policies of the Bank were sought and prioritised in relation with each stakeholder group. The key areas of focus that emerged from the exercise were

grouped under the elements of Economic and Governance-related aspects, Environment-related aspects and Community and Stakeholder-related aspects, thus covering the 'Triple Bottom-line' as shown:

¹The other stakeholders that featured in the list included the regulator, government, business partners, NGOs, competitors, academia, local communities, analysts and supranational institutions.

ECONOMIC AND GOVERNANCE	ENVIRONMENT	COMMUNITY AND STAKEHOLDERS	Increasing order of Priority
Financial Performance	Green Operations	Community Engagement	
Respecting Human Rights	Energy Efficiency	Socially-inclined Products	
Ensuring Compliance	Screening of Projects	Employee Wellbeing	
Responsible Marketing		Engaging Local Suppliers	
		Gender Equality	

This report is structured into five sections that cover our financial performance, governance, environmental performance, social performance and stakeholder engagement. In these sections, we have attempted to focus on areas

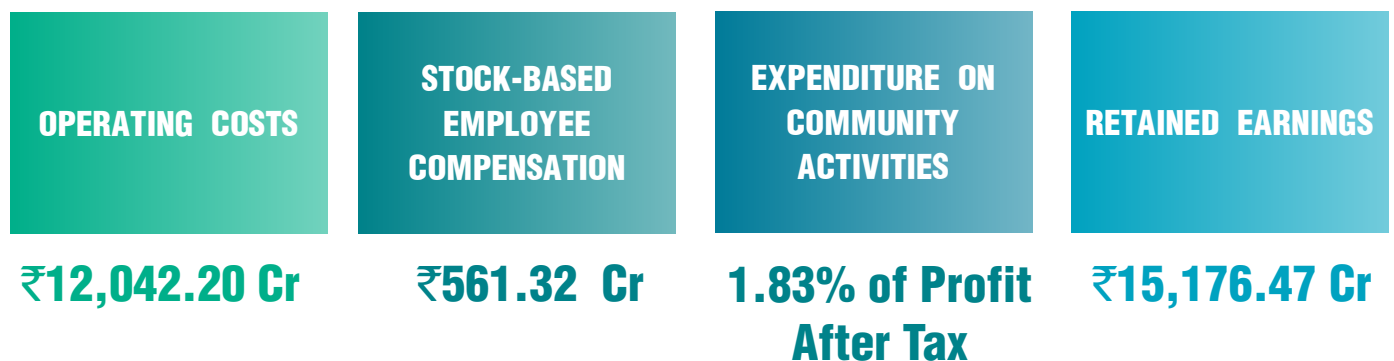
that our stakeholders consider important. We have abided by the principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness for defining the report content and have ensured alignment with the GRI reporting

principles for defining quality. While every effort has been made to share relevant information pertaining to these areas, areas that need to be further developed will be addressed going forward.

OUR FINANCIAL PERFORMANCE

The Indian economy went through challenging times in 2013–14, triggered by subdued domestic growth, extreme volatility in exchange rates and higher than expected spike in inflation rates. In such a scenario, our performance remained healthy with total net revenues increasing by 16.5% to

INR 26,402.3 crore from INR 22,663.7 crore in the previous financial year. Revenue growth was driven by an increase in both, net interest income and other income consisting of fees and commission, FX and derivative revenues, recoveries from written-off accounts and profits/losses on sale of investments.





ENSURING HIGH STANDARDS OF GOVERNANCE

We believe in ensuring best practices with regards to the Board, disclosures and stakeholder engagement in order to create an ethical and responsible business ecosystem.

Our corporate governance framework has been developed in compliance with the Companies Act, the regulations and guidelines of the Securities and Exchange Board of India (SEBI) and the requirements of the listing agreements entered into with the Indian stock



Mint-Aon Hewitt Study, 2012

exchanges. In addition to this we also comply with certain standards of corporate governance set forth in section 303A of the NYSE's Listed Company Manual.

Our efforts to achieve high governance standards are strengthened by our Code of Conduct and Ethics, which defines and guides our organisational conduct.

Some of our policies and guidelines include:

- ☐ Code of Conduct and Ethics manual
- ☐ Prevention and Redressal of Sexual Harassment of Women at the Workplace
- ☐ Whistle Blower Policy
- ☐ Anti-bribery, Anti-corruption, Transparency and Ethical

Behaviour² guideline

- ☐ Human Rights guidelines in adherence to the principles in the United Nations' Universal Declaration of Human Rights
- ☐ Communication and Marketing Policy to ensure responsible communication
- ☐ Corporate Social Responsibility (CSR) Policy

While we actively participate in industry-wide research studies undertaken by the regulator when invited, we have a clear practice of not indulging in any lobbying or advocacy.

Compliance

One of our top priorities is to ensure complete compliance with the rules and regulations laid down by the Reserve Bank of India and other regulatory authorities with minimum impact

²A Management Action report is furnished every year after internal audits on non-compliance and corruption-related issues and appropriate action is taken depending on level of breach.

or inconvenience to our customers as far as possible. For instance, in response to RBI regulations requiring our bank's Cash Chest to be closed on Sundays, we have ensured optimum topping up schedules at our ATMs.

We conduct stringent internal audits as well as engage with external firms to ensure absolute compliance with regulations. We have developed standard auditing practices for each business line and the frequency of these audits is between 6-15 months based on the categorisation of the risk involved. Any errors or omissions identified during internal audits are addressed immediately. Comments and exceptions during audit are followed-up for appropriate closure and systems/processes are put in place to avoid repetition of such errors.

In the reporting year, we have had no significant cases of non-compliance with regulations. In cases where compliance issues have arisen owing to procedural lapses or misinterpretation of a guideline, these issues have been addressed immediately and proper measures were taken to rule out recurrence.

Risk Management

Sound risk management and balancing of risk-reward trade-

offs are critical to our success. Weighing business and revenue growth in the context of risks is implicit in our strategy. Our Board of Directors endorses and approves our risk strategies and policies. The implementation of this is supervised by the Risk Policy & Monitoring Committee of the Board. This committee guides the development of policies, procedures and systems for managing risk and periodically reviews risk levels. For wholesale credit exposures, management of credit risk is done through target market definition, appropriate credit approval processes, ongoing post-disbursement monitoring and remedial management procedures. Overall portfolio diversification and periodic as well as proactive reviews facilitate risk mitigation and management.

Board of Directors

We have a strong and independent Board composed of six independent Directors and five non-independent Directors, including a woman Director. The Board of Directors is headed by the Chairperson. The Board includes the Managing Director, Deputy Managing Director and the Executive Director. The various Business/Group heads report in either directly to the Managing Director or to the Deputy Managing Director or the Executive Director.

Our Board members are qualified and experienced professionals with expertise in their respective areas of operation and leadership.

The Board has constituted a Nomination Committee which makes recommendations to the Board on appointment of members to the Board based on their qualification, skills and experience. Declarations relating to "Fit & Proper" are obtained from the directors at the time of their appointment and also on an annual basis to review their credentials, as per the Fit and Proper criteria as prescribed by the RBI. We have been recognised for diversity and independence of the Board, robust Board processes, focus on shareholder value and risk, disclosure and shareholder communication and effective compliance.

Committees of the Board

In order to take informed decisions and to safeguard the interest of the Bank and our customers, our Board has constituted various committees. Board members are appointed on the committees of the Board based on their skills. Each committee monitors the activities falling within its respective terms of reference. Following are the committees of the Board:

Audit and Compliance

Compensation

Investor Grievance (Share)

Risk Policy and Monitoring

Customer Service



Fraud Monitoring

Credit Approval

Premises

Nomination

CSR

Our CSR committee has been instituted in compliance with Section 135 of the Companies Act, 2013. The committee, whose members are Mrs. Renu Karnad, Mr.Partho Datta, Mr.Bobby Parikh, Mr.Aditya Puri and Mr.Paresh Sukthankar, has successfully formulated our CSR Policy and set goals. The Board and the CSR committee are responsible for putting in place a transparent monitoring mechanism for reviewing the Bank's CSR performance.

Our CSR Policy

Our CSR Policy articulates our mission to contribute to the social and economic development of the community. Our key strategy is to integrate our activities in social responsibility, environmental responsibility and community development and encourage each business unit or function to include these considerations into its area of operations.

In order to provide a focused and structured approach to our CSR,

we have focused on specific, pre-determined causes and areas of intervention such as promoting education, livelihood enhancement initiatives, rural development and environment sustainability.

Through a series of interventions driven internally or through implementing partners, we seek to mainstream economically and socially challenged groups and draw them into the cycle of growth, development and empowerment.

SOCIAL RESPONSIBILITY

Sustainable Livelihood Initiative

Financial Inclusion

Engaging the Community

Empowering Lives through SLI

Sustainable Livelihood Initiative (SLI) is one of our key initiatives towards corporate social responsibility. SLI through its unique and different perspective of empowering rural women, offers a host of holistic services aimed at meeting financial as well as non-financial needs of Self Help Group and Joint Liability Group members in a defined and timely manner. Through SLI, we aim to achieve the target of bringing 10 million unbanked households (50 million individuals) into the banking fold.

The SLI programme benefits unbanked population in two ways through provision of -

- Financial Products: credit, savings, overdraft facility
- Non-Financial Services: credit counselling and livelihood development.

This intervention is implemented through the Bank's 500 business hubs attached to our branches, with a dedicated workforce of 4135 employees.

Financial Products

Under SLI, we provide financial assistance to the bottom of pyramid population by reaching out to the unbanked and under-banked regions. We work extensively with the bottom-of-pyramid sections of the population to inculcate in them the habit of saving regularly and maintaining strict credit discipline by helping them imbibe a culture of utilising the loan exclusively towards income generating activities. Some of the income generating activities that we finance are crop

SLI'S OFFERINGS

FINANCIAL PRODUCTS

- ☒ **Credit for Enterprise**
- ☒ **Basic Saving Bank Deposit Accounts**
- ☒ **Micro Recurring Deposits**
- ☒ **Overdraft Facility**
- ☒ **Micro Insurance**

cultivation, animal husbandry, handicraft, handloom, micro-enterprise, tailoring. In order to help customers plan their future financial commitments, without affecting their income generating activities,

NON FINANCIAL SERVICES

- ☒ **Credit Counselling**
- ☒ **Livelihood Development Programme**

we encourage them to create Micro Recurring Deposits. The Micro Insurance product provides coverage for life and mitigates associated risks.

Non Financial Services

Capacity Building

Apart from providing financial services, livelihood development

training is provided to SHG/ JLG members for upgradation or development in existing or new livelihood activities in both farm and non-farm-based sectors. We also enable the client to look beyond local markets and facilitate better buyers for their produce on need basis.

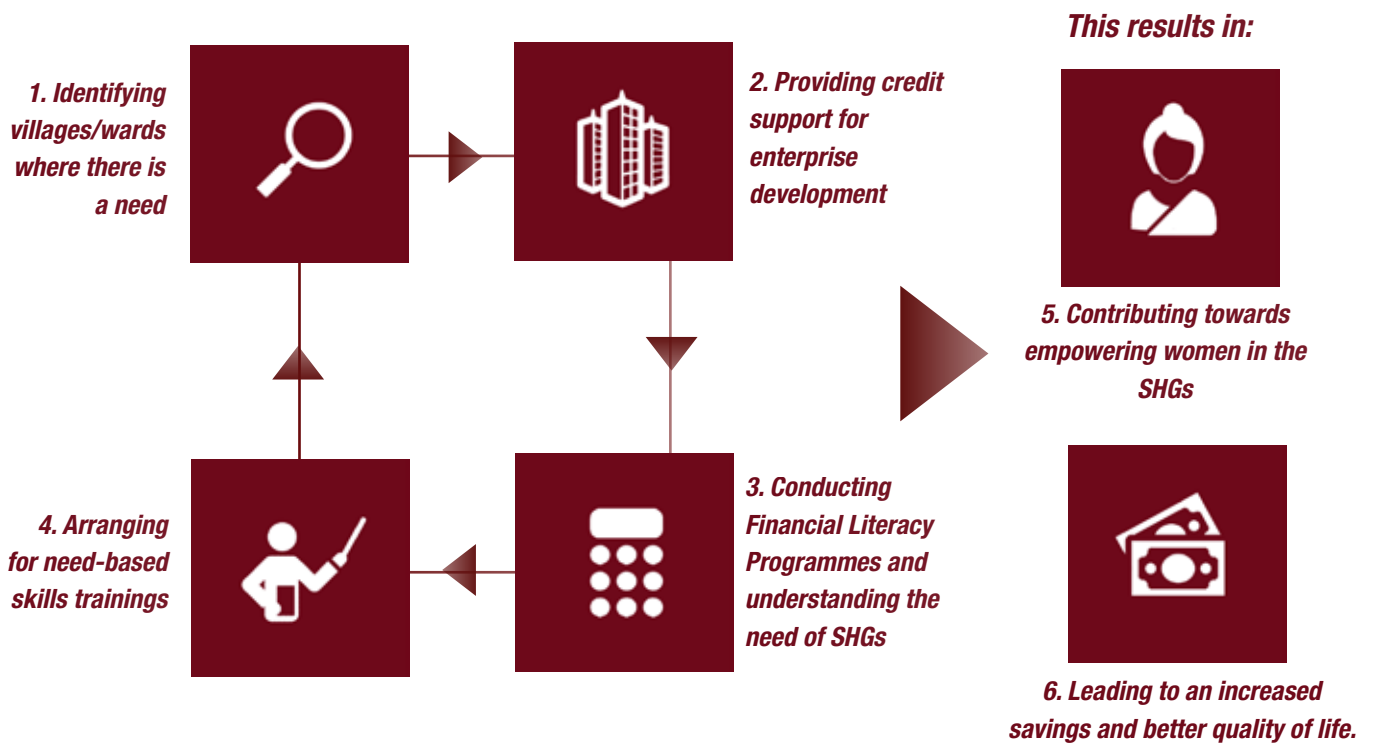
Credit Counselling

We conduct pre and post credit counselling sessions to impart financial literacy that educates and creates awareness. Through these sessions we educate them about aspects of saving, credit utilisation and banking facilities.

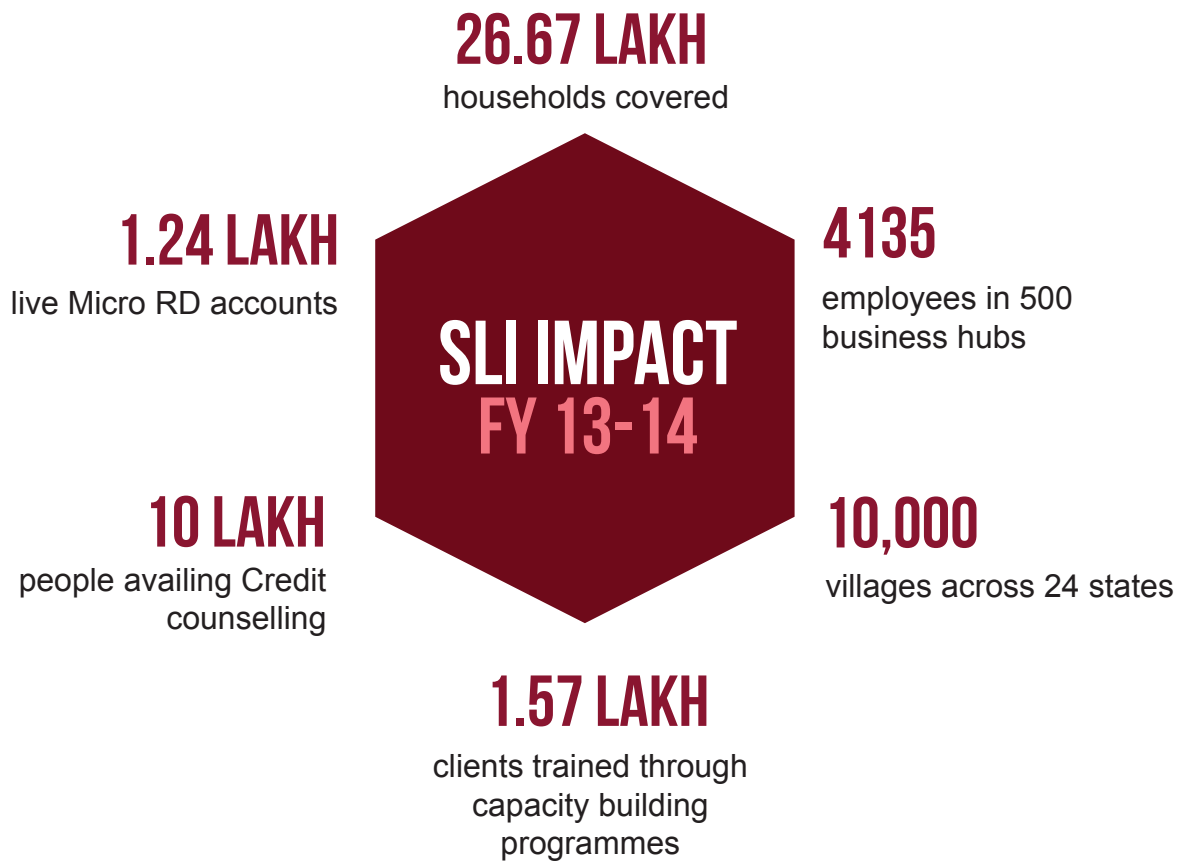




SLI Process Flow



SLI Impact



Members of Annai Therasa Kurinjpoo Self-Help Group from Virudhunagar, Tamil Nadu have traditionally been earning a living through fortune telling. The income from this business was limited and insufficient to meet day to day expenses. Our SLI team provided them a fresh lease of life by helping them identify alternate opportunities to generate an income. Today, they successfully run idli marts and kirana stores that help support their entire families.

“We got the support at a time when we were finding it difficult to make ends meet with our traditional business. Now with additional income sources, our regular and essential requirements are sufficiently met”

Muniyammal, member of Annai Therasa Kurinjpoo Self Help Group, Tamil Nadu.



The 20th lakh household under SLI is headed by Sajna Devi. Five years ago Sajna Devi lost her husband, leading her to take up the responsibility of running the household and taking care of her three children. By working as a labourer in farms and by selling milk, Sajna Devi had been making ends meet, but her meagre resources did not allow her to save enough for her children's future. As SLI's 20th lakh participant, Sajna Devi availed of a loan for enterprise as part of her Joint Liability Group (JLG). She uses the credit to pursue income generating activities, which augment her earnings, thus allowing her to take better care of her family's needs.

"Whatever we earn is our money. With this money we can ensure better education of our children and improve the financial conditions of our families."

Sajna Devi, Chomu, Rajasthan

Financial Inclusion

Our products and services empower our customers and aim to elevate them to higher levels of financial literacy and quality of life. Farmers, lower income families and rural women are of prime focus in this regard.

Financing Farmers

At HDFC Bank, we aim to increase the availability of agriculture finance thereby helping farmers have a better quality of life. In addition to the requirements under priority sector lending (PSL), we also provide allowances to small and marginal farmers and benefits in the form of lower interest rates and elongated tenure for repayments.

We have provided funding to the tune of INR 200 crore to farmers for adopting efficient agricultural techniques such as drip irrigation for optimum usage of the scarce water resources that are available to them. We connect small and marginal farmers to an organised sector which acts as a buyer of their produce. Such tie-ups also provide farmers with the required expertise in sustainable farming methods such as conserving rain water, making best use of available resources. We also provide accounts to such farmers through the organised sector companies, thus helping the farmers sustain their economic growth.

One of the ways in which we engage with farmers is through supply chain-based payments. In Punjab, we joined hands with Punjab Grains Procurement Corporation Ltd (PUNGRAIN) to facilitate payment to its commission agents dealing in agriculture products spread over 350 *mandis*, through installation of Point of sales (POS) machines in the *mandis*. This system not only facilitated faster payments, in turn benefiting farmers, but also controlled the indiscriminate use of pesticides and fertilizers owing to the advice and know-how provided to the farmers by the agency.

Kisan Gold Card

Our Kisan Gold Card has been designed to help farmers manage financing for various purposes such as purchase of agricultural implements, bullocks and carts, land development and repair expenses, without cash flow troubles. The card enables farmers to meet consumption-related expenses towards education, weddings and other life events. The Kisan Gold Card allows farmers to bank without

hassles of traditional time-bound banking at parent branches and comes with a defined credit limit that can be renewed every year. The Kisan Gold Card also provides farmers free-of-cost Personal Accident Insurance cover of INR 2 lakh against unforeseen circumstances.



“QUALTECH AWARD” FOR “EMPOWERING RURAL LIVELIHOOD: RE-ENGINEERING THE KISAN GOLD CARD”



Other Innovative Services

Milk-into-Money

In order to help dairy farmers hedge risks of quality dilution by middlemen and to take the white revolution to the next level, we have rolled out, what we call ‘Milk into Money ATM’ for dairy farmers linked with Anand Milk Union Limited (AMUL) in Gujarat. The Dairy Society procures milk through a system that generates payment instructions for the farmers. The ATM connects to this procurement system to fetch payment files and sends it to the Bank for processing, after which the farmers receive credit in their bank accounts. They can then withdraw money from the same ATM.

Medical Equipment Funding

With a view to benefit from the up gradation of equipment in urban hospitals owing to technological advancements, we finance the transfer of used, yet very critical and essential medical equipment from urban centres to rural areas, thus enhancing medical care in these areas.

Easy Access to Information

A toll-free number has been created to carry out basic banking activities for rural and semi-urban customers, allowing them to get

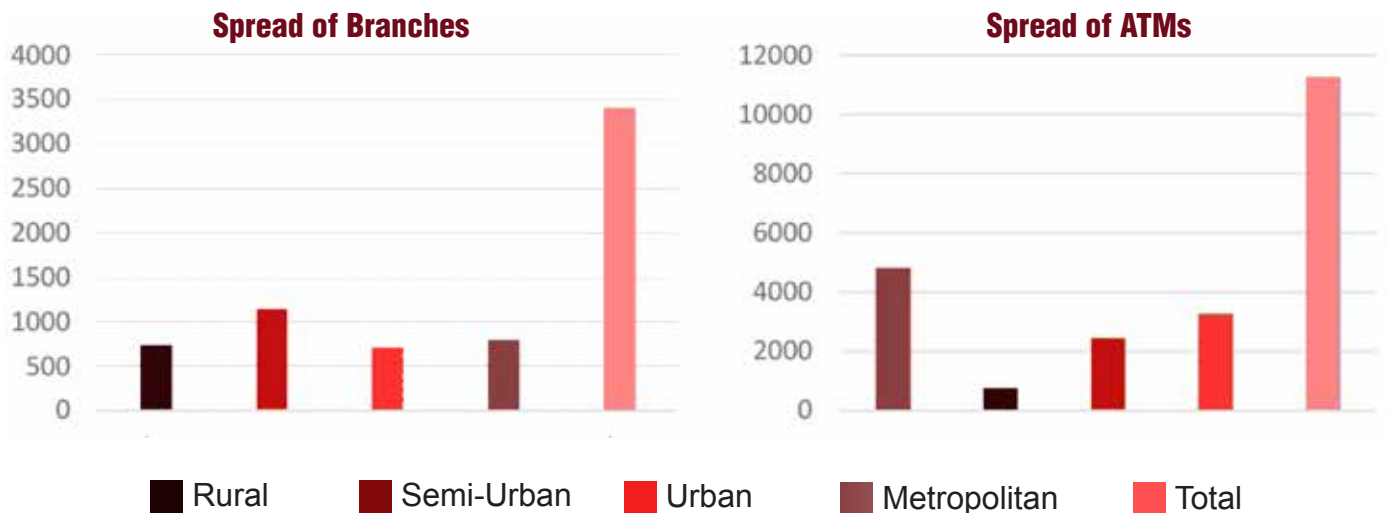
instant updates on accounts and transactions, free of cost. A Hindi Mobile App has also been developed to cater to the large Hindi-speaking belt.

Organic Farming

While working with farmers, we have tried to raise the level of awareness amongst them with regards to organic farming methods and also provide information which will assist them in ensuring a viable crop and requisite training. We are exploring the possibility of funding organic cotton farming.

Our Rural Presence

As a part of our financial inclusion initiatives, we are expanding our reach to rural and semi-urban areas by opening new branches across the country's villages and towns. In the last two years, the density of our branches in rural and semi-urban areas has been increasing at a greater rate than that in urban areas where direct banking channels are gaining popularity.



In FY 13-14, 341 new branches and 1524 new ATMs were opened. Of these, 273 branches are located in semi-urban and rural locations. As of 31st March 2014, we have 55% of our branches (1615) in rural and semi-urban areas, going well beyond the RBI mandate of 25% of the total number of branches proposed to be opened during a year, having to be in unbanked rural (Tier 5 and Tier 6) centres. In such centres, we have also adopted villages and carried out door-to-door signing up of accounts to bring more people under the foray of banking.

Mini Branches

Our 'mini-branch model' is a unique concept where two-person and three-person branches have been created primarily to reach out to unbanked and under-banked areas across India. This has enabled us to take formal banking services deeper into rural locations, further strengthening our efforts at financial inclusion. This model adopts a hub and spoke approach, where the officer extends services of a standard branch to unbanked, remote locations. The rural mini-branch offers a complete suite of products including all types of

What is a mini branch?

Typically, a mini branch comprises 2 or 3 persons catering to a village in an unbanked or under banked location.

How does a mini branch work?

The rural mini branch works closely with the nearest hub branch within a certain radius to ensure that all products and services are made available to customers

What are the benefits of mini branches?

Reaches the under penetrated parts of rural India and exposes them to the benefits of organised banking. Facilitates financial literacy and inculcates banking habits



savings and current accounts, fixed deposits and recurring deposits, credit card, instant debit card, as well as an ATM facility. In the last financial year, we had about 4 one man and 201 two men branches to take banking facilities into deeper geographies across the length and breadth of the country.

Building Employment

While increasing our physical presence in semi urban and rural

areas, we also draw upon local manpower. In addition to hiring locally in our branches, we also engage with local PR and tracking agencies for press events and publicity campaigns, thus wherever possible, we consciously try to generate rural employment. An example of this is our rural BPO in Puttaparthi, where we have succeeded in integrating a unique rural upliftment initiative with our operations for the back-end processing of our branch and

wholesale transactions by setting up a facility for such processes. Our branches scan documents relating to transactions and send them to the BPO for further documentation and processing. The BPO provides livelihood to rural youth without them having to migrate to cities in search of avenues for employment.

Community Engagement

Development in a large country such as ours brings with it various challenges; the foremost is to translate economic growth to sustainable development. With a mission of empowering lives, our approach has meant greater involvement with communities, in which we operate. We take on a number of need-based projects that will help us make a difference to people's lives. These projects take shape in many ways from corporate philanthropy to employee driven projects. We spent 0.83% of our profit after tax (for the year ending 31st March 2014) towards these initiatives and approximately 1.34% of our average profit after tax for the last three financial years. Some of our community engagement initiatives are listed below.

We have partnered with over 15 NGOs to implement projects impacting the twin causes of education and livelihood training reaching out to over 67897 children and 1687 youth.

Promoting Education

Education forms one of the foundation pillars for the progress of a nation's economy. We believe in this principle and hence have in the core focus of our CSR, promotion of education. We have implemented programmes such as 'Galli schools' in Delhi which bring elementary education to the doorsteps of children in

slum communities to promoting reading habits among children through reading programmes in 8 schools in Pune. With an aim of mainstreaming destitute children, our projects in Bangalore and Delhi have successfully placed girls in permanent homes and provided them with financial and mentoring support.



Financial Literacy

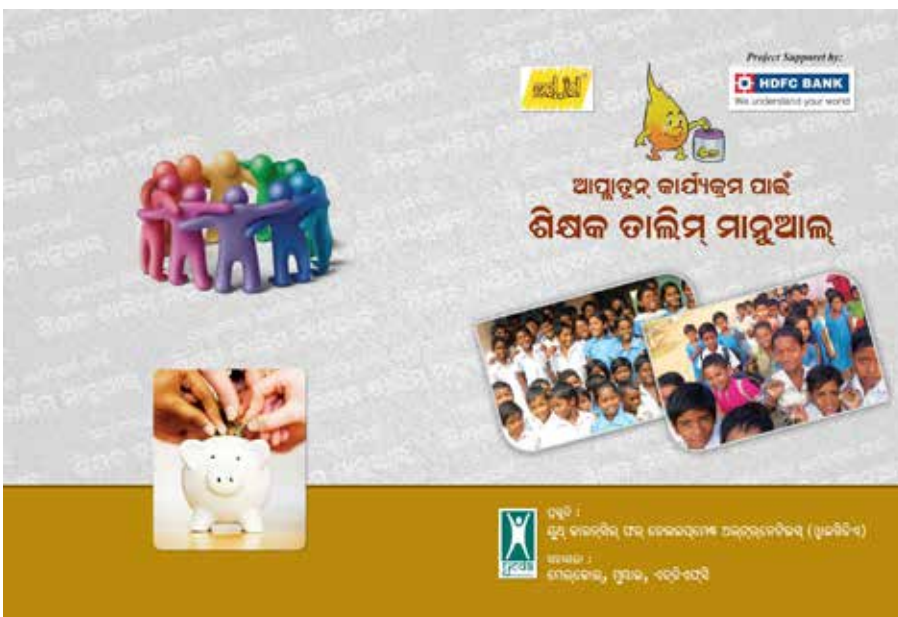
It is crucial that children understand money and the market that affects them as they become consumers, workers and producers. In partnership with a Mumbai-based NGO, we work towards providing financial literacy through the Child Social and Financial Education Programme (Aflatoun), amongst children in Odisha and Andhra Pradesh by focusing on their rights and responsibilities and also in providing them opportunities to contribute positively towards their environment.

school banks, savings clubs, enterprise creation, and community activities. Under this programme, children also influence their peers to return to schools and complete their education. So far 63,200 students in 600 schools in Hyderabad and Odisha have been covered under this programme. In the last two years, 665 Aflatoun clubs have been formed, 338 schools have opened bank accounts where 14,000 children have saved money. Our Power of Banking programme, driven by employee volunteers, covered over 3,300 children in 2013-14.



Livelihood

Our approach towards livelihood complements our efforts under the Sustainable Livelihood Initiative, where we reach out to marginalised groups to provide livelihood opportunities. We also create partnerships with NGOs at the grassroots to provide skills training to increase the employability of marginalised groups. Through a project in Kolar District, Karnataka we have trained youth in computers, life skill and retail management courses, while in another intervention in Giridh district, Jharkhand we have trained youth in skills such as computer application, medical attendants, mobile repairing. Under Project Jagruti we have also supported the training of local small farmers, unemployed youth and women on scientific methods of farming, setting up and operations of kitchen gardens etc.



The programme uses child-friendly teaching methods to help children understand the importance of savings, planning, budgeting and goal-setting so that they can support their own education. Children are taught to develop financial know-how by way of practical activities including

In addition to the above, we conduct rural financial literacy initiatives across the country under the aegis of the RBI to complement its efforts to support inclusive growth and take formal banking services to remote corners of India.

Some Key Initiatives:

Blood Donation

In 2007, we introduced the idea of a one-day nationwide blood donation drive and encouraged

assistance. The campaign thus, is a part of the Bank's social agenda of making a difference to people's lives through meaningful contribution. Apart from being the largest donors of blood, we also sponsor setting up of blood banks in areas where there



people to support a single social cause across our vast network. The seventh edition of the event was held on December 6, 2013. Our Blood Donation Drive of 2013 set a Guinness World Record as the organiser of the largest blood donation (across multiple venues) in a single day in the world. The campaign involved 61,902 participants donating blood at 1,115 camps across 709 locations in India.

We have tied up with major hospitals such as AIIMS, RML, Red Cross, DDU Hospital and Army Referral Hospital and blood banks across cities for technical

are none within a certain radius. We have set up five blood storage centres in India at the locations of Tarapur (Gujarat), Sriperumbudur (Tamil Nadu), Harda (M.P), Naugachia (Bihar) after having identified areas without a blood storage facility.

Educational Crisis Scholarship Support (ECSS)

Economic hardships or crises in the family have direct impact on the education of children, often resulting in school dropouts. Our Educational Crisis Scholarship Support (ECSS) programme began in 2011 with



an objective to support students facing such crises. ECSS aims to cover students of recognised private and government-aided schools between classes VI to XII and students pursuing under-graduate/post-graduate degree and diploma courses, who, due to personal, family-related or financial constraints, are unable to continue their education and are on the verge of leaving school prematurely. During 2013-14, 338 students were supported to complete their education.

Payroll Giving

Through the payroll giving programme, employees are encouraged to sign up voluntarily and pledge a certain amount from their salary each month. This money accumulates in his/her charity account from where the employees can donate to a charity of his/her

choice. The amount is matched by the bank (80%) thereby, endorsing the charity they choose to support. In 2013-2014, a total of 5,464 employees signed up for the payroll giving programme and actively donated to the causes and NGOs of their choice.

Making a Difference

In a unique initiative, we undertook a social-media driven campaign to involve our customers in our community initiatives. Through the “Make a Difference” campaign, we engaged customers by seeking their help in choosing from among four NGOs working in the key areas of child nutrition, education, rainwater harvesting and livelihood training.

Two projects which received the maximum number of votes from customers were supported by the Bank. These addressed issues of water and nutrition.

Disaster Response

We have been quick to respond to the needs of those affected by natural disasters such as flood, landslides, drought, etc. During times of crisis, we have extended our support to provide relief to victims of such disasters and complement the rehabilitation efforts of the state.

During the landslide and flash floods in Uttarakhand and Odisha,

our employees donated towards relief efforts with an equal amount matched by the Bank. Our employees joined relief teams in Uttarakhand to distribute solar lamps to 22 villages. Having identified lack of health facilities as a major need in the region, we tied up with an NGO to set up and support the cost of running a Primary Healthcare centre at Kedar Ghati in Uttarakhand, catering to the primary and the secondary healthcare needs of 50 villages.

In Tamil Nadu, the SLI team conducted veterinary camps to help people cope with the outbreak of epidemic of Foot and Mouth disease that affected cattle.



Promotion of Road Safety

We have installed messaging boards on traffic safety such as 'Wear a helmet', 'Wear a seatbelt', 'Don't use your mobile while driving' etc. In addition to this, we have also identified villages across the country

where we provide message boards for road identification, and those that carry social messages. We also provided branded traffic barricades to traffic authorities across many locations. In Panchkula and Lucknow,

900 barricades were set up and various road safety drives were conducted with the traffic police.



ENVIRONMENTAL RESPONSIBILITY

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Direct Banking Channels

.....

Screening of Investments

.....

Reducing Operational Impact

At HDFC Bank, we recognise the environment as ‘natural capital’. We intend to minimise the risks owing to the growing effects of climate change. While the nature of our industry is such that there is limited negative impact on environment due to our operations, we are conscious of our usage of resources and our impact on biodiversity, water consumption and waste generation. None of our branches are located

in the proximity of protected areas and areas of high biodiversity value. In addition to reducing our own environmental footprint through reduction of energy and paper usage, we aim to drive positive change towards environment through the projects we invest in. In the next few sections, we highlight ways in which we are inducing environment-friendly measures within our organisation and our engagements with stakeholders.

Encouraging Direct Banking

Traditional banking activities involved carrying out of transactions with inevitable usage of resources such as fuel and paper.

With the emergence of internet and subsequent advancements in technology, net banking, telephone banking and mobile banking have

emerged as easy-to-access, paper-less ways of banking. Direct banking channels eliminate the infrastructure requirements

of a branch and paper-based transactions. They also reduce the need for customers to commute to branches, thus saving on fuel-related emissions.

At HDFC Bank, we actively encourage our customers to opt for direct banking channels. We have taken a two-pronged approach to nudge customers towards these channels. On the one hand, customers are incentivised with vouchers and other value additions for transacting online. On the other hand, we have clear directives and targets for employees at branches to convert customers to direct banking channels, with the best-performing employees in each branch being rewarded for their efforts. We are proud to note that 82% of all customer initiated retail transactions which would have been done through our branches are now done through Direct Banking. We also promote the option of switching from paper statements to e-statements. In the reporting period, we achieved the feat with more than 66 lakh retail customers subscribing for them.

In addition to influencing customers to switch to direct banking channels, we constantly review services on these channels for improvements. We engage with customers directly to understand specific issues preventing them



OUR DIRECT BANKING CHANNELS

NET BANKING

Account Balance, Fixed and Recurring Deposits, A/c Statement up to 5 years, Bills, Recharge Mobile/ DTH connection

CREDIT CARDS ONLINE

Credit Card transactions, Credit Card bills, Reward Points

LOAN ACCOUNTS ONLINE

- Loan Summary
- Transaction History
- Loan Account Details
- Provisional Interest Statement

EMAIL STATEMENTS

- Free monthly statements for Savings and Current Accounts

E-NET

- Real-time and seamless access to electronic banking services across geographies
- Cash Management Services
- Payment Gateway Services

PHONEBANKING

- Combination of IVR and Agent offering
- Loss of ATM/ Debit/ Prepaid Card
- Up-to-the-second details of Accounts and Fixed Deposits

SMSBANKING

- Anywhere mobile account access
- ngpay for a wide range of financial transactions
- Fund transfer and mobile shopping

ELECTRONIC TAX PAYMENTS

- Commercial Tax, Direct Tax, Excise and Service Taxes online

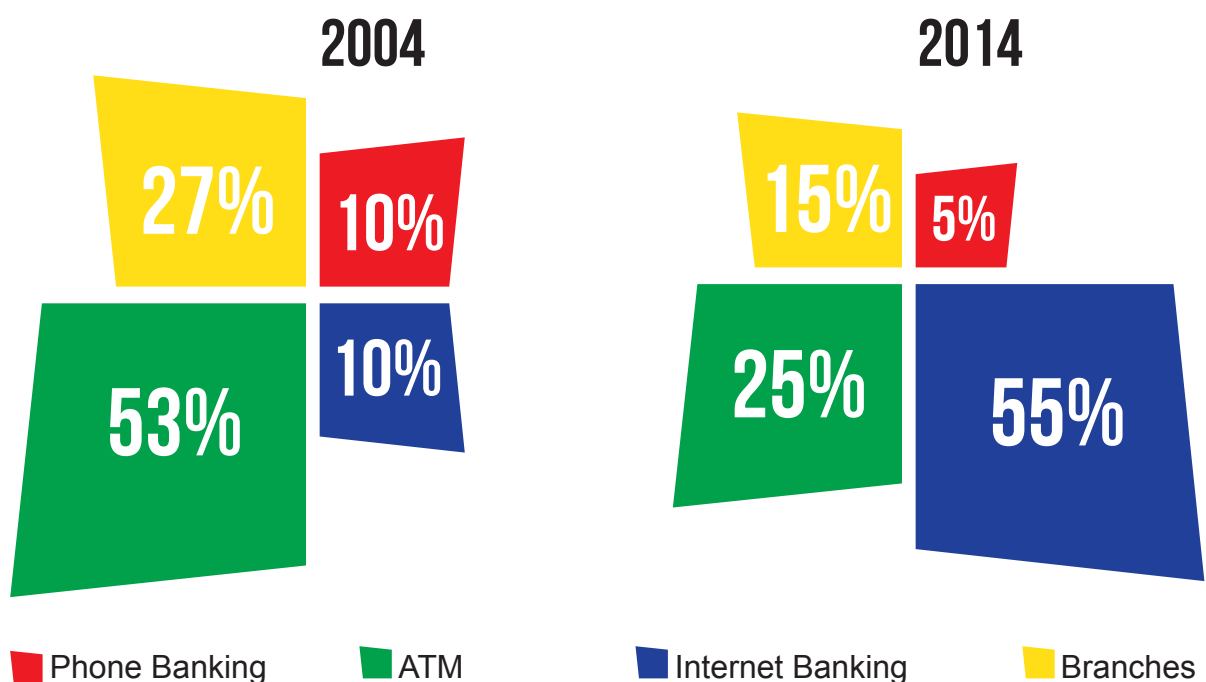
from using these services. This helps us stay abreast with our customers' grievances, choices and preferences and provides an opportunity to present customers with greener options that are more

convenient to adopt. Customer feedback is used to improve processes.

We recently undertook an exercise to study all transactions that cannot

currently be completed online or via PhoneBanking. Based on the results of the study, we are now devising ways by which these transaction processes can be migrated to the online medium.

Direct Banking channels proving to be the preferred and convenient choice for our retail customers:

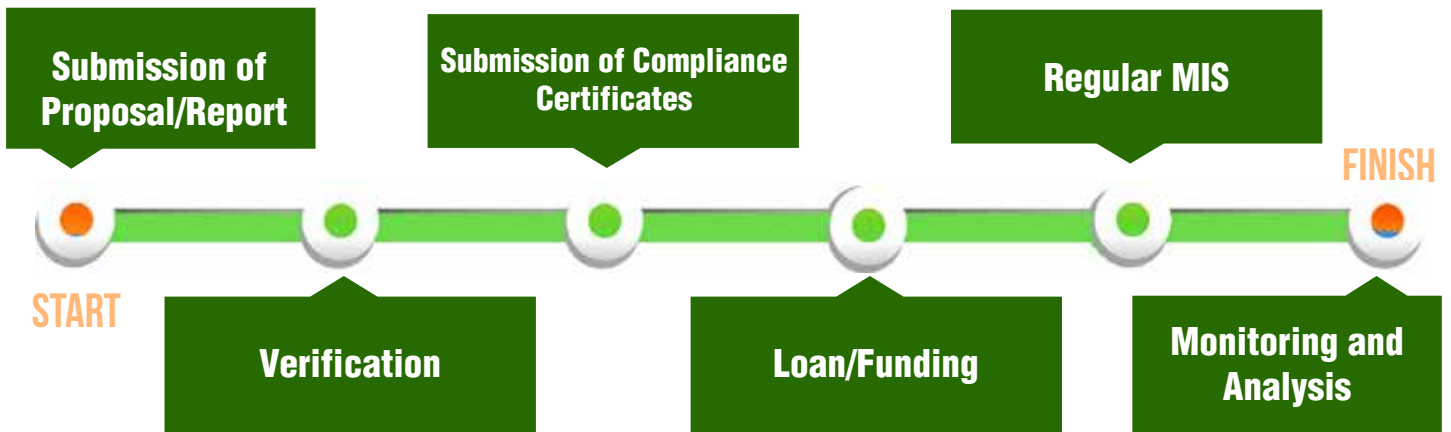


Screening and Risk Assessment

We have in place effective procedures to evaluate the social, environmental and economic risks associated with corporate credit. In our discussions, these risks are discussed with the client.

An evaluation of the social and environmental impact of the project forms a part of our assessment process. Based on such evaluation and in line with our credit policy, the risks associated with projects

are assessed. Depending on the criticality and complexity of the project, an independent Engineer is appointed to assess the report, on a periodic basis, with regards to status of the projects and their



compliance with relevant laws and approvals. Monitoring for the same is done through quarterly call memos. Necessary compliance certificates are required to be furnished by clients before we sanction the loan amount. The quantum of offering and rate of interest depend upon the level of compliance.

Our investments in agricultural finance also undergo screening similar to our other areas of finance. Management Information System(MIS) reports gathered from mentioned sources are analysed on a regular basis by different stakeholders to assess the risks involved. Basis the report, the level of compliance determines the quantum of loan. A project compliant with all environmental guidelines may be issued at 90% Loan-To-Value ratio while a project not complying with norms may get rejected. We have more than 1300 personnel employed across

regions to provide direct first-hand input on latest developments in risk assessment. Our proactive approach, based on the relationship management model, is first in the line of sources.

Non-compliance to terms of sanction is separately tracked and is periodically reviewed to ensure compliance by way of interactions with the customers, counselling and follow ups for course correction. 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 may be curtailed or recalled.

Social and Environmental Management System (SEMS)

At HDFC Bank, we take a precautionary approach to environmental and social impacts

of the projects we lend to. We have put in effect, a Social and Environmental Management System (SEMS) which requires our borrowers, for loans greater than INR 10 Cr. and for a period more than 5 years, to assess the social and environmental impacts, such as pollution, resettlement etc. that could arise from their investments.

An annual review of the SEMS guidelines is carried out every year to evaluate impact and scope for improvement. When SEMS was first implemented in HDFC Bank, an elaborate training was conducted for all relevant teams in order to equip them with the expertise required to carry out the screening. Staff members involved are provided with need-based training on monitoring of compliance with SEMS. All of our investments through project finance under the purview of SEMS involve interactions on social and environmental factors. While we have had many investments

funded under SEMs, there have also been several cases where our strict environmental and social risk assessment requirements have led to loss of potential customers. HDFC Bank has, on multiple occasions, discontinued discussions and vetoed proposals with companies because of environmental and social risk factors having a larger bearing on the project than the financial factors. In keeping with the theme of

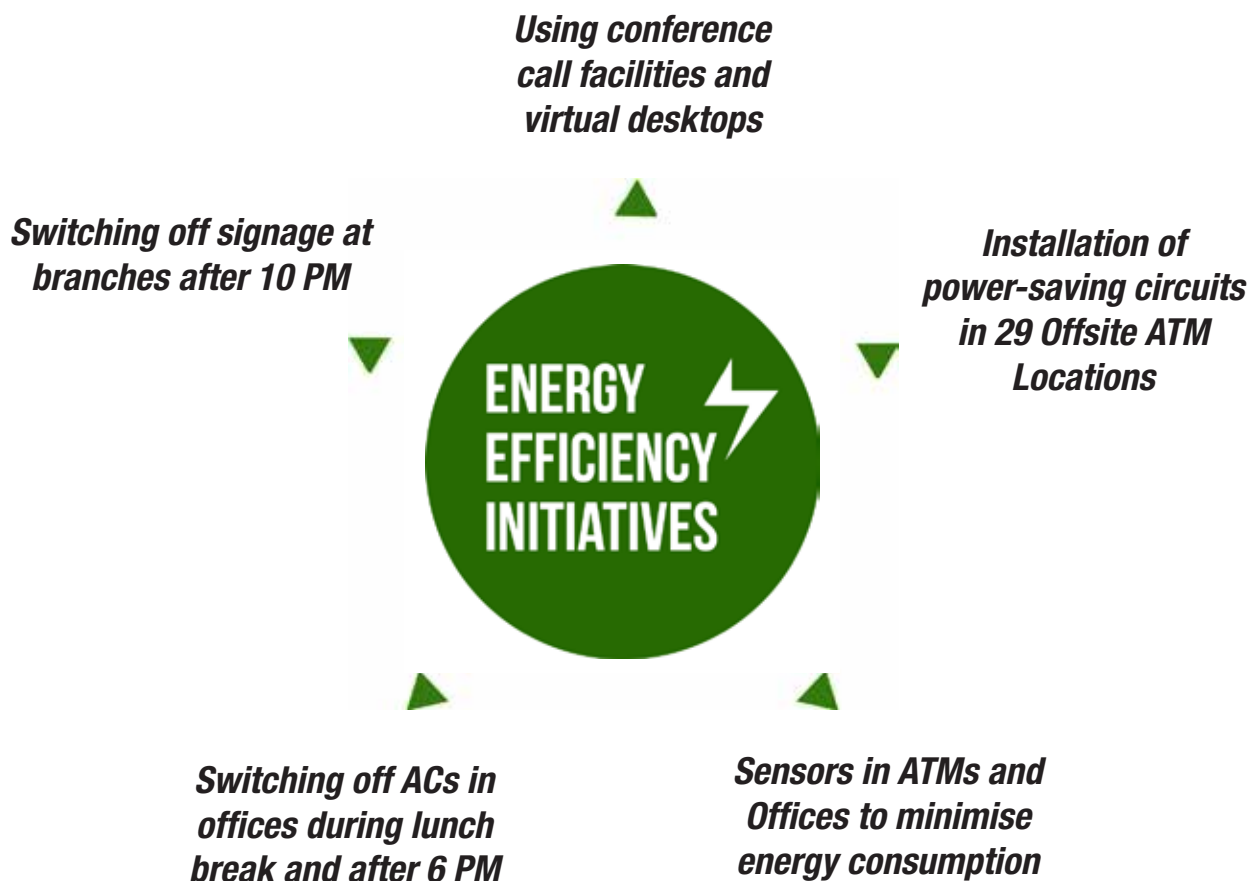


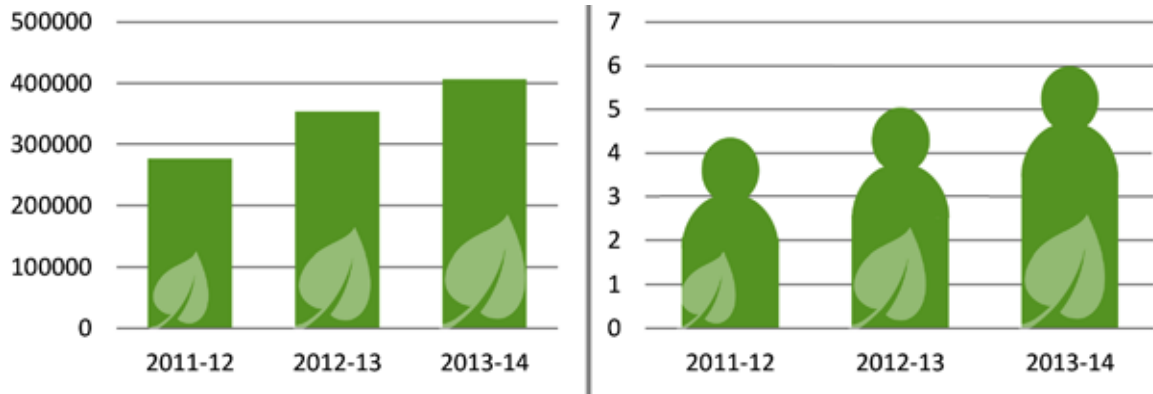
A Greenfield cement plant in central India was facing land acquisition and R&R issues. In absence of any satisfactory replies on how such issues will get addressed, the proposal was turned down.

complying with socio-environmental factors in our lending patterns, we also ensure that funding to the 20 sectors in IFC's exclusion lists does not make up for more than

4.5% of our total loan portfolio. During FY 2013-14, 41 term loans approximating INR 7,400 crores were disbursed after being screened through SEMs.

Reducing Operational Impact





■ Total Scope 1 and Scope 2 (MT CO₂-e)

■ Emissions per FTE (MT CO₂-e per employee)

We are conscious of our environmental impact and report our carbon footprint figures through the Carbon Disclosure Project (CDP). For the FY ended March 31st 2014, our footprint was measured to be 5.96 MT CO₂-e per FTE³. Energy consumption from Electricity was

1648800 GJ and that from Diesel was 460748.87 GJ. Along with measuring and reporting, we also plan to monitor and mitigate our operational impact. To achieve the same, we have taken up various emission-reduction and energy efficiency activities within our operations. We have currently not

defined a set target reduction as we are improving our emission estimation process. We expect that with increase in business operations, our emissions will increase in the next five years.

³ Scope 1 and Scope 2 emissions as reported to CDP for all bodies falling under financial control of HDFC Bank except Kenya Representative Office, Dubai, Bahrain, Hong Kong, Abu Dhabi and Oman Branches. *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) reference to IPCC Fourth Assessment Report (AR4 - 100 year) have been used to calculate the data presented above. Certain assumptions have been taken to arrive at the emission values leading to uncertainty in emissions.

Acing the Paper Challenge

Reducing usage of paper features prominently in our strategy towards sustainability. Our paper consumption for the reporting period was approximately 1451.17 tonnes. We have a centralised stationery desk that manages most of our stationery requirements.

Requests placed are required to be approved by respective supervisors. Furthermore, we have introduced a central photocopying machine that enables us to track usage per employee. We also work on creating awareness within the Bank through communication

and mailers. Customers are also educated through paper-saving campaigns, ATM messages and other initiatives that encourage the use of paper-free technology such as the two-dimensional QR (Quick Response) Code as call-for-action.

PAPER REDUCTION INITIATIVES	IMPACT CENTRE
Encouraging customers to use electronic platform for transactions and access e-statements.	Internal and External
Asking customers to confirm their requirement for a receipt before printing.	Internal and External
Communicating and disseminating press releases electronically.	Internal and External
Transaction advices for customers as e-advice only.	External- Customers
Increased usage of e-brochures and emails in communication.	Internal and External
Internal audit reports issued and stored in soft copy formats.	Internal
Storing news clips on computers instead of hard copies.	Internal
Introducing e-magazine/online magazine to deliver bank news to employees to replace printed copies.	Internal

Green Infrastructure

Wherever possible, we encourage using environment friendly materials and energy efficient equipment

in our branches. We use Diesel Generator sets and star rated ACs which are as per CPCB

requirements.

One of our largest operations hubs in Mumbai has a LEED certification.



Sustainable ATMs

Spread across the country, our ATMs are more than just cash-dispensing machines. Customers use our vast network of ATMs for a variety of purposes such as recharging their mobile phone pre-paid connections, paying their utility bills and transferring funds between accounts.

We have tried to capitalise on the possibility of using our ATMs as an educational touch-point with our customers on environmental sensitivities and to reduce operational footprint. This has been explored through the following features that are embedded into our ATMs:

Our ATMs now ask people if they want a receipt before printing. This

prevents unnecessary prints being generated for customers who do not want them, thus saving a lot of paper. We have also started incorporating the use of unconventional energy sources for powering our ATMs by installing 20 solar ATMs in areas with fluctuating power supply, with the first one already established in Bihar. To improve the energy efficiency of our existing ATMs, we have initiated pilot projects with the use of rechargeable Lithium-Ion batteries in lieu of conventional Sealed Maintenance-Free batteries for uninterrupted power supply while we explore even better solutions for charging.

To further expand our ATM network, Mobile ATMs are

Features of our ATMs



being piloted as part of our financial inclusion programmes. Apart from relieving branch traffic at high-volume locations, they help reach hitherto untouched locations. All our ATMs are bilingual (Hindi and English) with some of them including regional languages as well. We are currently carrying out pilot testing of Braille and talking ATMs for the visually impaired. We have undertaken an exercise to study the transactions that are unavailable on ATMs and are working to add on more transactions such as requests for loans and debit/credits, taking into consideration the feasibility of adding such transactions to ATM terminals, including the time needed to process the different transactions.

“Phasing-Out” Emissions

We have taken measures to reduce emissions arising from the lighting of our offices and branches. Our ‘Phase-out’ policy calls for replacement of inefficient lighting options with less energy intensive ones. Compared to general-service incandescent lamps giving the same amount of visible light, CFLs use 60-75% less energy and last for a span of 5-7 years or more. All new lights that are now installed at our offices are strictly energy-saving CFLs/LEDs. We also follow a practice of switching off branch signage lamps after 10pm. Through this initiative, we achieve an estimated 10% reduction in electricity consumption annually, across all branches.

Green Procurement

As a practice, within the extent possible, we ensure that we purchase environment-friendly inventory. Purchase of environment friendly gen-sets and air-conditioning systems make up nearly 30% of our direct purchase orders. This equipment is compliant with norms of CPCB, resulting in emissions that fall well within permissible levels. Some of the other important features of such “green” equipment are high fuel efficiency, low noise and vibration levels, saving on unnecessary capacity and lower space requirement.

Reducing Emissions from Employee Travel

To reduce emissions arising due to our employees’ travel, we have organised mass transportation facilities for employees at select locations in Mumbai, Delhi and Kolkata. For cross-location travel, collaboration with teams around

India is carried out through phone and video conferencing to avoid the need for travel. In cases where travel is imperative, our travel mandate allows flight travel only for journeys longer than 400 km⁴. Further, the location of new

branches is strategically chosen such that it is accessible and situated close to railway stations so that it allows employees to reduce their travel costs, time and associated emissions.

⁴ The mandate applies to all employees barring the senior management.

RESPONSIBILITY TOWARDS STAKEHOLDERS

We recognise the importance of effective communication as integral to maintaining a strong relationship with our stakeholders. We use multiple channels for communication with our stakeholders.

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Investors and Shareholders

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Vendors

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Customers

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Employees

Investors and Shareholders



At HDFC Bank, utmost importance is given to interaction with investors and shareholders. While suggestions/ recommendations received from investors and shareholders are placed before the Board, shareholders get opportunity to interact directly with the Board at annual general meetings. Engagements with Investors are carried out formally by way of various statutory

disclosures and compliances through the stock exchanges. As per statutory requirements, the Board has appointed the Investor Grievance (Share) Committee to look into the grievances of the shareholders. The Committee meets at periodic intervals to discharge its responsibilities.

Our legal and secretarial department

attends to the emails sent to the Investors' Grievance Cell at shareholder.grievances@hdfcbank.com. Out of a total shareholder base of over 4.22 lakhs, we received 2,753 complaints during the year 2013- 14, all of which were attended to and resolved. Thus, no investor complaints are pending for resolution as of 31st March 2014.

Vendors



We have taken steps to include our vendors and suppliers under the sphere of our initiatives towards Sustainability. In our Infrastructure operations, we prefer to do business with local suppliers (local geography defined as India). In addition to their geographic location, we take into account other criteria such as vendor feedback, reach and social and environmental factors associated with their services.

We have always abided by all applicable laws that prevent usage of all forms of child, forced or

compulsory labour within our value chain. To reinforce our stance, and progress in the direction, we introduced Vendor contracts that ban the usage of any form of child/forced or compulsory labour in 2011. Since then, all our work orders have carried a clause prohibiting use of child labour. Through these contracts, by not engaging with vendors and suppliers who use child labour, we hope to promote awareness amongst the vendor community and drive a positive change in the society. In our infrastructure projects, Project Managers have been advised to

check for deployments of children in labour and to take action when warranted. In addition to specific terms in the order, Project Managers have been advised to routinely check and monitor the workforce during their site visits to ensure that no children are being used as labour.

Approximately 30,000 Work Orders and Purchase Orders that we have issued since the introduction of these contracts have had strict clauses against the utilisation of child labour.

Our Customers



At HDFC Bank, we not only design products and services tailored to meet the needs of our customers. We also strive to ensure that our customers are satisfied with our service quality. To safeguard interests of our customers and to enable them to make informed choices, we provide them with relevant and complete information regarding our products and services. All our communication is compliant with branding guidelines so as to ensure authenticity, consistency and accuracy in the representation of our brand. We have clearly defined channels for communication with

our customers in order to ensure transparency and accuracy of information. While communicating with customers, we ensure that the terms and conditions governing our products are explained to them by the customer-facing teams and also that we respect the rules of contact for Do-Not-Call customers. All products are designed in conformity with requirements of RBI.

Our Citizen's Charter offers our customers relevant information such as the turnaround time for various banking transactions, our policy on protection of customer information, and

the process of grievance redressal. We have a well-defined Customer Acceptance, Customer Care and Customer Severance Policy to ensure prompt and inclusive services to all customers within the prescribed regulatory framework as well as defined processes of the Bank.

Addressing Customer Grievances

Customer satisfaction is of primary importance to us. Customers having any complaint/grievance with regard to services rendered by the Bank have a right to approach the



authority designated by the bank for handling customer complaints/ grievances. The details of the internal set up for redressal of complaints / grievances are displayed in the branch premises. Branch officials are designated to provide all required information regarding procedures for lodging complaints. In case a customer does not get response from the Bank within one month from date of complaint or is not satisfied with the response received, they have a right to approach the Banking Ombudsman appointed by the Reserve Bank of India.

Our Customer Compensation Policy allows for customers to be duly compensated for financial losses that they might have incurred due to inadvertent incidents such as unauthorised debiting of account or an erroneous payment of cheque after acknowledgement of 'stop payment' instructions. Some of the key areas around which customers face grievances are cases dealing

with cash dispensed through ATMs, address change requests, failure to activate instant account and statement and sales-related issues with credit cards.

Through use of appropriate systems, we ensure that complaints received are not only recorded and tracked till they are resolved, but are also escalated through an effective mechanism to responsible senior functionaries where required. This ensures timely resolution of complaints and helps prevent recurrence. The effectiveness of grievance handling in particular and overall customer service initiatives are periodically reviewed at different levels including by the Board of Directors of the Bank.

Through checks that are in place to measure effectiveness of complaint handling, we are constantly working

towards improving our efficiency. We ensure that our customers do not feel the need to approach the Banking Ombudsman. Of the 4,046 complaints outstanding at the beginning of the year and 264,401 complaints received during the year, 266,232 have been resolved and 2215 (~0.8%) complaints were pending at the end of the financial year.

Ensuring Quality Service

We use various channels to record and analyse the feedback given to us by our customers and to assess the quality of our customer service. These are as shown in the figure below. Through feedback channels, online research and face-to-face questionnaires, we cover a broad customer base. The feedback channels drive us to focus on continuous improvement in products and customer experience.

CHANNEL / MEASURES	FREQUENCY
"Voice of Customer"	Periodic
Contact-ability and Tele courtesy by internal teams	Quarterly
Service Quality Assessment	Quarterly
Regular review to ensure tags for customer queries	Weekly

Maintaining Customer Privacy

Customer privacy is ensured with utmost care. We follow standard procedures with regards to privacy of customer information and sharing of customer data with third parties. Employees are given access to customers' online accounts purely on a need-to-know and need-to-do basis and every transaction carried out by each of our employees is checked by another employee to minimise

fraud and errors in accuracy. Our online banking channels have up to 8 different layers of control. These technical controls include password, authentication, and virtual keyboard among others. We have procured Symantecs Data Loss Prevention (DLP) System which monitors traffic over email and web. Another tool - Seclores Document Rights Management tool allows data owner to define rights for distribution, editing, printing etc. and user based roles. So far, 46 cases of data loss have been recorded.

To counter incidents when our employees fall victims to attacks on data security, internal mock "phishing attacks" are carried out periodically to check on employees who fall victims to such attacks.

Further, we ensure that there is no inappropriate diversion of funds and maintain transparency in all our transactions. Risk scoring of transactions that are carried out by customers is charted out and patterns of risk levels are established.

Risks and Associated Security Measures

NET BANKING

RISKS	SECURITY MEASURES
Customers falling prey to fraudsters	Quarterly awareness mails to all customers regarding phishing and the steps that they need to take to protect themselves against such fraudsters
Subscriber Identity Module (SIM) Compromise	Additional factor of authentication beyond Short Message Service (SMS) One Time Password (OTP)
Compromise of authentication details at customer's end	Risk based authentication which identifies transactions as suspicious and determines the authentication form for the transaction
Phishing/Trojan sites	Employing a Third Party service to identify and shut down phishing sites

MOBILE BANKING

RISKS	SECURITY MEASURES
Loss of mobile	Transaction limits enforced on mobile banking to limit the exposure
Fake mobile applications	Third party service to identify such applications and shut them down
Trojan on mobile harvests user credentials	Third party service to identify such sites and shut them down

ATMs

RISKS	SECURITY MEASURES
'Below the floor' risk in case a hot listed card is used outside India.	With regard to transaction after block date, we are covered through insurance or charge backs

Communication and Awareness Committee (CAAC):

The Communication and Awareness Committee at HDFC Bank was formed with objectives including delivering the right message content to the right audience through the most effective communication channel. The committee works to allow for flexibility in approaches to suit different stakeholder needs and provide support with training and development to ensure change in behaviour and culture. The aim of the committee is to help customers identify areas that are vulnerable to fraud attempts and to make them aware of their responsibilities in connection with prevention of fraud related to security of instruments

such as credit cards, debit cards, forex cards and cheque books. Our Secure Banking logo is an outcome of CAAC initiatives.

The committee acts as a focal

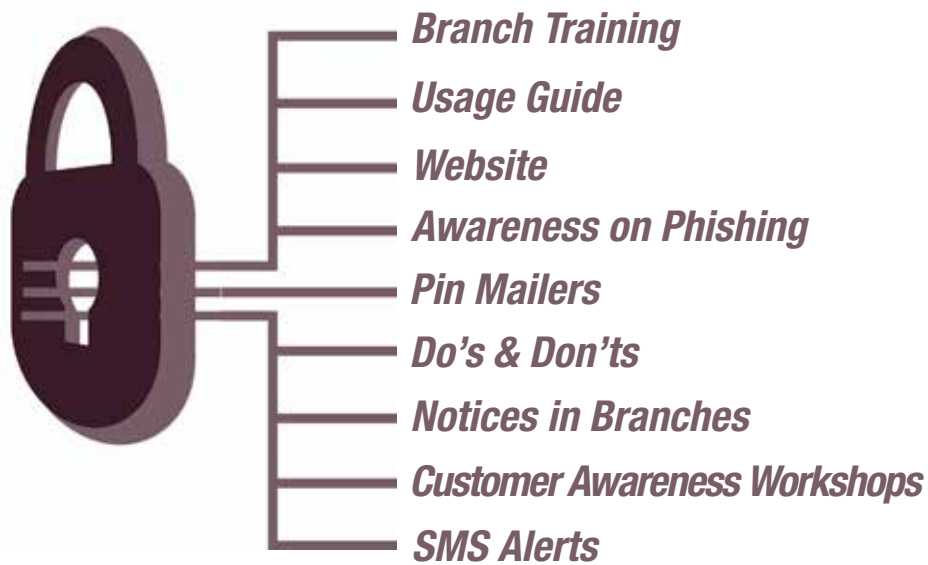


point and driving force for a range of awareness activities. It provides general and specific information about the risks associated with various types of fraud, the trends and the controls that are in place.

Such awareness building helps minimise the number and extent of incidents, thus reducing both the direct costs involved in fraud losses and also the indirect costs of investigating the cause of wrongdoings.

The CAAC also provides a framework to evaluate the effectiveness of an awareness programme and contributes to the development of a safe and secure culture by encouraging users to act responsibly and operate more securely.

Channels to Spread awareness on security



Our Employees



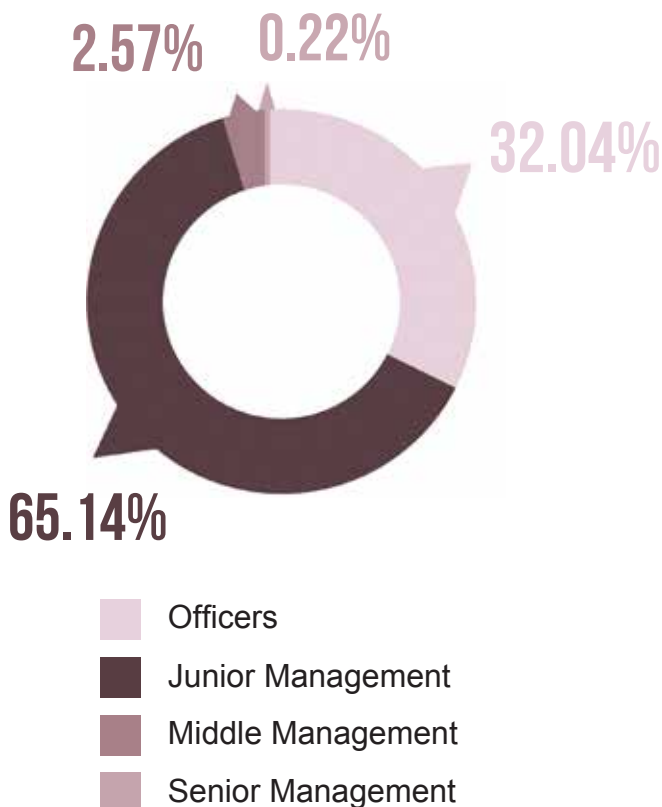
Employees are our biggest assets. We boast of a 68,165 strong workforce community who contribute significantly to our growth and sustenance. The role of our employees in building our reputation has been critical – be it in sales, customer services, or technical support. At HDFC Bank, we constantly aim to maintain a healthy and spirited workplace and to empower employees with opportunities and resources. This would help generate among them positivity that can trickle down to our business and in turn to our customers.

Our workforce comprises 50,906 permanent employees of HDFC Bank, 324 employees of the erstwhile Lord Krishna Bank who are now on the Bank's payrolls and 16,935 contract employees who are also on the Bank's payrolls with their contracts renewed periodically when not terminated. We provide our on roll staff with benefits such as health care, disability/invalidity coverage, fringe benefits such as concessional loan, higher medical cover, superannuation, grant of ESOPS and stock ownership and have taken measures to ensure that their needs are met.

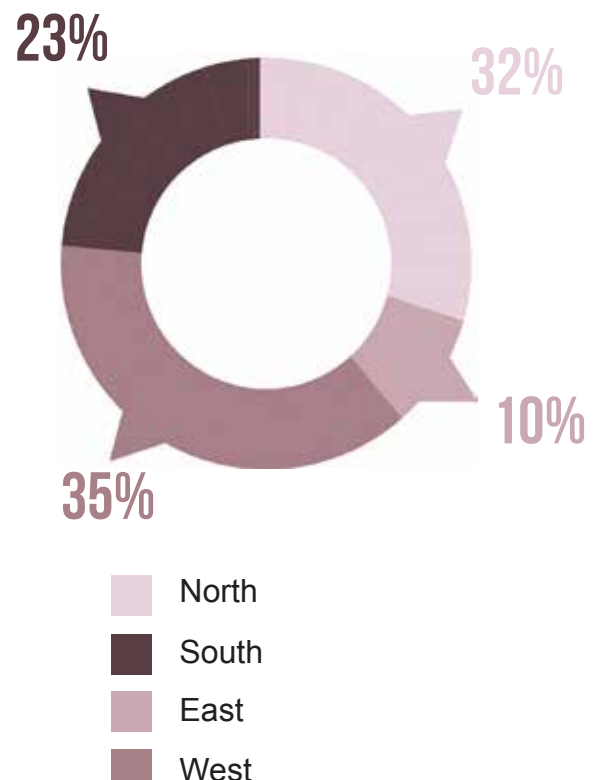
Building a Strong Organisational Culture

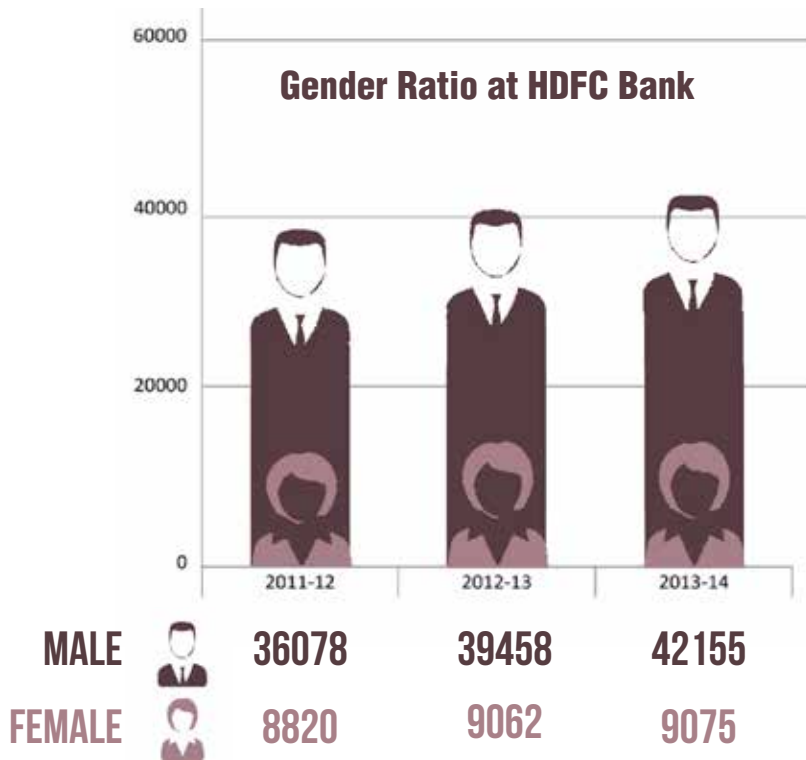
We have a Code of Conduct and Ethics Manual that all our employees conform to. Our Code of Conduct details the principles abiding by which we work and enables our employees to maintain the highest levels of ethics, accountability and corporate governance. All employees are required to abide by the Code of Conduct.

**Permanent Employees by Level
As on 31st Mar 14**



**Permanent Employees by Location
As on 31st Mar 14**





for protection or anonymity and their identities are not disclosed without their consent.

Promoting Work-Life Balance

At HDFC Bank, we encourage employees to maintain a healthy work-life balance for physical and mental wellbeing. We advise employees and branches to not work past 7:30 pm. Instances of employees working after the regular hours of operation are analysed and studied to identify the reasons for employees over-working themselves. The employees are then provided personalised assistance and advice to avoid future occurrences.

Ensuring Employee Health

We consider it our responsibility to ensure that we help those who work for us lead healthy lives. In select locations such as our Kanjurmarg office, we have an onsite doctor and fully equipped medical rooms to cater to immediate medical needs and emergencies. Global mailers are periodically circulated to all employees to create awareness on issues relating to well-being and discounted health offerings are passed on. We also provide health insurance to employees above forty years of age.

Addressing Employee Queries and Issues

All our employees are assigned Regional HR Managers, whom they frequently interact with for any issues or concerns. We have several policies and measures to cater to the needs of our employees. In order to orient them with these policies, communication to employees is ensured through channels of:

- a) An Employee Portal
- b) Joining Kit and Induction process
- c) Annual online confirmations of compliance to Code of Conduct
- d) On-going awareness campaigns
- e) Reiteration during employee forums and meetings

One of the key steps towards ensuring redressal of employee issues is to allow for greater

empowerment of the Middle Management so as to ease gaps in communication between the employees and the Top Management. Additionally, we have also devised systematic processes to address key issues and employee concerns in the Bank. Our employee grievance policy deals with varied employee concerns including sexual harassment. This encourages employees to raise any doubts or fears to the management of the Bank while also helping in enhancing their sense of belonging.

Whenever an employee raises a genuine concern under the Whistle Blower Policy, we ensure that the employee in question is neither at a risk of losing employment nor is subjected to any form of retribution. Employees are given the right to ask

Supporting our Women

We take pride in the fact that close to 18% of our employees are women. Ensuring their professional growth and well-being as well as providing equal opportunity to them is high on our list of priorities. We ensure that all cases of harassment are treated with great sensitivity and are escalated in time for resolution. Our policy and redressal process is governed by the Prevention of Sexual Harassment for Women and Workplace Act, 2013. The Sexual Harassment Committee investigates complaints/instances that are reported.

Our policies on sabbaticals and extended maternity leaves have encouraged our women employees to continue working after maternity and/or critical junctures in their lives. This has resulted in a majority of our

women employees resuming work after their leave period.

We also provide our female employees insurances with women-specific benefits. In order to encourage women performers, we have instituted rewards and recognition schemes. We organise programmes and pan-India conferences in which there is immense scope provided to our women employees to display their potential.

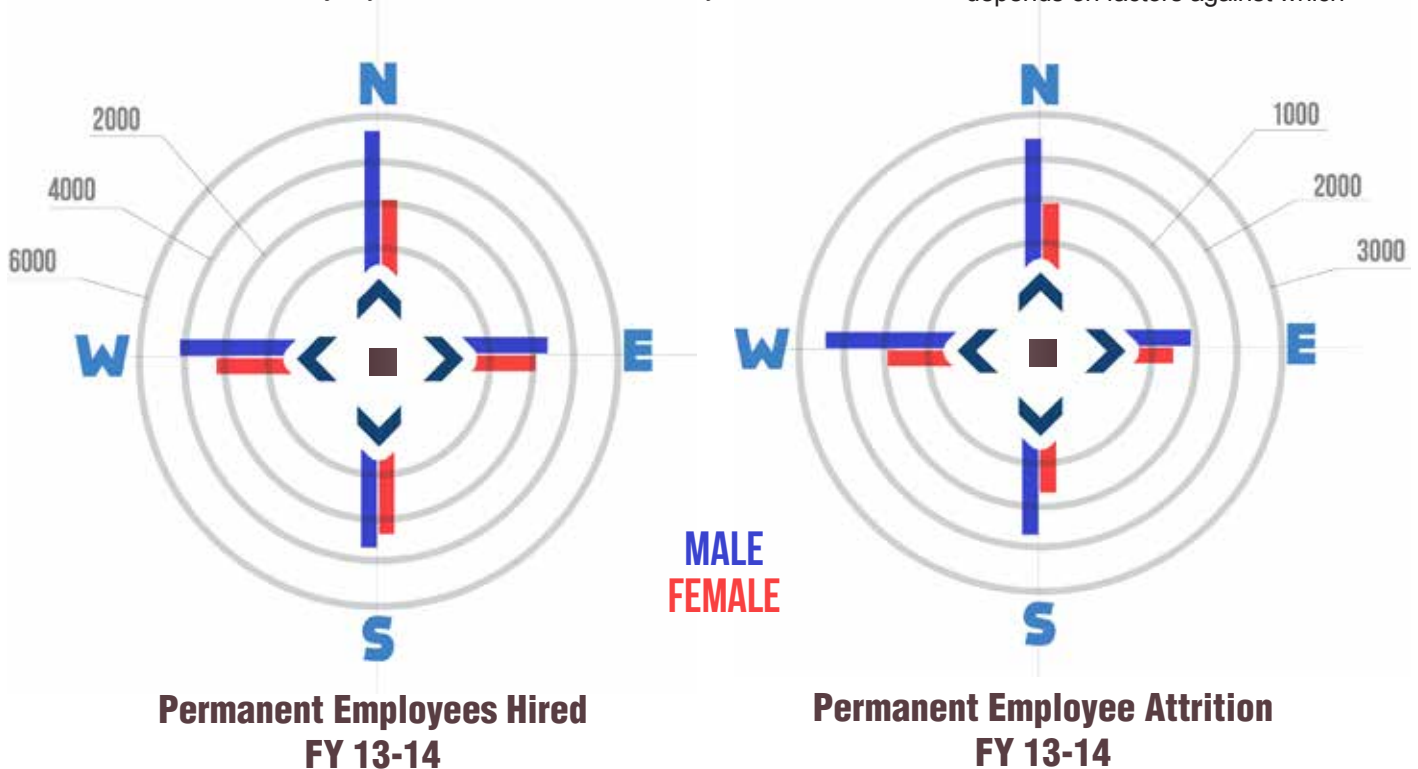
Ensuring Employee Retention

We value each of our employees for their intellectual potential, knowledge and skill. While taking measures to retain existing employees, we also ensure that new employees blend within our organisational culture and fit in smoothly. To facilitate this,

new employees are inducted into the workings of the Bank at the training centre instead of at the branches. This system better enables them to imbibe our work culture and business ethic before moving on to assume their respective roles at the branches and hence ensures smoother entry, reducing the scope of a cultural mismatch.

Maintaining Equality and Non Discrimination

We follow a non-discrimination policy with regards to employment and have policies to ensure that equal opportunities for growth within the organisation are presented to all employees. Uniformity in salaries at the entry level is maintained for all employees, irrespective of gender. Subsequently, the remuneration depends on factors against which



employee performance is measured through a Performance Management System, based on several parameters. As a part of an on-going initiative to build synergy, we have embarked upon the adoption of a cloud platform that allows for greater connectivity among employees. Our permanent staff also includes employees who were part of the erstwhile Lord Krishna Bank Trust, Kerala. They are covered by collective bargaining agreements and form the only Employee Association in the bank comprising 324 employees.

Our non-permanent staff is trained to ensure that they embrace our organisational culture and reflect our values in their work. In order to ensure inclusion, we have dedicated personnel assigned to each of our contract employees to address their concerns and requirements. In case of any significant operational changes, our contract staff is given a prior notice of thirty days. They are also given access to MediClaim benefits and a proper escalation matrix for issues.

Training

At HDFC Bank, we realise that imparting knowledge to employees on all aspects that impact our business provides them with an ability to think holistically. With a view to enhance the skill set of our employees, we provide them with training support. We have an annual training calendar

TECHNICAL SKILLS TRAINING



28798
Hours



6030
Hours

FUNCTIONAL AND BEHAVIOR TRAINING



Senior Management
366
Hours



Middle Management
6472
Hours



Junior Staff
32861
Hours

that addresses the technical and behavioral skill development requirements of employees. This integrated training approach with specific modules for planning and organisation, business communication, presentation skills, business writing, managing teams etc. aids in grooming employees into well rounded professionals. In the reporting period, the average duration of training imparted to each employee was 39 hours. Cross

Functional Training is also provided in order to hone the versatility of employees that can contribute to their holistic development.

Other Employee Engagement Channels

A motivated workforce is the key to achieving important business goals.





Josh Unlimited

An in-house series of multi-city, multi-discipline sports events held in over 15 cities in 2013-14



Stepathlon

An international pedometer-based team event that encourages activity in a simple, inclusive, fun and relevant manner to complement hectic lifestyles.



HDFC Bank Voice Hunt Contest

In association with Shankar Mahadevan Academy, a platform for all the employees of the bank who are passionate about singing, to showcase their talent at national level.



Sensations

In-house musical band contest wherein the employees across locations and functions come together to share their passion for music and form bands.



Corporate Photography Contest

A pan-India Corporate Photography contest in which 21 photographs clicked by the employees of the Bank were selected out of over 1300 entries. These photographs were displayed at the Prince of Wales Museum.



Online music classes

In collaboration with Shankar Mahadevan Academy, we introduced online music classes for all employees.



Communication Efforts

- Happy Bankers! Wellness messages sent across in the Bank.
- Stepathlete's page sharing inspiring experiences of Stepathlete's with the Bank.



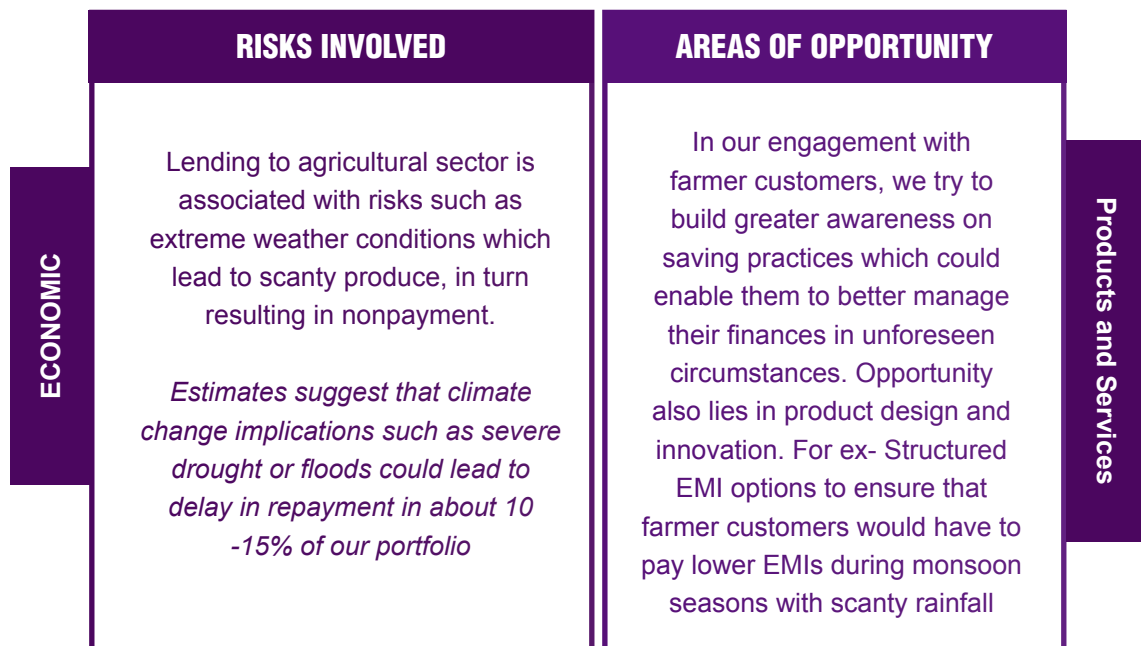
Other Wellness/Diversity Initiatives

- Complete health check-up packages for our employees in SRL Diagnostics (Pan India).
- Diwali/ Christmas celebrations and creating forums for employee connect.

EVALUATING RISKS AND OPPORTUNITIES

There are many aspects of our business that have contributed to our growth in the reporting period. An important part of achieving steady growth has been identification of the right opportunities as well as acknowledgment of the potential risks that can impact us, our customers and other stakeholders in the long run. In the current scenario of increasing global temperatures and magnified climate change effects, it is prudent we analyse and mitigate the

risks associated with the phenomenon of climate change. The repercussions of climate change are felt across our organisation in many ways. The risks and challenges presented are both, financial and non-financial. In this scenario, we consider it achievable to carve a path for growth with the business opportunities that are presented by climate change.



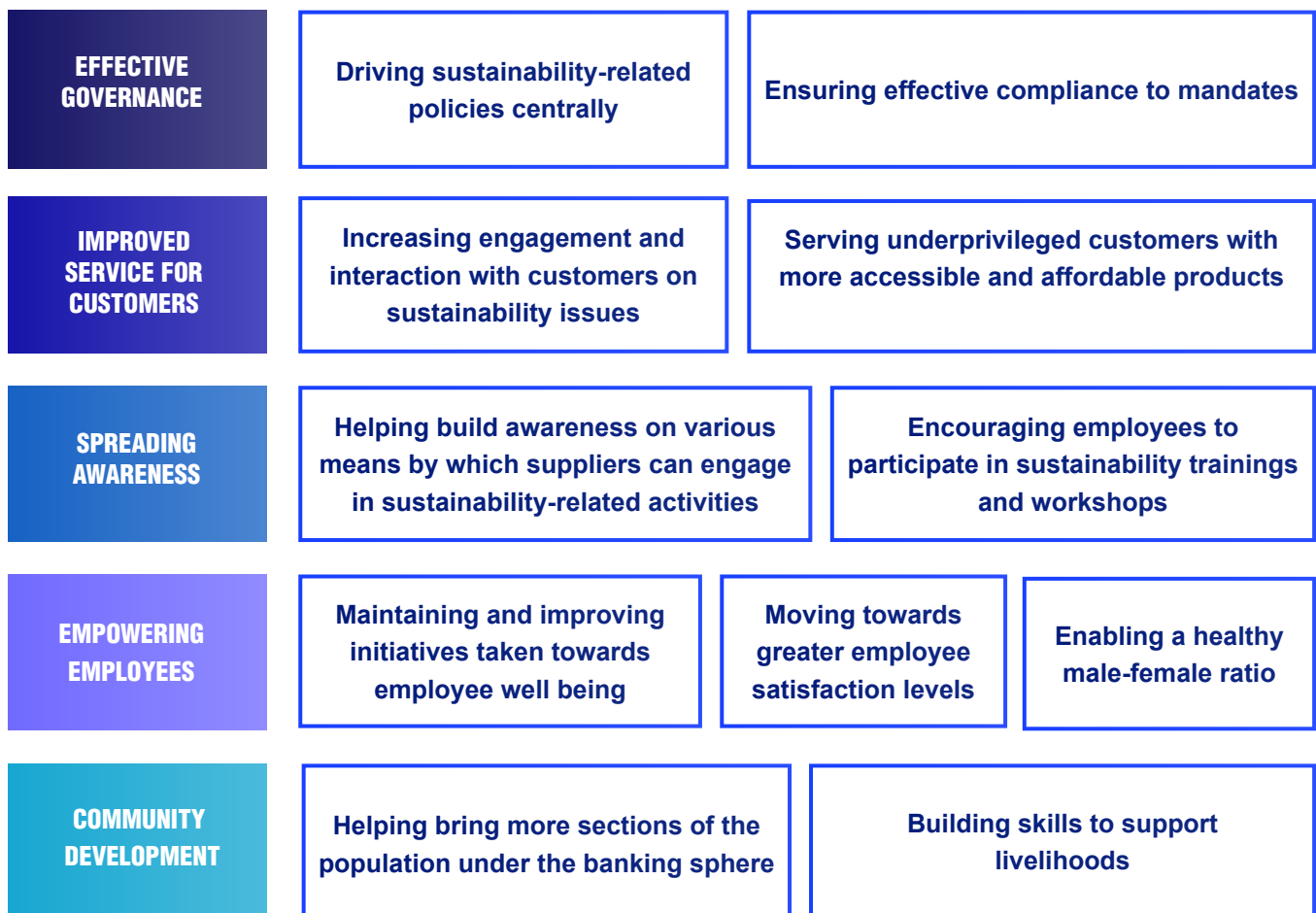
	RISKS INVOLVED	AREAS OF OPPORTUNITY	
ECONOMIC	The volume of funding towards public sector companies in the oil and power industries may suffer setbacks in view of curbing hydrocarbon emissions.	We are implementing a social and environmental screening mechanism to gauge the impacts of such projects and recommend measures to counter negative impacts. We could further consider including specific measures towards oil and power industry	Screening
ECONOMIC	Change in criteria for vehicle loans due to alterations in pollution norms may affect the number of customers applying for vehicle loans. Similarly, Customers may be unable to procure our products and services due to short fall of disposable income or due to catastrophic natural calamities and associated repercussions	We could explore the possibility of developing customised products in terms of rates of interest and modes of repayments to cater to customers faced with short fall of income.	Products and Services
OPERATIONAL	Projects getting stalled for clearances from the Ministry of Environment and Forests, as governments change, exposing us to risks associated with restructuring	While we have a robust screening mechanism in place, we could further enhance it so that we can adhere to any clearance requirements with ease	Screening
OPERATIONAL	Natural calamities such as flash floods and unforeseen events such as terrorist attacks may affect our business in a grave manner	We have a Business Contingency group which assesses such risks to ensure that in times of calamities, our business and customers do not suffer.	Operational Efficiency
ECONOMIC	Regulators could restrict the flow of funds to non-green projects or to allocate funds only for projects that satisfy specific requirements, we may experience slow down.	Growth in the renewable energy market and trading is a tremendous emerging business opportunity for us, given our healthy market presence.	New Area of Business

	RISKS INVOLVED	AREAS OF OPPORTUNITY	
REPUTATION	Our clients, individual and institutional, may be sensitive to our response to climatic change. We face reputational risk that is associated with not adopting environment-friendly measures.	We are focused towards technology-driven products and services, enabling our customers to adopt more environment friendly methods of working with us	Operational Efficiency
ECONOMIC	We face credit exposure to many companies under PAT scheme. The impact on the financial health of these companies may have an impact on our exposure	Assessment of the various risks shall be carried out and the further course of action will be decided by the CSR and Sustainability Committee	Customer/Client Relations

LOOKING AHEAD

Our short term (current) strategy is to bring about behavioural change in our employees as well as customers and to increase sensitivity towards environmental and social issues. We believe that by driving social and environment initiatives we can

create greater 'engagement' amongst employees while also enhancing our reputation amongst our stakeholders. We shall further our efforts to imbibe sustainability in all our products and services.



Within the scope of our business and operations, we are making efforts to tackle the financial and non-financial risks that arise in these circumstances while also aiming to utilise the scope of opportunity that is presented by the demands of the situation.

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

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL represented by DNV Business Assurance India Private Limited, has been commissioned by the management of HDFC Bank Limited ('HDFC Bank' or 'the Bank') to carry out an assurance engagement (Type 1, Moderate) on its Sustainability Report ('the Report') for the year 2013-14 in its printed format, and the referenced information in the Report to the Bank's website and Annual Report 2013-14. The engagement was carried out against the requirements of the Global Reporting Initiative (GRI) 2011 Sustainability Reporting Guidelines Version 3.1 (GRI G3.1) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS (2008)).

The intended users of this assurance statement are the management of HDFC Bank. The management of the Bank is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting that information. Our responsibility in performing this work is limited to the verification of sustainability performance - qualitative and quantitative information disclosed in the Report only and in accordance with the scope of work agreed with the management of the Bank. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. Our assurance engagement was planned and carried out in September 2014 – October 2014.

Scope, Boundary and Limitations of Assurance

The scope of work agreed upon with HDFC Bank included the following:

- Evaluation of the disclosed information in the Report, the systems and the processes that the Bank has in place for adherence to the three AccountAbility Principles (Inclusivity, Materiality and Responsiveness) as required for a Type 1, moderate level of assurance, in accordance with AA1000AS (2008);
- Evaluation of the additional principles of Completeness and Neutrality, as set out in DNV GL's Protocol for Verification of Sustainability Reporting Reporting ('VeriSustain' - www.dnv.com/moreondnv/crf/; available on request).

The reporting boundary is as set out in the Report and covers the sustainability performance of the Indian operations of HDFC Bank. The boundary excludes operations of HDFC Bank's subsidiaries. The assurance engagement (Type 1, moderate) was carried out at the Bank's corporate office in Mumbai. No external stakeholders were interviewed as part of this assurance engagement. The scope of work did not include site visits, verification and aggregation of quantitative data, and sustainability performance information from operational sites.

Verification Methodology

Our assurance engagement was planned and carried out in accordance with AA1000AS and VeriSustain. As part of the verification, we have challenged the sustainability related statements and claims made in the Report and assessed the underlying systems and processes for adherence against the three principles of the AA1000 AccountAbility Principles Standard 2008 as referred under the 'Scope, Boundary and Limitations of Assurance' section of this Statement. We have:

- Conducted 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;
- Conducted interviews with the core team involved in preparing the Report and key decision-makers of the Bank;
- Performed sample-based reviews of the mechanisms for implementing the Bank's policies, as described in the Report, and the process of determining material issues to be included in the Report;
- Reviewed the documents of stakeholder engagement processes specifically undertaken for the purpose of the sustainability reporting exercise.

Conclusion

In our opinion, the Report adequately represents HDFC Bank's sustainability-related policies and management systems. The report has responded to requirements related to Application Level A i.e. fairly disclosed its sustainability performance on material aspects from GRI G3.1 and the Financial Services Sector Supplement (FSSS). We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'.

AA1000AS (2008) Principles

Inclusivity: The stakeholder identification and engagement process includes engagement with key stakeholders of business segments to identify key sustainability challenges and concerns through different channels. The Bank has put in place a process of collecting and prioritising material issues emerging from the stakeholder engagement, and the engagement outcomes are fairly reflected in the Report. In our view, the level at which the Report adheres to this principle is 'Good'.

Materiality: An internal process (including outcome of engagement with key stakeholders) of materiality determination has been established for identifying and prioritising significant material issues; the Report brings out the performance related to key material aspects for its operations in India. In our view, the level at which the Report adheres to this principle is **'Acceptable'**.

Responsiveness: The Report has fairly responded to major stakeholder concerns through its policies, processes, governance mechanisms and management systems. In our view, the level at which the Report adheres to this principle is **'Acceptable'**.

Additional Parameters as per DNV GL's Protocol

Completeness: The Report has fairly reported within the reporting boundary, the profile disclosures, disclosures of management approach and key performance indicators against GRI G3.1 and its FSSS requirements for Application Level A. The Bank is committed to full disclosures and is in the process of establishing systems across operations for fully reporting partial disclosures, and has set out timelines for the same. In our view, the level at which the Report adheres to this principle is **'Good'**.

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

Opportunities for Improvement


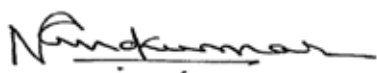
The following is an excerpt from the observations and opportunities for improvement reported to the management of the Bank and are considered for drawing our conclusion on the report; however, they are generally consistent with the management's objectives:

- The process of materiality determination may be enlarged to bring out material issues which impact the sustainability performance on the short, medium and long term; further, the Bank may consider establishing short, medium and long term sustainability goals and targets for the material aspects identified.
- The Bank may consider integration of sustainability aspects into its core processes, to enable continual improvement of key sustainability initiatives.
- The disclosures on sustainability performance of partially reported aspects and indicators could be further improved by fully reporting these aspects and indicators as per GRI G3.1.

DNV GL's Competence and Independence

We are a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. While we did conduct other third party assessment work with HDFC Bank in 2013-14, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. We were not involved in the preparation of any statements or data included in the Report except for this assurance statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the verification process.

For DNV GL,

 <p>Mithu Ghose Project Manager, Area Manager, DNV Business Assurance India Private Limited, India</p>	 <p>Vadakepathth Nandkumar Assurance Reviewer, Head – Sustainability and Climate Change Services, DNV Business Assurance India Private Limited, India.</p>
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Bangalore, India, 17th October 2014



GRI G3.1 CONTENT INDEX

Standard Disclosures I: Profile Disclosures

1. STRATEGY AND ANALYSIS

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	4-7	
1.2	Description of key impacts, risks, and opportunities.	Fully	55, AR 94	

2. ORGANIZATIONAL PROFILE

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Explanation
2.1	Name of the organization.	Fully	8	
2.2	Primary brands, products, and/or services.	Fully	10-11	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	8-9	
2.4	Location of organization's headquarters.	Fully	8	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	9	
2.6	Nature of ownership and legal form.	Fully	8, AR 188	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	8-11	
2.8	Scale of the reporting organization.	Fully	8-12, 49-50	

2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	12	
2.10	Awards received in the reporting period.	Fully	13	

3. REPORT PARAMETERS

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Explanation
3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	Fully	14-16	
3.2	Date of most recent previous report (if any).	Fully	14-16	
3.3	Reporting cycle (annual, biennial, etc.)	Fully	14-15	
3.4	Contact point for questions regarding the report or its contents.	Fully	59	
3.5	Process for defining report content.	Fully	14-16	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	14-16	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	14-16	This report is limited to cover HDFC Bank's Indian operations (without subsidiaries) and the direct employee workforce
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not		Not applicable as boundary is only Indian operations of HDFC Bank and no other associated entities

3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	39-40	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	None	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not	Not Applicable	
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	62-80	
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	14-16	

4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	20-21	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	AR 12	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	20-21, AR 12	

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	44	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Currently no such linkage exists	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	AR 80	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	20-21	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	8-9, 19, AR 17	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	19-21	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	19-21, AR 187	

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	37-39	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	37-39	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	HDFC Bank is a member of the Indian Bankers Association (IBA)	
4.14	List of stakeholder groups engaged by the organization.	Fully	14-15	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	14-15	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	44-54	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	44-54	

STANDARD DISCLOSURES II: Disclosures on Management Approach

G3.1 FSSS DMAs	Disclosure	Level of reporting	Location of disclosure	Explanation
DMA PS	Disclosure on Management Approach PS			
Aspects	Product Portfolio			
FS1	Policies with specific environmental and social components applied to business lines.	Fully	37-39	
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	37-39	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	37-39	
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	Fully	37-39	
	Audits			
	Active Ownership			
DMA EC	Disclosure on Management Approach EC			
Aspects	Indirect economic impacts	Fully	22-34	
DMA EN	Disclosure on Management Approach EN			
Aspects	Materials	Fully	35-43	
	Energy	Fully	35-43	
	Water	Fully	35-43	
	Biodiversity	Fully	35-43	
	Emissions, effluents and waste	Fully	35-43	
	Products and services	Fully	35-43	
	Compliance	Fully	35-43	
	Transport	Fully	35-43	
	Overall	Fully	35-43	
DMA LA	Disclosure on Management Approach LA			
Aspects	Employment	Fully	49-54	
	Labor/management relations	Fully	49-54	

	Occupational health and safety COMM	Fully	49-54	
	Training and education	Fully	49-54	
	Diversity and equal opportunity	Fully	49-54	
	Equal remuneration for women and men	Fully	49-54	
DMA HR	Disclosure on Management Approach HR			
Aspects	Investment and procurement practices	Not		Not Material
	Non-discrimination	Not		Not applicable as HDFC Bank belongs to Service industry
	Freedom of association and collective bargaining	Fully	49-54	
	Child labor	Fully	45	
	Prevention of forced and compulsory labor	Fully	45	
	Security practices	Not		Not Material
	Indigenous rights	Not		Not Material
	Assessment	Not		Not Material
	Remediation	Not		Not Material
DMA SO	Disclosure on Management Approach SO			
Aspects	Local communities	Fully	22-34	
	Corruption	Fully	19-21	
	Public policy	Fully	19-21	
	Anti-competitive behavior	Fully	19-21	
	Compliance	Fully	19-21	
DMA PR	Disclosure on Management Approach PR			
Aspects	Customer health and safety	Fully	45-49	
	Product and service labelling	Fully	45-49	
FS15	Policies for the fair design and sale of financial products and services.	Fully	45-49	
	Marketing communications	Fully	19, 45-49	
	Customer privacy	Fully	45-49	
	Compliance	Fully	45-49	

Product and Service Impact				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Product portfolio				
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector.	Fully	AR 86	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Fully	22-34	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Partially	35-37	
Audit				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	37-39	
Active ownership				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	37-39	
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	37-39	
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Not		HDFC Bank does not adopt voting practices, hence not applicable/ material

STANDARD DISCLOSURES PART III: Performance Indicators

Economic				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Economic performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	17-18	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	55-57	
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	AR 48, AR 150	
EC4	Significant financial assistance received from government.	Fully	No financial assistance received	
Market presence				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	Entry level wages are uniform for each level, and as per industry standards	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	29, 45	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	29, 49-54	
Indirect economic impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	30-34	

EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partially	22-34	
Environmental				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Materials				
EN1	Materials used by weight or volume.	Fully	41	Paper is the material used in significant quantities
EN2	Percentage of materials used that are recycled input materials.	Not		Not available as usage of recycled paper is not tracked currently. Aim to report in 2016.
Energy				
EN3	Direct energy consumption by primary energy source.	Fully	39-40	
EN4	Indirect energy consumption by primary source.	Fully	39-40	
EN5	Energy saved due to conservation and efficiency improvements.	Fully	39-40	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not		Not material as HDFC Bank belongs to service industry
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	39-40	Aim to quantify reductions in scope 3 emissions more accurately in the future
Water				
EN8	Total water withdrawal by source.	Not		Water is predominantly used for domestic purposes in offices and branches. The quantity consumed is not significant considering the number of employees.
EN9	Water sources significantly affected by withdrawal of water.	Not		Water is predominantly used for domestic purposes in offices and branches. The quantity consumed is not significant considering the number of employees.
EN10	Percentage and total volume of water recycled and reused.	Not		Water is predominantly used for domestic purposes in offices and branches. The quantity consumed is not significant considering the number of employees.

Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	35	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	35	
EN13	Habitats protected or restored.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	35	
Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	39-40	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially	39-40	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	39-40	
EN19	Emissions of ozone-depleting substances by weight.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
EN21	Total water discharge by quality and destination.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
EN22	Total weight of waste by type and disposal method.	Partially		e-waste is disposed by sale to recyclers. Currently do not have systems to track other wastes. Aim to report by 2016
EN23	Total number and volume of significant spills.	Not		Not Material

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not		Not Material
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not		Not Material
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	35-37, 39-40	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not		Not Material
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No fines for non compliance with environmental laws and regulations	
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	43	
Overall				
EN30	Total environmental protection expenditures and investments by type.	Not		Currently not being tracked. Aim to report by 2016

Social: Labor Practices and Decent Work				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	49-54	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	49-54	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	49-54	
LA15	Return to work and retention rates after parental leave, by gender.	Partially	49-54	
Labor/management relations				
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	49-54	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	49-54	
Occupational health and safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Not		Not Material
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Not		Health and safety concerns predominantly arise from workplace ergonomics and travel. Currently, we do not have systems to capture the same. Aim to report by 2016

LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	49-54	
LA9	Health and safety topics covered in formal agreements with trade unions.	Not		Not Material
Training and education				
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	49-54	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	49-54, AR 48-49	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	49-54	
Diversity and equal opportunity				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	49-54, AR 12	
Equal remuneration for women and men				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	49-54	

Social: Human Rights

Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially	19-21	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	45	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not		Not Material
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	No incidents reported	
Freedom of association and collective bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	All supplier contracts carry clauses on human rights. None identified as having violated the same.	
Child labor				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	45	
Prevention of forced and compulsory labor				





HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	45	
Security practices				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	All security personnel are given appropriate training in all aspects, including that of human rights, which are relevant to our operations	
Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not		Not material as HDFC Bank belongs to Service industry and has negligible impact
Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	The Code of Conduct and Ethics Manual includes subject of human rights. All employees are assessed for their compliance to the CoCEM	
Remediation				
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."	Fully	No grievances filed	
Social: Society				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Local communities				
SO1 (FSSS)	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	22-34	

SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	Fully	22-34	
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	22-34	
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	22-34	
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	37-39	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	37-39	Our only negative impact arises from the effects of projects that we finance. To tackle the same, we have SEMS system
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	19-21	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	19-21	
SO4	Actions taken in response to incidents of corruption.	Fully	19-21	
Public policy				
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	19-21	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	No such contributions made or received	
Anti-competitive behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	None	
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	None	

Social: Product Responsibility				
Indicator	Disclosure	Level of reporting	Location of disclosure	Explanation
Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not		Not Material due to type of service offered
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not		HDFC Bank is in the service industry and does not produce products and services which have health and safety impacts
Product and service labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	45-49	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	None	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	45-49	
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	22-31	
Marketing communications				
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	45-49	

PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	None	
Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	45-49	
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	None	

GRI Application Level

Report Application Level		C	C+	B	B+	A	A+ 
Standard Disclosures	Profile Disclosures 	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	Disclosures on Management Approach 	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
	Performance Indicators & Sector Supplement Performance Indicators 	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines





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