

IMPACTING | EMPOWERING LIVES. | COMMUNITIES.

A STORY OF SUSTAINABLE CHANGE



 **HDFC BANK**
PARIVARTAN
A step towards progress

SUSTAINABILITY REPORT FY 2018-19



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1 SUSTAINABILITY HIGHLIGHTS



Low-land wells transformed the life of this farmer in Jharkhand.



Puffed-rice processing initiative in Kelende, Jharkhand.

SOCIAL PERFORMANCE

Customer Base

4.9
crore



Spend for developing and empowering communities (CSR Spend) in FY 2018-19

₹ 443.8 crore



PMJDY accounts opened making financial services available to the weaker sections & low-income groups

24.1 lakh

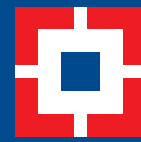


Households reached through Sustainable Livelihood Initiative

96 lakh
across 27 states
in FY 2018-19



Over **10** lakh units of blood collected since the inception of the Blood donation drive



Workforce engaged at HDFC Bank

98,061



Share of semi-urban and rural outlets in the total network

53 %

Branch Classification as of March 2019

22%
Rural



31%
Semi
Urban



19%
Urban



28%
Metro



Participants covered under Financial Literacy Program

81 lakh



Households reached through Holistic Rural Development Programme

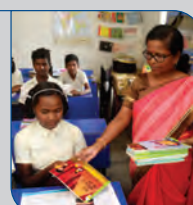
14.4 lakh

people located in more than 1100 villages



'Teaching-The-Teacher' (3T) initiative- impacted

1.6 crore
students



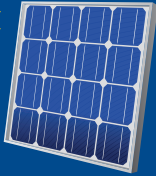
ENVIRONMENT PERFORMANCE



12%
reduction in power consumption
(at each EnMS implemented branch)

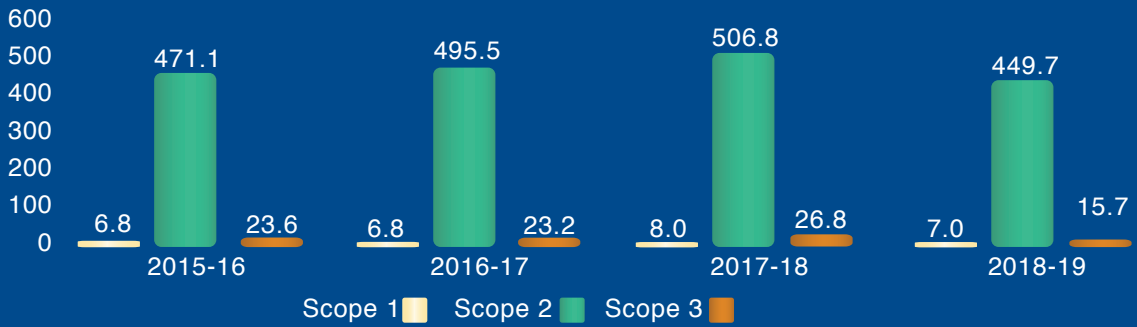


3.92 MT CO₂e
per unit crore
of income



1,62,600 kWh
power from solar

Scope 1, Scope 2 and Scope 3 Emissions ('000 MTCO₂e)





Well-building initiative benefitted nearly 2000 people in Jaher, Jharkhand.



ECONOMIC PERFORMANCE

Growth in Network

	2016-17	2017-18	2018-19
 Branches	4,715	4,787	5,103
 ATMs	12,260	12,635	13,160
 Cities/Town	2,657	2,691	2,748

Percentage increase in Digital Space



Increase in Dividend per share



Net Profit after Tax

₹ 21,078 crore

20.5%

increase from FY 2017-18

Retail Assets

₹ 432,687 crore

rose by **15%** from FY 2017-18

Balance Sheet Size

₹ 1,244,541 crore

17% increase compared to the previous year

Bank's credit to Agriculture & Allied activities round off to

₹ 128,809 crore

nearly **14%** increase from the previous year



2 EXECUTIVE'S STATEMENT AND OVERVIEW

2.1 PERSPECTIVE FROM THE LEADERSHIP

Dear Fellow Stakeholders,

It gives me great pleasure to present to you the Sustainability Report for Financial year 2018- 2019. This year marked two milestones for the Bank. On February 18, we inaugurated our 5000th branch in Mumbai, exactly 25 years after we opened our very first branch in the city.

While the landmark branch is in Mumbai, more than half of the Bank's branches are located in the semi-urban and rural areas. What gives us immense satisfaction is that every branch opened acts as a catalyst for change by taking banking services to the most remote parts of the country.

Our Bank has so far impacted 10 crore lives directly or indirectly. This includes 4.9 crore customers, 5 crore people through its social initiatives and the families of over 1.9 lakh employees, including those of our 2 subsidiaries.

I am happy to state that in the year ended March 31, 2019, our Bank continued to do well in a challenging business environment, in both financial and societal parameters. The Bank posted a 20.5% rise in net Profit to ₹ 21,078.1 crore and a 20.3% rise in Net Interest Income to ₹ 48,243.2 crore.

The Bank works to address various environmental challenges and incorporate technologies and processes that don't harm, but rather add value to the quality of the environment. To further strengthen its commitment, the Bank has constituted a Board governed Environmental policy that will serve as a framework for its initiatives.

At HDFC Bank we have always believed in creating change that is holistic and sustainable. Our mantra of Parivartan, the umbrella brand for all our social initiatives, is aimed at transformation and progress for the underserved. The best example of this is our Sustainable Livelihood Initiative; an all women programme with perhaps no parallel globally, both in terms of scale and impact. Encompassing, financial literacy, skills training credit counselling, livelihood finance and delivered through Self Help Groups, it covers the length and breadth of the country. It has already made a difference to the lives of 96.7 lakh households or nearly 3.87 crore individuals and help them break the vicious cycle of poverty. Over 10,000 employees of the Bank making up about 10% of the total workforce are running this programme.

The Holistic Rural Development Programme is yet another example of long-term and impactful change. The nation can progress only when Rural India prospers as half of India depends on agriculture. This belief has propelled us into focusing on key issues that affect the rural hinterland: soil, water and natural resource and management and sanitation. Spread over 17 states, the programme covers over 3.6 lakh households across 1,100 villages. Over 26,000 acres of land have been treated to enhance productivity. Such interventions, we hope will stop the large scale migration to cities.

The Teaching the Teacher or 3T initiative is again one of its kind. In a unique model the attempt is to skill the teachers so that they can in turn train the students. Already 15 lakh teachers potentially benefiting 1.6 crore children have been trained through the programme.

None of this would be complete without mentioning our national blood donation drive. In 2013 we were awarded by the Guinness Book of Records for the largest collection of blood on a single day. The drive was initiated in 2007 and till date, we have cumulatively collected over 1 million units of blood.

And finally, this year's report showcases how our Bank's social initiatives under Parivartan have dovetailed into the Sustainable Development Goals identified by the United Nations member states in 2015. This as you would probably know is a universal call to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Thank you

Aditya Puri,
MD & CEO



2.2 REPORT OVERVIEW

HDFC Bank is delighted to publish its sixth annual Sustainability Report based on the theme of bringing forth 'Parivartan': Sustainable Change through its journey. The report adheres to GRI Standards and the Financial Service Sector Disclosures and has been prepared in accordance with the GRI Standards: Comprehensive option. It also adheres to reporting principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. The report also brings out how the Bank's structure, operations, business and its environment and social initiatives are aligned with the UN Sustainable Development Goals (SDG).

The information here, has been compiled through direct and indirect interactions with the Bank's various stakeholders. The report has also been externally assured by KPMG, India. The assurance of the report is based on ISAE 3000 (Revised) and AA 1000 AS (2008) Standards.

The Bank reports on its triple bottom line performance for the period April 1, 2018 to March 31, 2019, as per the annual financial reporting cycle adopted by the Bank.

Previous Sustainability Reports are available in the link below: <https://www.hdfcbank.com/aboutus/csr/environmental-sustainability.html>

The last Sustainability Report- 'Empowering Communities' was released in November 2018. In the Bank's sustainability report for 2017-18, the Bank had touched upon certain key concepts of value creation. This year, the Bank has taken a step ahead by publishing its first Integrated Report for FY 2018-19, that communicates the Bank's performance and strategy in conjunction with the six capitals laid out by the IIRC (International Integrated Reporting Council). The Report can be read at:

https://www.hdfcbank.com/aboutus/cg/annual_reports.htm

Scope and Boundary

The report captures key economic, environment and social performance indicators and reflects significant achievements of the Bank for FY 2018-19. The locations covered include 5103 banking outlets, 13,160 ATMs spread over 2,748 cities and towns in India and some of the overseas branches. Social and Environmental information of the Bank's Subsidiaries and Associates have not been presented in this report. Further, there have been no significant changes in the reporting period regarding the organization's size, structure and ownership.

2.3 ABOUT HDFC BANK

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

The Bank is listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). It also has American Depository Shares (ADS) listed on the New York Stock Exchange (the "NYSE") and Global Depository Receipts (GDRs) listed on Luxembourg Stock Exchange.

This year marks the completion of 25 years of HDFC Bank. The Bank constantly strives to ensure that its operations and processes are flexible to withstand and respond to the dynamic operational environment.

The number of banking outlets have increased by over 27 % to 5,103 in FY 2019 from 4,014 in FY 2015. The Bank's geographical presence is a well-balanced mix, with 53 % of its total banking outlets in semi urban and rural locations.

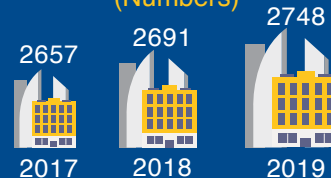
Banking Outlets (Numbers)



ATMs (Numbers)



Cities/Town (Numbers)









2.4 MISSION AND CORE VALUES

The Bank's mission is to be a 'World-Class Indian Bank'.



The business philosophy is based on five core values:

The Bank's core value, Sustainability encompasses environmental, social and governance parameters. The business objective of the Bank is to be the preferred banking services provider with healthy growth in profitability that is consistent with its risk appetite. To achieve its business objective, the Bank is harnessing the power of digitization as follows:

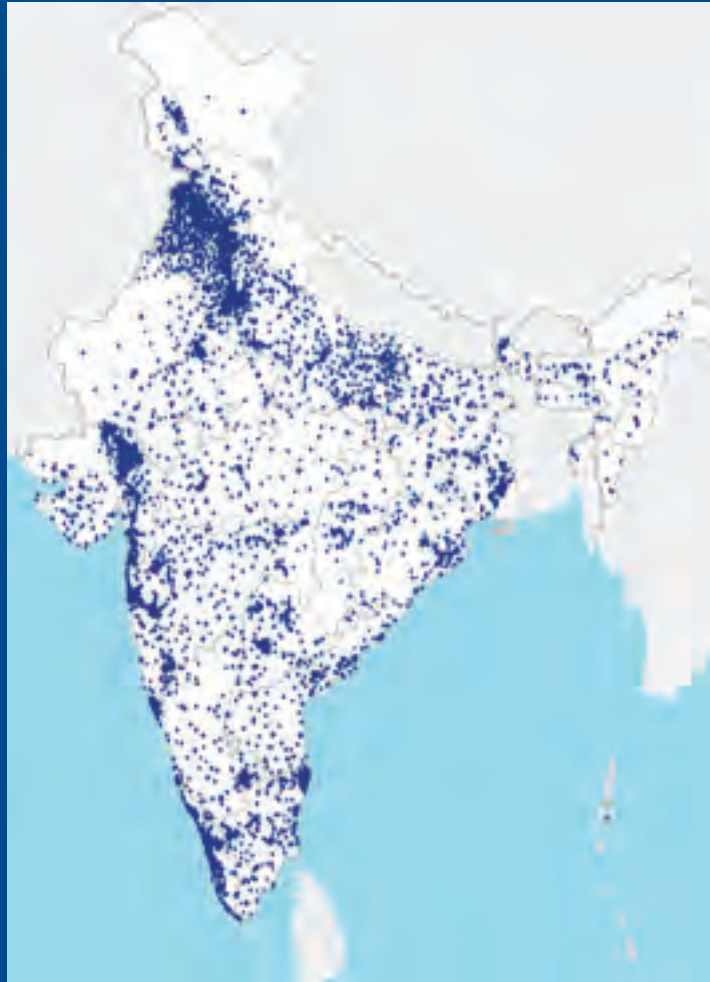
-  Deliver superior experience and greater convenience to customers
-  Increase market share in the nation's expanding banking service industry
-  Expand geographic reach
-  Cross sell the broad financial product portfolio
-  Sustain strong asset quality through disciplined credit risk management
-  Maintain low cost of funds

The Bank is committed to achieving this while adhering to the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. These are well-documented in the Bank's Code of Conduct, conforming to which is mandatory for each employee.

2.5 BUSINESS OPERATIONS

The Bank has a diversified network of business operations, which are split into domestic (India) and international operations. The banking services cover Commercial Banking, Investment Banking, Transactional Banking spread over wholesale and retail segments and treasury operations.

Strong National Network



Branch Classification (March 2019)

22% Rural



31% Semi Urban



19% Urban



28% Metro



Out of the total banking outlets of the Bank, 53% are in Semi-urban and Rural locations of India



All the branches are linked online in a real-time manner



The customer base of the Bank is over 4.9 Crore

Re-imagining Customer Experience – From transactions to journeys

Business Operations



Retail Banking

- Offers products to customer to safely deposit the money with the bank and earn interest.
- Caters to normal financing needs for a short term, at the prevailing interest rates.
- Caters to specific needs to buy assets like home, car or personal loan.



Wholesale Banking

- Focuses on institutional customers such as Large/Emerging Corporates, SMEs & Govt. Corporate Banking the biggest contributor in terms of assets and revenues.
- Bank is a market leader in providing cash management solutions.



Treasury

- Caters to the treasury needs of customers and earns a substantial part of its revenues through fee income.
- The Bank is a Primary Dealer for Government Securities.

Retail Banking

LOAN PRODUCTS

- Auto Loan
- Personal Loans
- Home loans / Mortgages
- Commercial Vehicles Finance
- Retail Business Banking
- Credit Cards
- Loans against Gold
- 2-Wheeler/Consumer Durable Loans
- Construction Equipment Finance
- Loans against Securities
- Agri and Tractor Loans
- Education Loans
- Self Help Group Loans
- Joint Liability Group Loans
- Kisan Gold Card

DEPOSIT PRODUCTS

- Savings Accounts
- Current Accounts
- Fixed / Recurring Deposits
- Corporate Salary Accounts
- Escrow Accounts

OTHER PRODUCTS / SERVICES

- Depository Accounts
- Mutual Fund Sales
- Private Banking
- Insurance Sales (Life, General)
- Non-resident Indian (NRI) Services
- Bill Payment Services
- Point of Sale (POS) Terminals
- Debit Cards
- Foreign Exchange Services
- Broking (HDFC Securities Ltd.)

Retail Banking

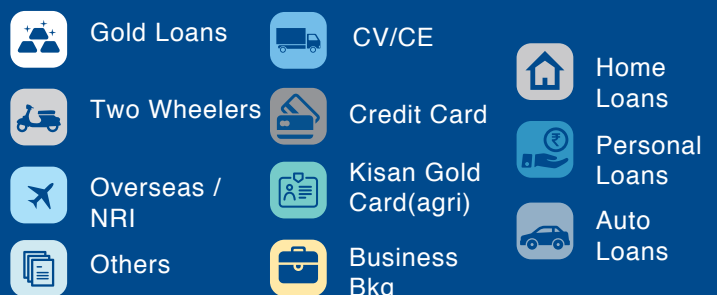
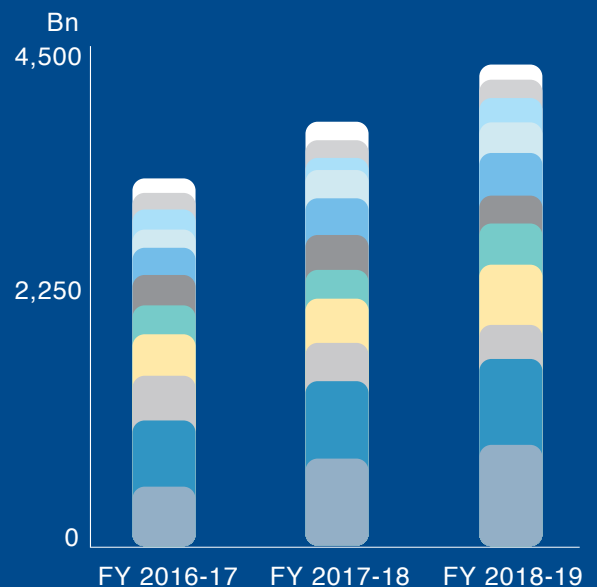
As India's leading Retail Bank, it offers an extensive range of financial products to serve its customers. These are delivered through the growing branch network, as well as through alternative delivery channels like ATMs, Phone Banking, Net Banking and Mobile Banking. The Bank has a wide range of Retail Products such as Personal loans, Auto loans, Life Insurance, Mutual Funds, etc.

Retail Loans – Leadership & Profitable Growth

In FY 2018-19, Bank's Retail Business registered robust growth. There was an increase in the total Retail Deposits by 22.3%, to ₹ 709,085 crore from ₹ 580,006 crore, while a growth of 15% was observed in Retail Advances.

The strong product offering and speedy disbursal helped growth in the Personal Loan Business to nearly ₹ 93,000 crore. This has been a key driver for Retail Business for FY 2018-19. The emergence of the Bank as a pioneer in various digital loans such as 10 second Personal Loan, Digital Loan Against Shares and Loan Against Mutual Funds has been backed by its digitization initiatives. The Bank is a leader in Auto Loans Segment and has a strong presence in passenger, commercial vehicle and 4-wheeler segment.

The Bank has a dominant presence in the Payments Business, with its credit card base touching 1.25 Crore in FY 2018-19. HDFC Bank is among the largest facilitators of cashless payments in the country. The digital offerings by the payments business are PayZapp, Bharat QR Code, UPI, and SMS pay solutions. It has also pioneered path-breaking products such as the SmartHub App which facilitates cashless payments for small merchants and DigiPos, which enables traditional PoS machines to accept digital payments. Merchants and customers alike have found these solutions useful. The Bank also distributes Third-Party Products such as Life Insurance, General Insurance and Mutual Funds.



Wholesale Banking

COMMERCIAL BANKING

- Working Capital
- Term Loans
- Bill / Invoice discounting
- Forex & Derivatives
- Letters of Credit
- Guarantees

TRANSACTIONAL BANKING

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

INVESTMENT BANKING

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

KEY SEGMENTS

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

Treasury

PRODUCTS/SEGMENTS

- Foreign Exchange
- Debt Securities
- Derivatives
- Equities

OTHER FUNCTIONS

- Asset Liability Management
- Statutory Reserve Management

Wholesale Banking

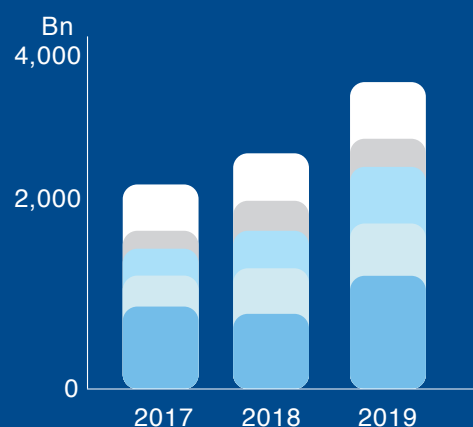
This business focuses on institutional customers such as the Government, Large and Emerging Corporates, and SMEs. The Bank's offerings in this segment include Working Capital and Term Loans as well as Trade Credit, Cash Management, Supply Chain Financing, Foreign Exchange, and Investment Banking services.

Wholesale Advances

The Wholesale Banking business recorded a healthy 31.9% growth. Corporate Banking, which focuses on large, well rated companies remained the biggest component of the Wholesale Banking Book. The Emerging Corporates Group, which focuses on the mid-market segment, too witnessed significant growth. It offers a differentiated service by leveraging its vast geographical reach, technology backbone, automated processes, a wide range of financial products and a quick turnaround time. This has resulted in both new customer acquisition and a higher share of wallet from existing customers. The business continues to have a diversified portfolio in terms of both industry and geography. In the last five years, this business has doubled its presence to 47 cities in India.

Adoption of the Goods and Services Tax platform by several Micro and Small Enterprises resulted in greater formalisation of the Micro, Small and Medium Enterprises (MSMEs) sector in FY 2018-19. The Investment Banking business acquired a prominent position in the Debt and Equity Capital Markets. The Bank has been ranked 2nd in the Bloomberg rankings of Rupee Bond Book Runners for four consecutive years now

An entire gamut of financial services, such as Payments, Collection, Tax Solutions, Government Business, Trade Finance Services, Cash Management Solutions and Corporate Cards is offered by the Bank through its flagship Corporate Net Banking Platform, ENet. The Bank also seamlessly connects with its customers through API, S2S (Server to Server) and Host to Host services.



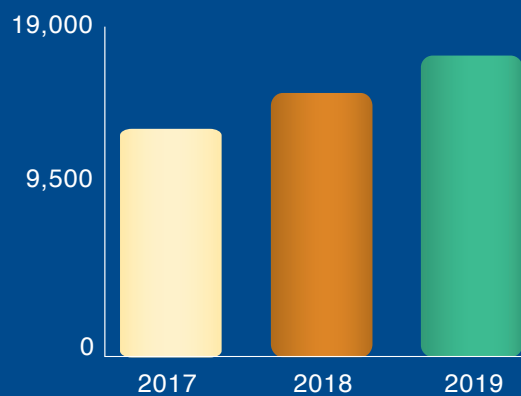
Treasury

Treasury acts as a custodian of the Bank's cash / liquid assets and handles its investments in securities, foreign exchange and cash instruments. It also manages the liquidity and interest rate risks and is also responsible for meeting reserve requirements. The treasury needs of customers is also managed by this segment. This vertical earns a substantial part of its revenues through fee income generated from transactions, customers undertake with the Bank while managing their foreign exchange and interest rate risks. Revenue accrues from spreads on customer transactions based on trade and remittance flows and demonstrated hedging needs.

Customer Focused Treasury Products

The Bank maintains a portfolio of Government Securities, in line with regulatory norms governing the Statutory Liquidity Ratio (SLR). A significant portion of these SLR securities are held in the 'Held-to-Maturity' (HTM) category, while some are held in the 'Available for Sale' (AFS) category. The Bank is also a Primary Dealer for Government Securities. As a part of this business, as well as otherwise, the Bank holds fixed income securities in the 'Held for Trading' (HFT) category.

FX & Derivatives Revenues



58%
Retail



8%
Others



6%
Business
Banking



16%
Corporates



12%
Emerging
Corporates



International Business

The Bank has its overseas branches in Bahrain, Hong Kong, and the Dubai International Finance Centre (DIFC). These branches cater to the needs of our overseas clients both corporate, and individual. They offer Banking, Trade Finance and Wealth Management (primarily for non-resident individual customers). In addition, the Bank has Representative Offices in Abu Dhabi, Dubai and Nairobi. The Bank also has a presence in International Financial Service Centre (IFSC) at GIFT City in Gandhinagar, Gujarat, which is akin to a foreign branch. Customers can avail of products such as Trade Credits, Foreign Currency Term Loans including External Commercial Borrowings (ECB) and derivatives to hedge loans.

2.6 FINANCIAL PERFORMANCE

For the reporting year, the Bank has witnessed consistent growth across all key parameters such as asset size, revenues and profitability. Some of the highlights of financial performance of the Bank are listed below:

Balance Sheet Size in Crore



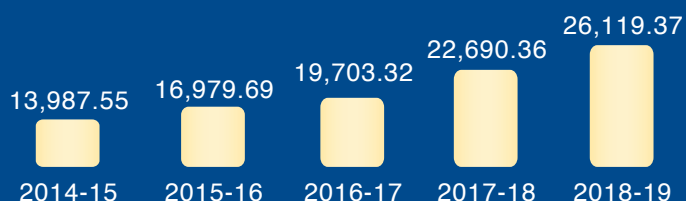
Operating Costs in Crore()

Dividend Per Share / Earning Per Share



Earning Per Share Dividend Per Share

Operating Costs in Crore



Operating Costs in Crore()

Profit after Tax in Crore



Profit after Tax

Total Net Revenue in Crore



Total Net Revenue

₹. in Crores	FY 2018-19
Direct Economic Value Generated	65,869.09
Revenues	65,869.09
Economic Value Distributed	37,014.32
Operating costs	26,119.37
Payments to and provisions for employees	10,451.148
Community Investments (including CSR Expenditure)	443.8
Financial assistance received from government	—
Economic Value Retained (Economic value retained is the difference between Direct Economic Value Generated and Economic Value Distributed)	28,854.77

A detailed financial overview is presented as part of the of the Annual Report for FY 2018-19, available online at https://www.hdfcbank.com/aboutus/cg/annual_reports.htm


2.7 AWARDS AND RECOGNITION





**Euromoney Trade
Finance Survey 2019**

Best Service
(Asian Banks only) - India
Market Leader
(Asian Banks only) - India



**The Financial Express
India's Best Banks
Awards 2017-18**

Best Bank
New Private Sector category



**Finance Asia poll on
Asia's Best Companies**

Best Managed Company - Rank #1
Best Growth Strategy - Rank #1
Best ECG - Rank #2
Best CEO
Rank #1 Mr. Aditya Puri




**Euromoney Private
Banking and Wealth
Management Survey 2019**

No. 1 in Asset Management category




**Business Today
KPMG India's
Best Bank Awards 2019**

Bank of the Year - HDFC Bank and SBI
Best Large Bank - HDFC Bank



**Mint - EY Emerging
Technology Award 2019**

Winner Robotic Process Automation
(software) category



**AIMA-JRD Tata Corporate
Leadership Award 2018**

Mr. Aditya Puri



**The Economic Times
Corporate Excellence
Awards 2018**

Company of the Year



**NASSCOM AI Game
Changer Awards 2018
Innovative Application in AI**

Virtual Agent Engine



**BrandZ India's Most
Valuable Brands 2018
HDFC Bank ranked No. 1**

5th consecutive year



Reusable cotton pad initiative in Khunti, Jharkhand.



3 ENVIRONMENTALLY RESPONSIBLE



Solar-powered Jalminar drinking water system in Mandar, Jharkhand.



Rural electrification drive in Jharkhand.

Transitioning towards a low carbon economy is the need of the hour. The Bank has been at the forefront in identifying, assessing and addressing environmental concerns and has been measuring its greenhouse gas (GHG) emissions since 2010. Addressing and mitigating environmental concerns also makes business sense as climate change impacts have the potential to not just impact operations but also revenues, by impacting our lending and investments. The Bank is firmly committed to the environment and the fight against climate change. The Bank regards climate change mitigation and environmental conservation as essential elements of sustainable business. This belief embodies the Bank's approach on management of its resource footprint. With the aim to measure and disclose GHG emissions with full transparency, in FY 2018-19 the Bank has undertaken GHG Assurance from a third party. The Bank is committed to minimizing its carbon footprints.

A Board-governed environmental policy serves as a framework to understand and manage the Bank's environmental risks, impacts and opportunities. By implementing policy directives and adopting best global environment practices, the Bank hopes to achieve a 10% reduction in its Scope 1 and 2 emissions intensity by FY 2021-22. The Bank has aligned itself to the SDGs and works towards integrating them into its business strategy.

The Bank's environmental policy articulates that the large loans disbursed by the Bank, will first be assessed for environmental and social risks. The projects should comply with the environmental norms of the land and, should have a plan for implementing and monitoring environmental initiatives. In FY 2017-18 there were no fines, non-monetary sanctions or cases brought forward regarding non-compliance with environmental and social laws and regulations against the Bank.












Harnessing renewable energy through installed solar panels in its office premises aligns with SDG 7 – Affordable and Clean Energy. The Bank ensures responsible consumption of natural resources, complying with SDG 11 and 12 – Sustainable Cities and Communities. Initiatives taken by the Bank towards SDG 12 (Responsible Consumption and Production) include efforts to monitor and reduce energy consumption, installing capacitor banks and occupation sensors for reducing electricity consumption and sensor-based faucets in washrooms for water conservation.

3.1 ENERGY MANAGEMENT

In alignment with SDG 12, the Bank endeavours to improve energy efficiency and systematically manage energy use throughout its operations. The adoption of Energy Efficient Management Systems (EnMS) has led the Bank to achieve the same. With the installation of Energy Management Module, the Bank has been able to reduce power consumption by about 12% across 600 branches, where this has been implemented. As on 31st March 2019, two of the Bank's buildings at Mumbai and Bhubaneswar are LEED certified.

DG sets have been replaced with lithium ion batteries in select branches as part of a pilot study to reduce emissions from diesel. The Bank's ENMS makes use of data analytics and Internet of Things (IOT) to drive energy efficiency across select branches. What started as a pilot in 100 retail branches across 5 cities in 2015 was scaled-up to 600 branches in 2017. A few highlights from the program are:

-  Poor power factor (less than 0.75) have been improved to 3%.
-  Data is collected at 5-minute intervals through a central cloud platform which enables benchmarking as well as deeper analytics to identify root cause of in-efficiency / high energy usage.
-  A self-service easy to use portal has been created for all users to access key consumption data related to their regions which can be drilled down to a specific branch for analysis.
-  To ensure consistent experience for customers and employees, the temperature is set- at a certain point and this is strongly enforced across the 600 branches.
-  Sharing of energy usage patterns and anomalies with employees, at respective branches have improved employee awareness and behaviour on energy consumption.
-  Predictive health monitoring is being done for all critical assets like DG sets and air-conditioning assets preventing outages and breakdowns.
-  Usage of all major energy consuming assets: signage, lighting, air-conditioning in customer areas, ATM air-conditioning etc. have also been automated.
-  Energy demand reduction opportunities have also been identified in many branches under the program.
-  Air-conditioning asset health has also improved; hence while the units run more efficiently and save on electricity, the overall thermal compliance across 600 branches has also seen improvement.

In the next phase, the Bank is evaluating to extend the ENMS to large offices too. Apart from the ENMS, some of the Bank's other initiatives include:



Collocation of ATM and Server Room to reduce the number of individual air-conditioning units required.



Installation of Capacitor Banks in premises which helps in reducing electricity consumption.



Provision of VRF/VRV AC's, instead of conventional AC's in all new back offices. In the branches, inverter-based star rated AC's (as per BEE standards) have been installed.



Installation of occupancy sensors in new back offices.

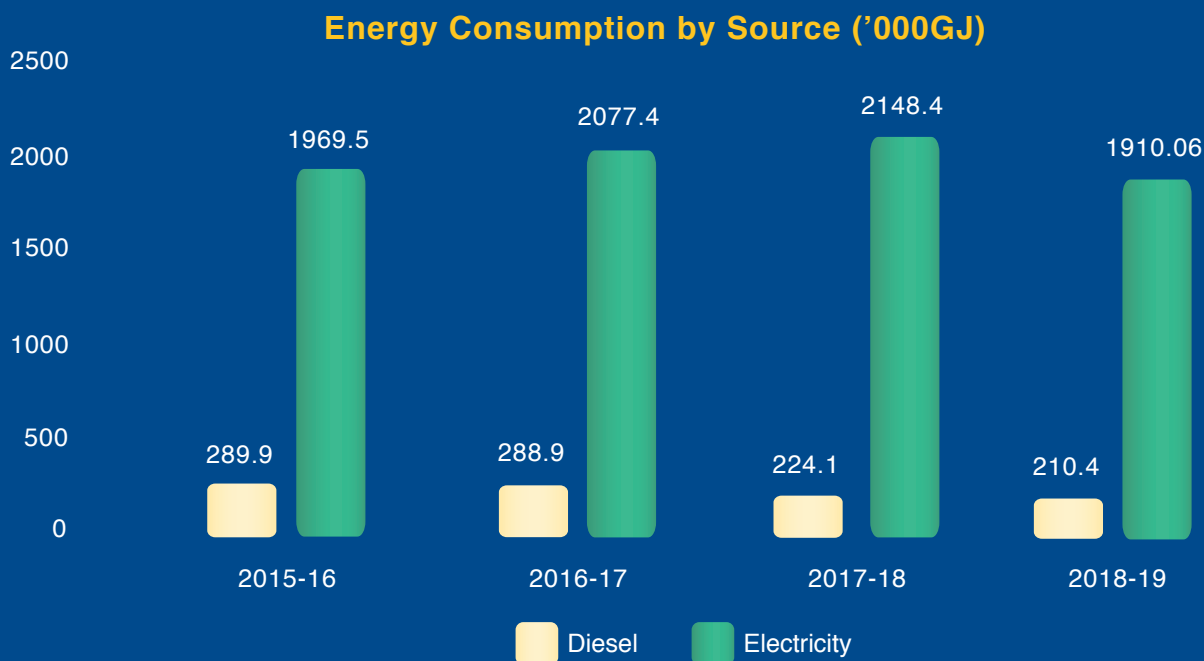


Installation of LED lights in place of conventional CFL/Fluorescent fittings.



Building Management Systems have been implemented at select large offices in Mumbai and Bhubhaneswar.

Major sources of energy consumption at the Bank are fuel used in DG sets and electricity from grid.



In FY 2018-19, the energy consumption per employee is 22.6 GJ (energy intensity, the energy taken into account is energy consumed within the organization and includes energy from fuel for DG sets owned vehicles and electricity) with a 16% decrease as opposed to 26.88 GJ in FY 2017-18. It is observed that there is a decrease in both the electricity and diesel consumption, this is partly attributed to a change in methodology and emission factors used in the calculation of emissions. Further, reduction, in electricity consumption, despite the increase in branch network is attributed to the implementation of EnMS and various other energy saving initiatives at the Bank. This is despite there being a substantial increase in the number of employees as compared with the previous year. The Bank records employee travel/ business commute under scope 3 emissions but does not track/ measure energy equivalent of the same.

3.2 RENEWABLE ENERGY

In alignment with SDG 7, the Bank is committed to utilizing renewable energy in its business operations. As on 31st March 2019, the Bank has a cumulative installed solar capacity of 135.5 KWP across Jaipur, Pune, Noida and Bhubaneswar. The electricity generated from these solar panels in FY 2018-19 was estimated at 1,62,600 KWh, about 58% more than the previous year, attributed to the addition of solar plant at Bhubaneswar. ATMs also consume a lot of power and since the rural areas have fluctuating power supply, the Bank has also installed a few solar ATMs, in select locations across the country.

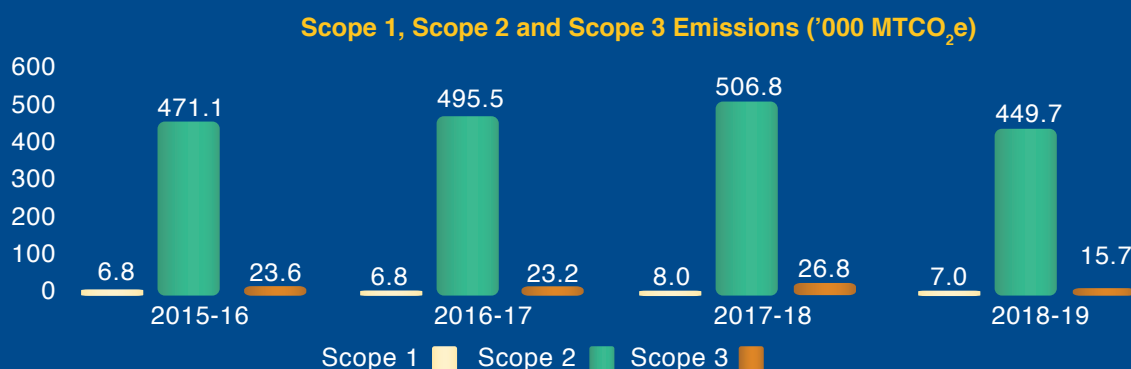


HDFC Bank, Green Building, Bhubaneswar.

3.3 EMISSIONS AND CLIMATE CHANGE

The Bank understands the criticality of environmental challenges and the benefits of transitioning towards a low carbon economy. Therefore, in line with SDG 13 which is undisputedly one of the important focus areas today, there is an urgent need to combat climate change. Climate change can and will affect the way the Bank does business, including impacting its lending portfolio, risk management frameworks and future strategy. The Bank measures and discloses its GHG emissions with full transparency. In FY 2018-19, there has been a decrease of about 11% in absolute combined Scope 1 and Scope 2 emissions due to the implementation of EnMS and various other energy saving initiatives through the Bank offices and branches. There was a change in methodology and use of emission factors in the calculation of fuel consumption, contributing to the decrease in emissions.

The Bank has undertaken steps to sensitise its stakeholders on various emissions reduction initiatives which include measures to adopt digital banking channels, energy efficiency initiatives and paper conservation measures. Emissions other than Scope 1, 2 and 3 for example SOx, NOx and SPM are not material to the Bank as it operates in the service sector. Currently the measurement of coolant leaks as part of Scope 1 emissions are not being captured; the process for recording the measurement is in progress and will be reported in the next reporting period.

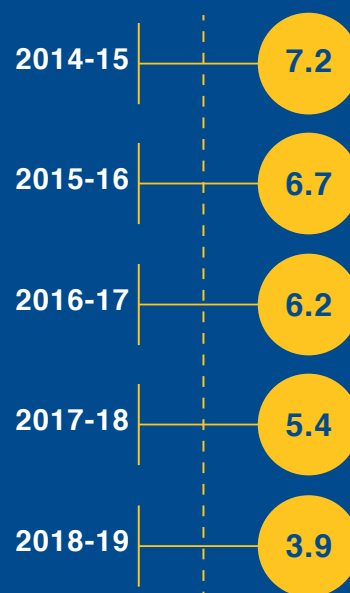


Calculations of Scope 3 emissions for FY 17-18 were revised following a re-evaluation of the Bank's GHG inventory. Revised Scope 3 emission figures of FY 2017-18 calculates to 26.8 MTCO₂e. The decrease in scope 3 figures compared to FY 17-18 is as result of a decrease in emissions from taxi hires and paper consumption.

Note

1. Scope 1 emissions include CO₂, N₂O and CH₄ emissions from HDFC Bank's owned vehicles. The emission factors and GWP (Global Warming Potential) values have been taken from India GHG Program, 2015. The cost of diesel consumed pan bank is converted in quantities consumed by using state level diesel prices. The emission factors have been taken from CEA's (Central Electrical Authority) CO₂ database and India GHG Program, 2015.
2. Scope 2 emissions include MTCO₂e emissions from electricity consumption and diesel consumption by gensets at HDFC Bank. The emission factors have been taken from CEA's (Central Electrical Authority) CO₂ database and India GHG Program, 2015. The cost of electricity consumed pan bank is converted in quantities of electricity consumed by using state level tariffs. Grid Electricity Consumed has been calculated from the electricity bills for all locations.
3. Scope 3 data includes Business Travel by the employees (Air and Rail), Taxi hire, Paper consumption, and E waste. The emission factors have been taken from India GHG Program, 2015. The total amount of distance travelled for the various sectors is determined to calculate the emissions generated from Business Travel.

MTCO₂e per ₹ Crore of Total Income



Considering the increase in Net Income, GHG emissions intensity (combined scope 1 & 2 emissions per unit income) at the Bank has decreased by about 27%, attributed to the initiatives at the Bank, to reduce energy consumption.

Carbon Footprint Calculator

The Bank creates awareness about emissions and carbon footprint through its Carbon Footprint Calculator that can be accessed through the following link: <https://www.hdfcbank.com/htdocs/aboutus/csr/Carbon-FootPrint-Calculator/index.html>.

This calculator enables an individual or a family to calculate their carbon footprint based on their travel and residence. Additionally, it also recommends methods to offset this footprint.

3.4 WASTE MANAGEMENT

Aligning with SDG 12, to achieve sustainable management and efficient use of natural resources, the Bank is constantly on the look-out for opportunities to recycle waste. The wastes generated through the Bank's operations are e-waste, dry waste (primarily paper waste) and wet waste (primarily from the cafeteria). Diesel/fuel oil from its DG sets is the only hazardous liquid waste generated from the Bank's operations. This too is negligible and is hence not significant in the purview of its overall footprint. The Bank ensures that the domestic waste (Sewage) from offices and branches are not let into water bodies.

In FY 2018-19, the Bank generated 220.15 tonnes of e-waste as compared to 49.19 tonnes last year. This increase is attributed to an increased in the number of assets, identified for disposal this year. Generated e-waste is disposed through authorized recyclers.







Being in the service industry, the Bank's line of Business is not water intensive. water is primarily used for domestic purposes. Consistent with SDG 11, to reduce environmental impact with special attention to water conservation, the Bank has taken various initiatives such as the provision of sensors on urinals and faucets at select large offices. Besides, large offices at Mumbai and Bhubaneswar house a Sewage Treatment plant within their premise. Treatment plants are also being proposed in a couple of new and upcoming buildings. Effluents are treated in the Plant before being released into the municipal sewer systems.

3.5 DIGITAL BANKING

In line with its Digital Strategy, the Bank has gone digital, eventually reducing the consumption of paper. Several processes have been automated and made paperless. The Bank has set up systems to reduce paper consumption in all its offices, where a centralised stationery desk manages most requirements. In FY 2018-19, the Bank saved more than 51,000 sheets of A4 paper by means of automation of approval and payment processes within the IT department.

About 90% of the Bank's transactions in FY 2018-19 were carried out through digital banking using web and mobile applications.

Some of the Bank's initiatives to save paper include:

-  Communicating quantities of paper usage per employee through internal reports.
-  Digital Banking methods of Net Banking, Phone Banking and Mobile Banking reduces carbon emissions by reducing customer travel requirements.
-  No Pen and Paper policy on Phone Banking and Credit Policy releases.
-  Option to not print paper receipts at the ATMs.
-  Tracking employee paper consumption using a unique ID.
-  To save paper, the Bank encourages its employees to scan, store and share documents electronically. All Internal claims raised by employees including travel are through digital applications; this has greatly reduced paper usage.

For further details on the Bank's Digital journey, please refer to the Chapter on Digitization

Responsible Lending

The Bank is committed to Responsible Financing and does not fund projects that have an adverse impact on environment, health and safety (EHS). All loans, exceeding ₹ 10 crore in value and a tenure of more than five years, are screened through the SEMS (Social and Environmental Management System) framework. They are carefully scrutinised and validated for their environmental and social impact. The number of project loans screened for compliance with SEMS framework in FY 2018-19 were 164.

The Relationship Manager (RM) is the bridge between the Bank and customer. The RM reports compliance with EHS norms in the Credit Assessment Memorandum (CAM) both at the time of initial sanction and during the monitoring process, based on the information / disclosures provided by the borrower at the time of initial appraisal and during periodic review of the facilities. The RM records outstanding EHS issues if any and follows them up with the client for prompt resolution. The Bank levies penal interest in case of deviations and, thus, ensures compliance with the agreed EHS norms. If there are significant deviations that could affect the viability of the project, the Bank reserves the right to either reduce its exposure or recall the loan.

In FY 2018-19, as part of the post-sanction and pre-disbursement diligence process, the Bank carried out a technical assessment of a certain Resort project of loan value of ₹ 300 Crore, through a Lender's Independent Engineer (LIE). The project was in an advanced stage of construction. During this exercise, the LIE concluded through an elaborate survey and measurement that the construction carried out was in violation of the Coastal Regulations Zone (CRZ), India. When this issue became known, the Bank decided not to go ahead with disbursement, considering the violation of environmental norms.





**HDFC BANK Parivartan has empowered
COMMUNITY POND
under: NEW POND CONSTRUCTION
to take a step towards progress.**



A step towards prog

4 CREATIVE WORKING ENVIRONMENT



The Bank believes that its workforce is its greatest asset and takes every opportunity to invest in their employees’ personal and professional development. It acknowledges that having diverse skills bound together by a common purpose and value system can make dreams come true. The Bank has implemented numerous initiatives to attract diverse talents, to cultivate a stimulative learning environment and to ensure a safe and healthy work environment. A healthy work-life balance is crucial for employees to grow personally and professionally. The Bank has also worked towards aligning its efforts with the SDGs (SDG 3,5,8 and 10)

The fundamental principle of the Bank is to nurture and promote a culture built on the foundation of ethics and integrity. “People” is one of the core values of the Bank and the basis of hiring is not only to acquire the right skillset but also hire those who have similar values, which help the new joiners fit into the Bank’s work culture. The Bank does not compromise on ethics and these values are communicated right through employee onboarding. The Bank has a well-documented Code of Conduct which every employee must abide by and affirm annually. The performance of the Bank on this front is evident from parameters such as employee retention rates, employee diversity, training, appraisals and career guidance, compensation and benefits, grievance redressal and community building through its community development Projects. The Bank is a fair employer and does not discriminate based on gender, caste, colour, sex, creed, aligning to SDG 10 (Reduced Inequalities).

The Bank has a robust mechanism in place to ensure that all employee needs and regulatory requirements to augment safety, protection and growth are met and adhered to.



Five Pillars of People Approach: This approach of the Bank, brings to light, its efforts to align its People strategy with SDG 8 (Decent Work and Economic Growth).



Talent Acquisition



Training and Development



High Touch Employee Connect Programmes



Career Management



Rewards And Recognition

Talent Acquisition

In the current fast paced digital environment scientific recruitment and quick deployment of resources is critical. Acquiring the right talent is the most basic requirement. The function of talent acquisition has been redesigned, bearing in mind the synergies needed to run a successful talent acquisition. Creation of hub and spoke recruitment model has aided centers of excellence by leveraging new technology, analytics and capability building. Speed and quality of hiring have also been improved by leveraging Artificial Intelligence based recruitment tools. This in conjunction with competency-based assessments ensure a scientific merit-based talent acquisition and selection process. The digital channels (as social media hiring and job portals, campus hiring and internship programs) of acquiring talent continue to remain a priority. The Bank makes use of assessment tools, such as AMCAT, Assesshub and Talview to strengthen its selection process.

Career Management

It is important for the Bank to create a favourable environment for all employees post hiring. Creation of such an environment is achieved by having career related discussions with employees, by conducting competency assessments and by imparting intensive functional and behavioural training. Gurukul is an in-house programme through which functional and behavioural training is imparted. To ensure increased level of motivation and engagement of employees, the Bank also provides for inter-departmental job movement. Though equal opportunities are provided to both internal and external candidates, vacancies are filled based on merit.

There is a comprehensive multi-dimensional performance measurement system encompassing qualitative and quantitative parameters. Self-assessment is conducted bi-annually, basis key roles and responsibilities. Post the self-assessment, a joint performance discussion (between appraiser and appraisee) is conducted to communicate feedback on performance, competencies, development needs and career aspirations. The Appraiser records the evaluation during the discussion. The systematic investment of time in career discussion with all its employees reiterates the Bank's commitment to employees on career progression.

Training and Development

Training and Development is an important part of growth and hence the Bank invests regularly, in training its employees. There are two major headers under which trainings are conducted, namely Functional and Behavioural training. Training plans for businesses are developed based on the needs identified in consultation with business leaders. The functional training programmes delivered, cover:

On-boarding Training: Ensures that new employees are trained comprehensively.

Product and Process Training: The product training and advanced programmes enable skill development and, regular upgradation to build expertise.

The general training programmes: Modules on human rights, prevention of sexual harassment etc.

Product training and Advanced Programs: Enables skill development, regular updates and build expertise. Cross functional training also encourages all round development of the employees and help in case of transitions. An e-learning platform with various courses is provided for self-learning as well.

Training on anti-corruption/AML: Imparted to all the employees during the on-boarding training.

Behavioural Training provides guidance on leadership, personal effectiveness, and strategic thinking while functional training includes modules on technical parameters. The training methodology includes application-based training such as simulations, case studies, and games. Many of the classroom programmes are being delivered online. Role-specific learning plan ensures effective use of blended learning method. In addition, to ensure that employees are assisted on the job, there is a help-line 'Ask the Trainers' which clarifies relevant questions within 24 hours.

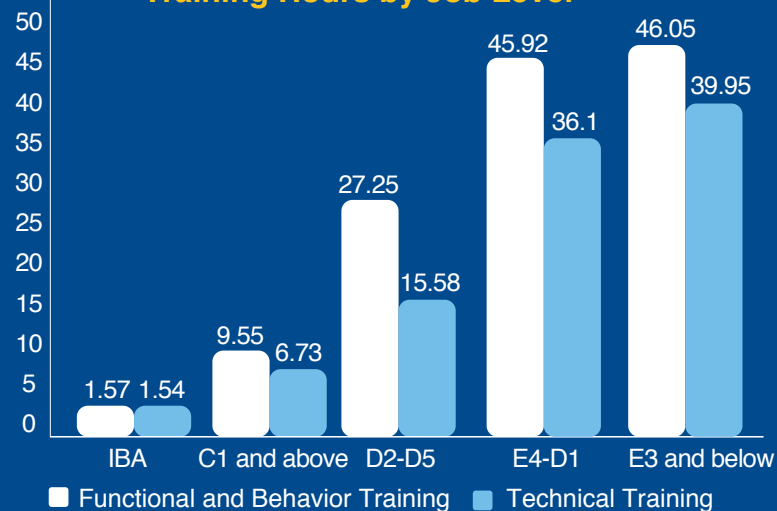
Tracking of pre-test & post test scores for most of the training programs is done. This is to check the impact of the trainings imparted to employees.

Average Hours of Training

Average hours of functional and behavior training provided to female employees	54.97
Average hours of functional and behavior training provided to male employees	43.23
Average hours of technical training provided to female employees	48.5
Average hours of technical training provided to male employees	36.48

The average hours of training depicted comprises of all the trainings imparted: functional and behavioural. Training on KYC, AML and anti-corruption are embedded in employee on-boarding training that is captured as part of functional training.

Training Hours by Job Level



The Job levels are described as follows:
 E3 and below: Non-supervisory staff and Sales Officers
 E4-D1: Junior Management
 D2-D5: Middle Management
 C1 and above: Senior Management
 IBA (certain eLKB employees under IBA (Indian Bank's Association) structure)

Rewards and Recognition

The Bank has a well-defined rewards program to keep the employees motivated and stay competitive in the market. The Bank continues to do this without any deviation from ethics, regulatory guidelines and the principle of maintaining internal equity.

High Touch Employee Connect Programmes

Employee motivation is of prime importance to the Bank. Therefore, events are conducted at local and national levels. These programs are designed, keeping in mind, the participation expected from employees and their families. Some of the popular programmes conducted in the FY 2018-19 include:



Josh Unlimited : Bank's biggest in-house multi-discipline sports event. It was initiated in 2012 and expanded from 8 to 35 cities in FY 2018-19 covering 68,000 employees. The 7th season of Josh Unlimited® covered 10 different sport disciplines. Owing to the popularity of the event, the logo and the tagline of Josh Unlimited® has been registered under the trademark Registry.



Hunar : Bank's in-house talent hunt program, launched in 2015 in 9 metro cities and expanded to employees across India. Through this initiative, the Bank aims to provide a platform to the employees to showcase their talent in singing, dancing (group and solo) and acting. This program was attended by more than 1500 employees.



Xpressions : Bank's Pan-India program for employees and their children to demonstrate their skills in fine arts. Each year new themes are announced for the participants and final artworks are sent to the Bank for evaluation by professional artists.



Wanderers : Wanderers is another in house initiative of the Bank which was launched in FY 2018-19. It gives an opportunity for the employees to enjoy monsoon treks, nature trails, adventure sports and other outdoor activities. In FY 2018-19, these treks were undertaken in Mumbai, Pune, Bangalore and Delhi NCR and around 600 employees participated.



Corporate Photography Contest : The Bank participates in inter-corporate photography contests to encourage talented photographers. In 2019, more than 847 employees uploaded their best clicks in various categories out of which 99 photographs were shortlisted and exhibited for public display in Mumbai. Two employees also made it to the TOP 3 positions in two categories.

Through these events, the Bank touches lives of more than 60,000 people across the country ensuring a vibrant work environment

Beyond Josh Unlimited, the Bank has also been actively participating in various sporting activities over the years. Employees have represented the Bank in various external sporting events across the Board and won 415 trophies for the Bank. Over the years, more than 800 plus employees have represented the Bank in corporate sports across 15 cities. The outreach of our sports initiatives has constantly increased every year. Some of the highlights in FY 2018-19 are:



Over 800 employees represented the Bank in corporate sports.



Cricket teams from Mumbai, Delhi, Pune, Baroda, Ahmedabad, and Chennai performed consistently well in the corporate cricket arena, winning 6 trophies.



Football teams from Mumbai, Chennai, Delhi, Bangalore and Kolkata also performed well.



Several employees also participated in short and long-distance running, marathons and athletics.



In the last few years, there has been an increase in participation in Badminton, Carrom, Athletics, Bowling, Throw Ball and Table tennis.

4.1 EMPLOYEE BENEFITS

 <p>Employee Stock Option Scheme ('ESOS')</p>	 <p>Gratuity</p>	 <p>Superannuation</p>	 <p>Provident fund</p>
 <p>Leave Encashment / Compensated absences</p>	 <p>Pension</p>	 <p>Concessional Loan</p>	 <p>Higher Medical Coverage</p>

Employee Stock Option Scheme ('ESOS') - The Bank provides options to acquire equity shares to its employees. The options granted to employees vests in a graded manner and these may be exercised by the employees within a specified period.

Gratuity - All employees are provided gratuity by the Bank. The eligibility criteria for the employees is completion of five years of service at the Bank. Gratuity is paid as a lump sum payment to employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' basic salary payable for each completed year of service.

Superannuation - The employees are entitled to receive retirement benefits, above a prescribed grade under the Bank's Superannuation Fund. A sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole-time directors and for certain eligible erstwhile Centurion Bank of Punjab (eCBoP) staff) is contributed by the Bank to insurance companies, which administers the fund.

Provident fund - The Bank provides all its employees entitlement to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- a month, to the Pension Scheme administered by the Regional Provident Fund Commissioner (RPFC). The balance amount is contributed to a fund set up by the Bank and administered by a Board of Trustees.

Leave encashment / Compensated absences - The Bank does not have a policy of encashing unavailed leave for its employees.

Pension - With respect to, pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension fund set up by the Bank and administered by the Board of Trustees and the balance amount is provided based on an independent actuarial valuation as of the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increase and interest rates.

Further information is provided in the Bank's Annual Report FY 2018-19-page no. 117

Concessional Loan - The Bank provides concessional loans like housing loan, personal loans and vehicle loans at concessional rates as defined by internal guidelines.

Higher Medical cover - HDFC Bank is committed to assist employees and their dependents to meet unforeseen and adverse life events. To tide over such life events, the organisation aids by offering a flexible medical insurance package at concessional rates. The Bank also offers a unique Mediclaim policy for the employees which provides coverage upto 6 people in one policy. It covers the employee and spouse, two children and one set of parents (own or in-laws). There is a dedicated third party team of 20 people including 3 doctors on roll to solve any query related to Mediclaim instantaneously. Some unique features of the Mediclaim Policy are pre-existing cover, no waiting period for ailment, no ailment wise capping, maternity cover and various other benefits.

The Bank also provides Mediclaim to its employees even after retirement. This provides coverage to employee and their spouse. Furthermore, the Bank gives retired employees, an option of extended customized plans to increase insured amount.

Awareness on Health

Apart from medical benefits, the Bank also organises health talks for employees on various topics. In FY 2018-19, health talks were conducted across the Bank's offices on the below mentioned topics:



Diabetes- Its
Prevention and
Management



Work Life
Balance



Laughter Therapy
for Healthy Heart



Aerobics for
Fitness



Basic Emergency
Life Support
Awareness Session



Life-Style diseases
with 'ALLTERNATE'
Medicine-Homoeopathy

Employee health consultation & examination at HDFC Bank, Zenith House, Mumbai.



Apart from talks, global mailers on various health topics are routinely shared with all the employees. Health tips and Newsletters were published on topics such as: Nipa Virus, World Anti-Tobacco Day, World Blood Donor Day, International Yoga Day, Malaria Prevention, Stress Down Day, Probiotics, World Heart Day, World Stroke Day, World Diabetes Day, World Anti-Obesity Day, International Women's Day, World Glaucoma Day etc.

Regular health check-up camps were also organised for employees at various locations. In FY 2018-19, more than 11,000 health check-ups were availed in partnership with various reputed hospitals across the country. The Bank also has an in-house medical facility at one of its large offices which has a consulting doctor and a full-time nurse.

These initiatives align the efforts of the Bank with SDG 3 (Good Health & Well-Being).

The Bank also provides an on-site crèche for young children at two of its large office locations. Besides, the Bank has also partnered with day-care facilities across several locations in the country to offer fees at concessional rates for employees. In special cases, the Bank also has provisions for Part time work Arrangements, to help employees continue employment in case of health issues faced by them, their spouse, children, parents.

Summary of the wellness programs with number of employees benefitted from these programs

1360

Maternity Care Program



6523

Doctor on Cell



16489

Mobile Application



1090

Diet and Nutrition Counselling



418

Employee Counselling Services



178

Medical Second Opinion



11012

Bio-metric Health Check



15

Newsletters



6

Number of Health Talks



616

Onsite Specialist Doctor Consultation and Test



458

Doctor Consultations



643

Medical Ecard SMS Services



4.2 EMPLOYEE DIVERSITY

Nurturing inclusivity and gender equality are an intrinsic part of the Bank's culture. The Bank's equal opportunity hiring process and efforts to develop a conducive work environment, aligns with SDG 5 (Gender Equality).

A diverse pool of talent has always been maintained by the Bank. As of 31st March 2019, the Bank had 98,061 employees. This included 17,860 women employees comprising 18.21% of the total workforce. The Bank is a fair employer and does not discriminate amongst its employees and hence does not record information on persons with disabilities. The Bank has an employee association that is recognized by the management. About 0.27% permanent employees of the Bank are members of this association.

The Bank has a Prevention of Sexual Harassment (POSH) Policy in place. The total number of cases of POSH registered in FY 2018-19 were 25, of which 4 cases were pending as on March 31, 2019. There is an internal complaints committee at the Bank, to address cases related to sexual harassment at the Bank. The Bank makes sure that women working late hours, are not alone and are accompanied by a colleague if not a team.

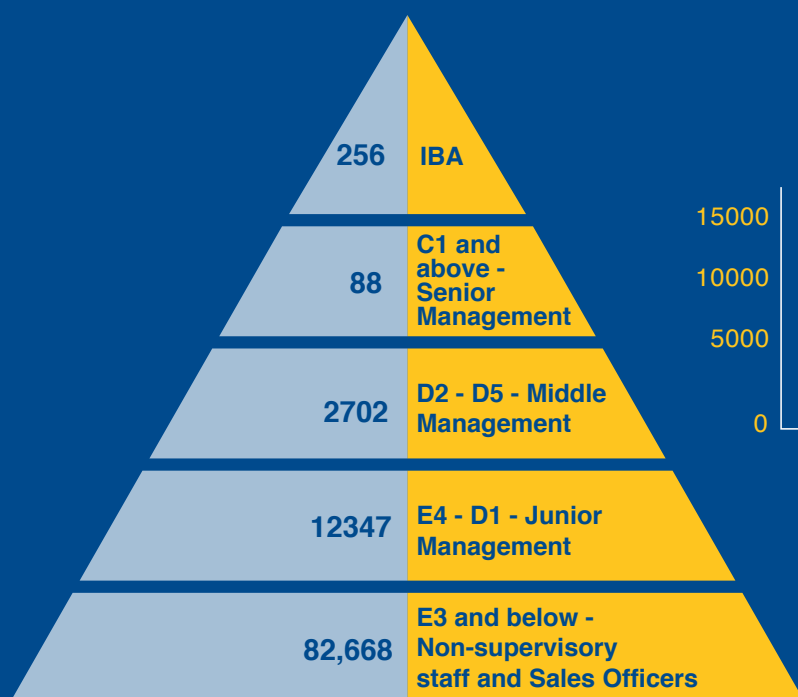
For providing easy access to people with disabilities, the Bank has built about 490 ramps across its branches and offices. Further in large back offices, there are specially designed toilets for the differently abled.

871	Employees that took parental leave	1711
17860	Employees entitled to parental leave	80201
767	Employees who returned to work after parental leave ended	1575
40	Employees who returned to work after parental leave ended who were still employed 12 months after their return to work	117
88%	Return to work rates of employees who returned to work after parental leave	92%

Female

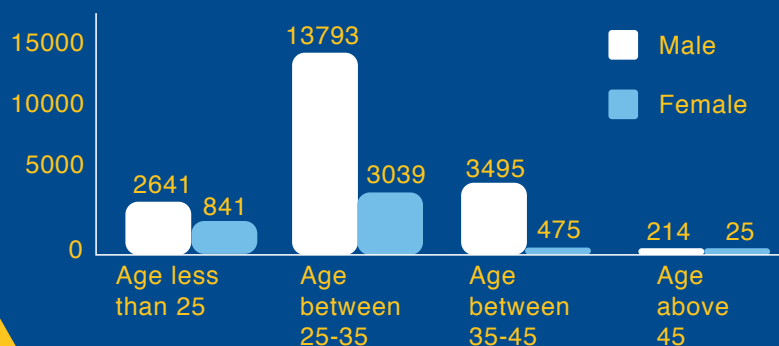


Male

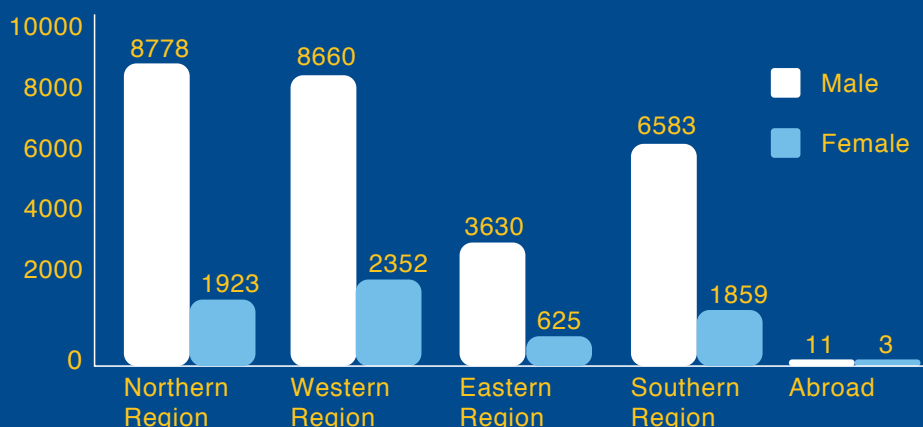


Total number of employees by Job Level

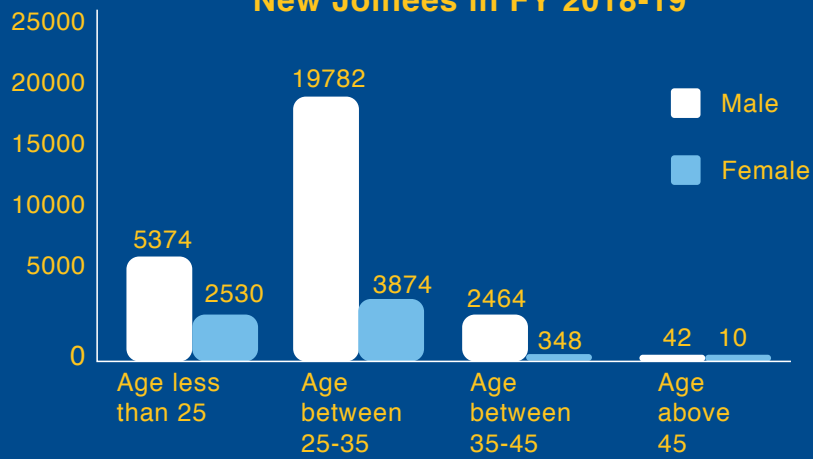
Employee Turnover by Age



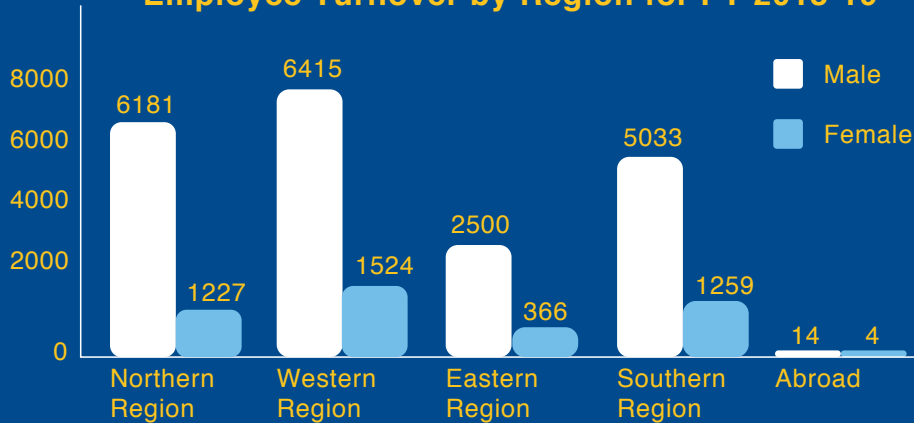
New Joinees by Region for FY 2018-19



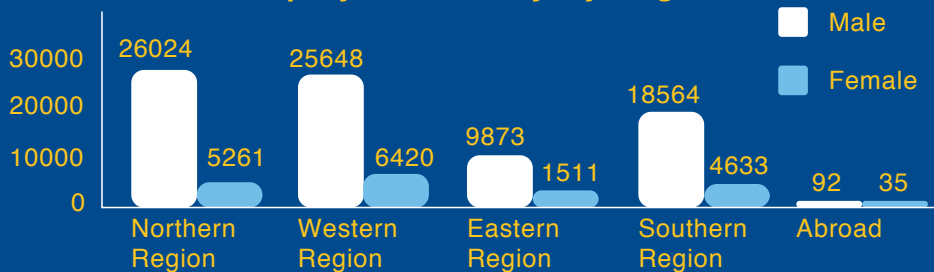
New Joinees in FY 2018-19



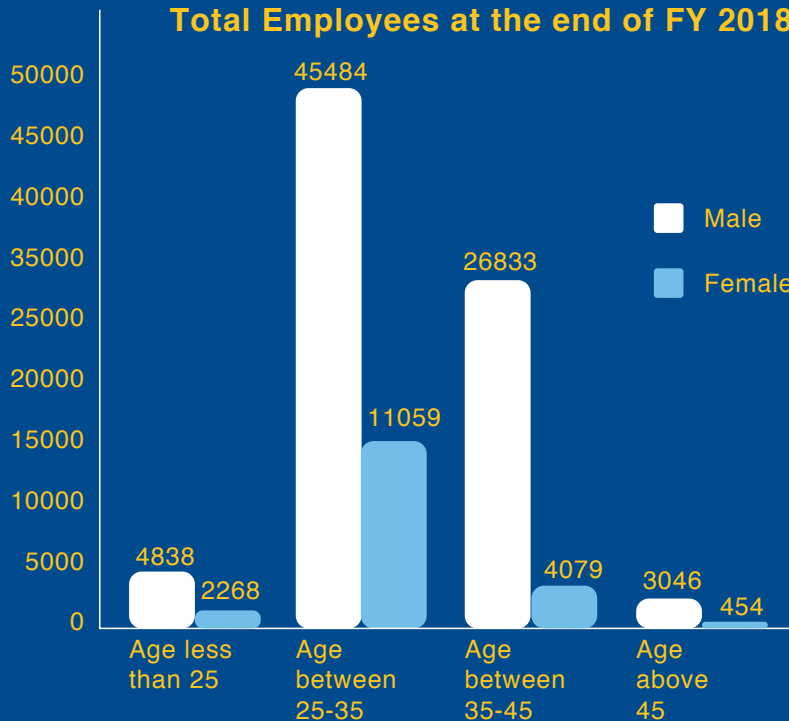
Employee Turnover by Region for FY 2018-19



Employee Diversity By Region



Total Employees at the end of FY 2018-19



The rate of hiring at the Bank is 2.8 and the rate of turnover is 3.9. The notice period for all the employees is three months.

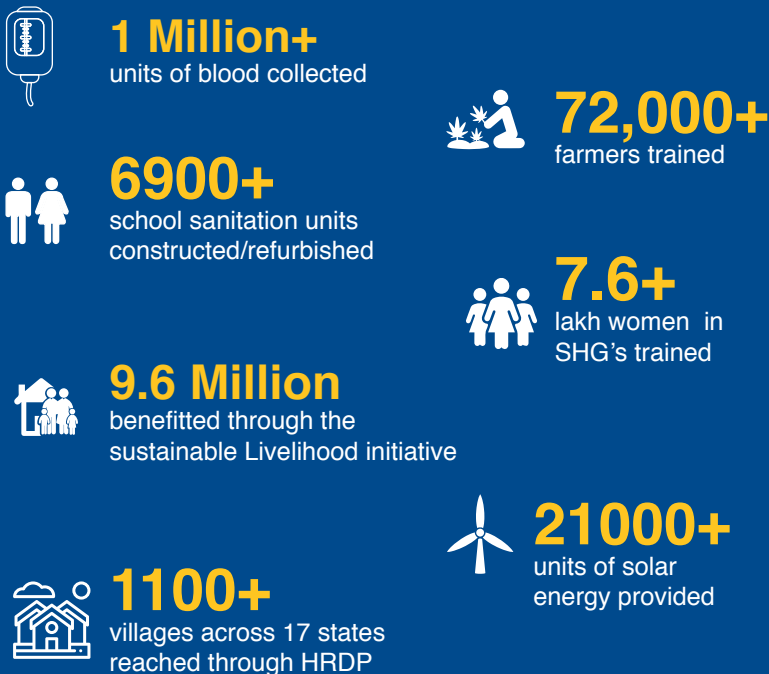


5 WORKING WITH THE COMMUNITIES

The Bank aspires to create significant and sustainable societal value through its social initiatives to embrace the most disadvantaged sections of society, by empowering millions of people to be self-reliant and contribute to the growth of the nation. The Bank has identified SDGs that align best with its material topics.

The Bank believes that national development happens when its communities are empowered to attain sustainable livelihood. In this regard, the Bank, under its social umbrella of 'Parivartan' is reaching out to communities to make them self-sufficient and empowered. This FY 2018-19, the Bank has spent ₹ 443.8 crore on the development of communities and reached out to more than 5.4 crore beneficiaries in the process.

The social initiatives of the Bank are driven by the ideology of giving back to the society in a meaningful way. All the CSR programmes of the Bank fall within the preview of Schedule VII of the provisions of Section 135 - Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Bank works directly through its businesses and in partnership with various Non-Governmental Organisations (NGOs) to create social value. The Bank's operations do not have any negative impact on local community.



5.1 RURAL DEVELOPMENT

Despite India being one of the fastest growing economies in the world, nearly 73 million people continue to live in extreme poverty (Source: UN and Brookings, 2018). The rural population is predominantly engaged in agriculture and completely dependent on rainfed irrigation.

The Bank's flagship program; the Holistic Rural Development Programme (HRDP) endeavors to provide tools and means to the rural population to grow and prosper. Firstly, the critical needs of the chosen villages are identified and addressed in consultation with the village community and other stakeholders. This is followed by implementation of a bouquet of initiatives basis the need and acceptance levels of uptake by the community. All programs are continuously monitored and assessed for performance and inconsistencies if any, in terms of funds or execution is flagged off. HRDP's various initiatives are in the following areas:

- Improving educational infrastructure
- Creating access to water for drinking and irrigation
- Promoting quality education
- Promoting alternate energy sources like solar, biogas and biomass
- Healthcare through health camps and awareness sessions
- Promoting financial literacy, job-oriented youth training, creating alternate sources of livelihood such as livestock management and entrepreneurship activities like embroidery, masala making, toy manufacturing etc.
- Construction of individual household sanitation units
- Institution Building
- Natural resources management including micro-watershed management, irrigation, soil and water conservation
- Training and Awareness on Social issues

The various steps involved in implementing a project under HRDP are as below

1. Identification of Districts (Identified basis Aspirational districts of Niti Aayog).
2. Identification of Villages (Basis Socio-economic indicators with scope for development and in line with the Bank's HRDP focus areas).
3. Conducting a Needs Assessment of the Villages (Basis consultation with community stakeholders).
4. Selection of Implementation Partners (Identification of the right partner and empanelment post due diligence).
5. Design of the Programme & Project Initiation (Design of programme interventions and budgeting).
6. Project Implementation (Implementation of Initiatives through implementation partners in alignment with Programme design and budget)
7. Monitoring & Evaluation (This step includes continuous monitoring through visits, discussion and reports from partners. This step also includes documentation and evaluation of the project basis identified indicators and assessing project impact)
8. Hand-over to the Community & Stakeholders (Phasing out of the project after completion)

These initiatives are in line with the Adarsh Gaon Abhiyan of the Government of India and the UN Sustainable Development Goals.

Holistic Rural Development Programme (HRDP)



Food Security through Grain Banks

Grain Bank protects the disadvantaged farmer families from starvation and exploitation. The farmers can borrow grains in times of need and return during the harvesting season. One of the beneficiaries of the program is Shaheedan, who had to work as a manual labourer even at the age of 53 and had to face issues of inadequate work and payment. She had to often borrow from money lenders, and face exploitation. With the grain bank being set up in her village she can now borrow the grains from there.

She said "Thanks to the grain bank, we can borrow grains in times of need and return it during the harvesting season. This makes us feel like we are taking out grain from our own storage. It makes us feel secure."

HRDP has also helped create food security in 21 villages in Uttar Pradesh through Grain Banks.

5.2 SKILLS TRAINING AND LIVELIHOOD ENHANCEMENT

The Bank has been working towards upskilling people and enabling them to earn a living. Skill Training and Livelihood Enhancement programme provides training and imparts income generating skills, primarily in agriculture and allied areas such as dairy and poultry. This is focused on people in rural areas, especially young women and youth. This programme aims to skill individuals, helping them to find local jobs thereby curbing migration.

The program entails



Various tailor-made skill and competency building programmes such as job oriented training and placement



Promoting entrepreneurial activities



Capacity building and communication skills



Agriculture techniques and livestock management



Upskilling for agricultural and allied practices



Parivartan's skills-training initiative in Chaibasa, Jharkhand.



Highlights

The nationwide programme has benefited over 1,00,000 individuals (excluding those trained under the Sustainable Livelihood Initiative or SLI). As a part of the programme, more than 40,000 youth have received placement-linked skill development training.

The Bank has provided both on-farm training to upskill farmers as well as placement linked training.

The Bank's Training Center in Bhubaneswar provides training to youth and women in hospitality, tourism, telecom, retail and health care. Over 1900 youth were provided job skilled training and exposure providing them access to 100+ companies and institutions in Odisha.

The Bank's skill development initiatives have helped over 1 lakh individuals and empowered over 7.65 lakh women, helping them gain access to entrepreneurship and employment opportunities

Sustainable Livelihood Initiative (SLI)

SLI is the Bank's flagship initiative that empowers women by enabling them to participate in employment/ entrepreneurship and thus facilitate the larger goal of gender equality. The Bank believes that, empowering a single woman can empower an entire family. The Bank guides women from the communities to form Self Help Groups (SHGs) or Joint Liability Groups (JLGs). These groups are then trained on occupational skills, financial literacy, credit counselling and livelihood finance in addition to providing market linkages. Some unique features of the programme are:



All-women programme.



Run by Over 10,000 dedicated, passionate employees of the Bank.



Present in 27 states and over 400 districts.



One of the world's largest such programmes with 96.7 lakh women or 3.87 crore households (ie 96.7 X 4) being impacted potentially

Career Counselling & Skill Training Centre, Bhubaneswar

Due to lack of job-ready skills and career guidance, ambitious and hardworking young individuals like Anjali, Damini, and Saifur could not fulfill their dreams of securing a job and becoming financially independent.

However, when they, along with about 2000 similar individuals enrolled at the Bank's Career Counselling and Skills Training centre, their lives changed. Through an intensive programme, these young people between the ages of 18 and 35 acquired the necessary skills to become job-ready.

After successfully completing the three-month Skills Training programme in sectors ranging from telecom, healthcare, retail, tourism & hospitality and BFSI, they have now realized their dream. The youth from Bhubaneswar have been offered employment at leading organizations across the city in their area of specialization.

SLI Model - Summary

Under SLI, the Bank provides both Financial & Non-Financial services. Financial Products/ Services including Basic Savings Bank Deposit Account (BSBDA) which is a "Zero Balance Account", Recurring and Fixed Deposits and Insurances are provided to SHG/JLG groups and their members. Non-Financial services include Credit Counselling, and encouraging women to take up entrepreneurship activities.



Identification of potential villages for a baseline survey and identify potential groups for sourcing.



Enhance livelihood skills in various micro-entrepreneurial activities to ensure a steady income source.

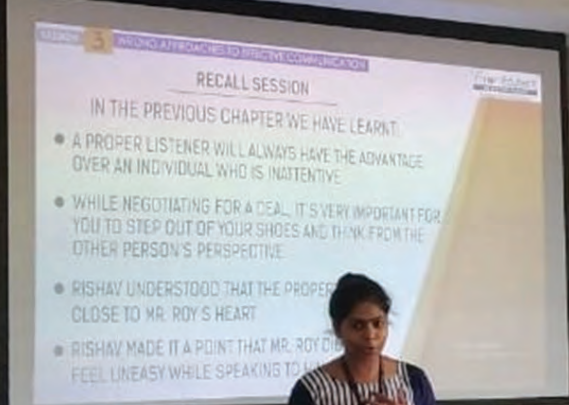


Provide credit support and market linkages.



3 days of orientation training on effective credit utilization, savings. The sourced clients are also assessed on their eligibility parameter by other control units. This is followed by Financial Literacy cum credit counselling sessions.

HDFC Bank Career Counselling & Skill Training Centre in Bhubaneswar, Orissa.



RECALL SESSION

IN THE PREVIOUS CHAPTER WE HAVE LEARNT:

- A PROPER LISTENER WILL ALWAYS HAVE THE ADVANTAGE OVER AN INDIVIDUAL WHO IS INATTENTIVE
- WHILE NEGOTIATING FOR A DEAL, IT'S VERY IMPORTANT FOR YOU TO STEP OUT OF YOUR SHOES AND THINK FROM THE OTHER PERSON'S PERSPECTIVE
- RISHAV UNDERSTOOD THAT THE PROPER WAY TO GET CLOSE TO MR. ROY'S HEART
- RISHAV MADE IT A POINT THAT MR. ROY DIDN'T FEEL UNEASY WHILE SPEAKING TO HIM

HDFC BANK
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A step towards progress

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These are some of the statistics of students who have completed their training so far:

Sector	Trained till date	Placed till date
Telecom	450	252
Healthcare	330	187
Organised Retail	330	205
Tourism and Hospitality	390	247
BSFI	420	89

In addition to the skills training, the Bank also provided career counselling to over 8,000 students from schools in and around Bhubaneswar to help them pursue appropriate career opportunities. Besides career counselling, the training sessions comprised of on-campus theory and training, industry visits, meets with industry professionals and on-field internships. Participants were provided with personalized career assessment, career toll-free hotline, career guidance and booklets, SMS alerts, and access to job fairs.

Skills Training provides employment opportunities to 3,000 youth of Nagpur

In FY 18-19, the Bank launched a Career Counselling and Skills Training center for youth in Nagpur, to train them on skills necessary to be job ready. Young ladies from over 180 villages in and around Nagpur joined the first batch of students at the training center. After successfully completing the nine-month Skills Training programme, participants received certificates from the National Skills Development Corporation (NSDC), making them eligible for employment. Participants who sought job opportunities have been offered employment in Retail, Telecom, and Tourism & Hospitality sectors. Skill training was provided to 3000 students.

In addition to the skills training, the Bank has also provided career counselling to over 13,000 students across 65 schools in and around Nagpur to help them pursue appropriate career opportunities. The youth were not only counselled on career opportunities but also given personalized career assessment, career toll-free hotline, career guidance booklet, scholarship booklet and access to job fairs.

This program helps the Bank contribute to SDG 1 – No Poverty and SDG 8 – Decent Work and Economic Growth.

5.3 PROMOTION OF EDUCATION

Education is one of the most powerful and proven vehicles for sustainable development. Education is the key for developing the economy and transforming an individual's life. Thus, ensuring inclusive and quality education is a focus area under 'Parivartan'. The Bank strives to promote a conducive learning environment in schools.

The Bank's efforts in the area of education include teacher training, scholarships and career guidance. It also includes provision of infrastructure support, such as building toilets in schools and improving classrooms. Teacher training provides teachers with alternative teaching pedagogy, improves their soft skills and promotes innovation. The programs also focus on providing quality education through remedial classes, learning camps, special scholarships etc. This programme is in line with the Sarva Shiksha Abhiyan of the Government of India and SDG 4 (Promoting Quality Education).



Three flagship programmes of the Bank under the theme of Education are:

- A. Zero Investment Innovations for Education Initiatives (ZII EI)
- B. Project Disha
- C. Educational Crisis Scholarship Support (ECSS)

A. Zero Investment Innovations for Education Initiatives (ZII EI)

The ZII EI or the 'Teaching the Teacher' programme (3T) seeks to transform education in government schools across India. It is a unique programme which is committed to improving the skills of teachers, which in turn, benefits the students. Under 3T, more than 15 lakh teachers across 21 states/union territories have been trained and their ideas have been implemented in schools to improve the quality of education. This programme has potentially benefited more than 1.6 crore students indirectly and is being executed jointly with a leading non-governmental organisation.

Zero Investment Innovations for Education Initiatives (ZII EI), is a mass scale teacher outreach initiative started by the Bank. ZII EI aims to find 'the scattered, isolated and unrecognized, but effective solutions' created by teachers at grassroots and systematically scales them up to millions of schools through the 'Navachar Pustika' or Book of Ideas, which is a compilation of the best ideas selected and recognized by a panel. Till date, Navachar Pustikas have been distributed across 18 states. Subsequently, close to 1.87+ lakh schools have implemented innovative ideas.

Along with this transformational journey, the concept of 'Innovative Pathshaala' was also introduced, where each chapter of the state curriculum is mapped to innovative ideas, that could be used to engage and teach students. The program has been completed in UP and NCERT curriculum (primary education), the remaining states will subsequently be added. This curriculum is further updated on an online app which can be easily accessed by teachers.



A group of teachers have suggested moving away from traditional 'Chalk and Talk' technique of teaching to using Dramatization, Puppetry to arouse curiosity among students. This enables better understanding of the topics instead of simply relying on rote.



Using Visual Learning to teach students. So for students to learn the names of computer devices and keys on a key board, each part is drawn and coloured on a separate chart paper, with the name and use written on it.



Snake and Ladders is used by teachers to teach languages. Each square has an alphabet to teach students the alphabet and make a word out of it. This helps make the classroom environment more fun and enables students to revise any topic or subject.



To emphasize on the benefits of re-cycling plastic, teachers involve students and their parents to create designs such as pen stands, boxes to store stationery.



B. Project Disha

Project Disha is yet another initiative that has helped achieve higher levels in numeracy, reading and science in the remote and rural areas of India. Project Disha was initiated in 2016 and is currently spread across four states in India; namely Chhattisgarh, Maharashtra, Madhya Pradesh and Rajasthan. It works with the children in government schools. The project has been able to provide quality education to about 18,000 children. It has also built 110 community libraries and set-up 55 science laboratories.

Outcome of the project



Higher learning levels in numeracy, reading and science



Reduction in drop-outs and class progression



Completion of Formal Education

Young scholar - Shamshad Qureshi

Shamshad Qureshi displayed a very low level of interest in academics and had poor attendance in school, his teachers feared he would drop out altogether. With the help of Project Disha and innovative teaching methods and activity-based teaching the interest of Shamshad's was reigniting. His motivation to attend school and thereby his attendance improved beyond expectation

C. Educational Crisis Scholarship Support (ECSS)

HDFC Bank under its ECSS programme, educates children from economically and socially disadvantaged groups who are most at risk of dropping out of school due to sudden financial crisis. In FY 2018-19, 541 students were provided financial support through the programme.

The ECSS programme covers students in middle school, high school, as well as scholars pursuing undergraduate and postgraduate education. This assistance helps students navigate difficult situations without affecting their education.



Parivartan' transforms 5 villages in Mandla, Madhya Pradesh

In FY 2018-19, the Holistic Rural Development Programme (HRDP) was successfully completed in 5 villages in Mandla district of Madhya Pradesh. Thanks to this initiative, 824 households now have access to potable water for drinking and farming as well as training in new and improved agriculture practices. To address community needs in a sustainable and effective manner in all its HRDP projects, the Bank has created long-term solutions in partnership with an NGO and the local community. The beneficiaries of this project included small farmers, youth, landless labourers, children and women.

The project began on 1st September 2015 and has helped transform Ahmadpur, Surajpura, Thonda, Salhedanda and Pondi villages of Mandla district in Madhya Pradesh. More than 3,500 villagers who were mostly dependent on agriculture and associated seasonal labour as their primary source of income, have now found alternate means of sustenance as a result of the programme.

Key Interventions achieved through the activity

Focus Area	Intervention
Capacity Building and Awareness:	<ul style="list-style-type: none"> Exposure tours and workshops were organized for village leaders to expose them with best practices in agriculture
Soil and Water Conservation Measures:	<ul style="list-style-type: none"> 240-hectares of land was treated in all the villages 24 small water harvesting structures were constructed to conserve water for irrigation in Rabi season 3 gabion structures constructed to conserve soil and to check high water runoff 6 loose boulder structures constructed for conserving soil and checking high water runoff 10 big farm ponds to conserve water, were also constructed that benefitted about 50 marginal farmers 16 new community irrigation wells were constructed in 5 villages
Women Drudgery Reduction Activity:	<ul style="list-style-type: none"> Solar water pumps were also installed to ensure supply of potable drinking water in all the villages
Climate Smart Interventions:	16 agri-related advisories were organized to benefit more than 400 farmers that included: <ul style="list-style-type: none"> Training on disaster mapping was conducted, for identifying vulnerable spots. Agricultural demonstration of vegetables, cereals, implements, green fodder and pulse crops were carried out at 23 demo plots.
Other Programs	Water connections provided to ensure regular water supply at schools as well as in the villages.

Drought Mitigation in Maharashtra

In November 2018, Govt. of Maharashtra declared some pockets of the state to be drought affected areas. Stepping up to the opportunity, the Bank in partnership with an NGO initiated a Drought Mitigation and Awareness Drive to be implemented in chosen project villages as well as adjacent villages. This included a gamut of activities such as vulnerability mapping, awareness creation, water management, preventive measures for water-borne diseases and creating livelihood opportunities.

Water budgeting was done in 65 villages sensitizing more than 11,000 villagers. To enable ground water recharge, a total of 87 soil and water conservation structures were created. Activities included nallah (drain) widening and deepening, constructing earthen dams, check dams, loose bouldering structures. To address acute issue of water scarcity, water storage tanks were arranged at various locations. Moreover, existing hand-pumps water distribution channels were repaired to prevent water wastage through transportation loss and evaporation. Awareness sessions on water purification methods to prevent water borne diseases were also conducted.

Water scarcity leads to migration and issues like family and social disorganization. In order to provide for better job and self-employment opportunities for the youth, the Bank conducted skill development program in the villages. Through this, more than 120 youth were mobilized and approximately 40 were enrolled for various courses such as hospitality, automobile, welding, masonry, beautician etc.

As part of the Green Ethos Movement' launched in June 2018, over 48,000 trees were planted through community mobilisation. One of these project villages Anjanpur from Ahmednagar districts is also becoming a model village for afforestation.

The Bank partnered with two different NGOs for projects in Jalgaon and Yevatmal districts of Maharashtra. Both the projects were designed to address water issues in areas chronically affected by drought. Interventions under these projects have increased water storage capacities of rivers, dams, wells and ponds. Moreover, the ground water table level has also increased as a result of bore-well recharge. This has also increased the area under irrigation and cultivation. For our work in these villages, the Bank received the 'Smart Gram Award' and the 'Sant Gadgebaba Gram Swachhata Award' from the Government of Maharashtra.








5.4 HEALTHCARE AND HYGIENE



In line with Government of India's National Health Mission, Swachh Bharat Abhiyan and the SDGs; the Bank has geared up to work towards fostering behavioral change among communities to improve the prevailing Health and Hygiene situation in India. Lack of safe drinking water, poor sanitation and hygiene has caused millions of preventable deaths each year – particularly among children. Since the values of cleanliness and hygiene are best inculcated in childhood, awareness programmes on healthcare and hygiene are conducted in schools. The programme focusses on schools as well as communities.

The core programs are

-  Community-led sanitation campaigns that promote hygienic conditions in rural areas through appropriate wastewater and sewage disposal
-  Construction of toilets
-  Provision of clean drinking water
-  Health camps, nutrition programs, and vaccination drives
-  Conducting blood donation drives

Highlights

In FY 2018-19, the Bank collected over 3 lakh units of blood in a single day which is nearly 42% higher than the previous year. 3.5 lakh people from all walks of life participated in the programme.

Nearly 4,000 camps were held across 1,100 cities in India.

Conducted 1,500 sanitation drives.

Over 22,490 sanitation units have been built, of which 6,954 units have been built in schools and 15,537 in individual households.

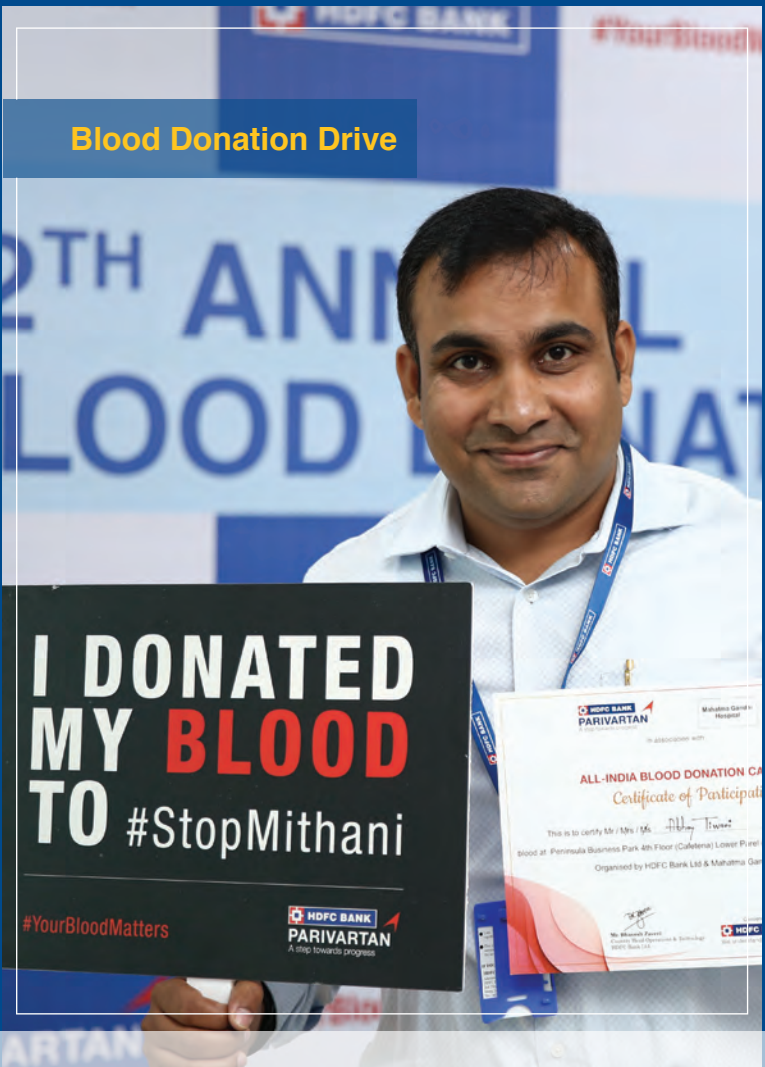
Health camps have reached out to more than 86,000 people.



School Toilet Construction



Blood Donation Drive



Health-Camps



5.5 FINANCIAL LITERACY AND INCLUSION

In India, millions of people are excluded from the formal economy and are thus deprived of its benefits. Communities cannot progress and interact with the world at large, without basic financial literacy and inclusion. Financial inclusion is the need of the hour and the Bank strives to cater to the unbanked and under-banked population in rural, semi-urban and urban India. We have considered it our responsibility to spread financial awareness, by conducting workshops to empower the marginalised sections of the society. As on FY 2018-19, the initiative saw more than 8.1 million participants benefit through workshops held at literacy camps and banking outlets.



A. Flagship Project- Digidhan or Dhanchayat

Digidhan or Dhanchayat is a multi-pronged programme where literacy is imparted at branches, through Business Units as well as through its NGO partners. The Bank explains the benefits of digital banking through the medium of films. The financial literacy program is a literacy-on-wheels programme that is spread across the length and breadth of the country. Dhanchayat vans are equipped with micro-ATMs and biometric facility which enable instant e-KYC and Re-KYC using Aadhar Card while visiting the villages.



B. Multifunctional Terminals or Milk-to-Money ATMs

Multi-function Terminals (MFTs), popularly known as Milk-to-Money ATMs (MTMs) bring transparency in the milk procurement and payment process. The MFT, like a standard ATM, contains a cash dispenser that facilitates quick access to payments which greatly benefits many dairy farmers. The MFT also assists farmers in building their credit history, thereby allowing them to enjoy the benefits of mainstream financial services. Payments are credited without the difficulties associated with the cash distribution process. The Bank has digitized payments at over 1,000 milk co-operatives spread over 18 states benefiting more than 4 lakh dairy farmers. The Bank facilitates instant realization of payments for over 1 lakh customers.

Kala and her husband used to run a traditional weaving business, their son joined later. Despite having an electronic weaving machines and three working members they were unable to make enough money for their family. This was primarily due to a localized market. The initiatives provided them with credit counselling and a loan of ₹ 25,000 which they used to meet the high import demands of a non-local shop. Today the family is not only making a comfortable living, but they have been able to invest in a recurring deposit for their future

Parivartan Grants to 25 social sector startups

Parivartan Grant aims to help startups working in the social sector to offer unique solutions that bring a sustainable change. In the first phase, the Bank has disbursed ₹ 10 crore to startups and incubators in India.

The Bank has funded start-ups in the following areas:

1) Sustainable Development - Natural resource conservation, green products, innovative and energy efficient products, waste management- based business models etc.

2) Community Development - Livelihood generation projects, innovative education models, financial inclusion models and any other projects of social impacts like sanitation, health and hygiene etc.

3) Clean/Renewable Energy - Solar & Wind energy business models, biomass-based energy generation models, waste-to wealth- based projects etc.

Parivartan, which means change is the Bank's quest to bring a sustainable change in the society. The Bank is not only conducting CSR activities but also encouraging the entrepreneurial eco-system in India to create long term solutions to social problems.

Beyond CSR, the Bank is keen on encouraging the entrepreneurial eco-system in India to create long term solutions to social problems.

Parivartan Grants have been offered to startups based in Mumbai, Pune and Delhi, Jamshedpur, Kalahandi in Odisha, Kochi, Thiruvananthapuram, Hyderabad to name a few.

Some of the Start-ups chosen by the Bank are Zoofresh – which works in the fish and meat industry in eastern India by creating an integrated aggregation and distribution model, with farms, farmer network and state of the art FSSAI certified urban retail outlets. Banyan Nation – which is India's first vertically integrated plastic recycling companies that helps global brands use more recycled plastic instead of virgin plastic. Reimagined is another startup supported by the Bank it offers wide range of products created from different types of waste. This initiative helps the Bank to contribute towards SDG 1 – No Poverty, SDG 3 – Good Health and Well-being, SDG 6 – Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy and SDG 8 – Decent Work and Economic Growth.



6 PARTNERSHIPS, COMPLIANCE AND GOVERNANCE



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

The Bank has committed to setting highest standards of Corporate Governance by adopting and adhering to the best recognized corporate governance practices and is continuously benchmarking itself with best in class practices across the globe. The Bank's strong governance framework as well as its partnerships with different stakeholders align with SDGs 16 and 17.

The Bank understands that its governance processes must ensure that the resources are utilized in a manner that meets stakeholders' aspirations and societal expectations. There are policies and frameworks in place for managing and monitoring the Bank's ethical conduct across all its engagements.

The policies include



Code of Conduct/ Ethics



Policy for determining Material Subsidiary



Code for Practices and Procedure for Fair Disclosure



Prevention and Redressal of Sexual Harassment of Women at the Workplace



Code for Prevention of Insider Trading



Whistle Blower and Vigil Policy



Code for Corporate Governance



Anti-Bribery and Anti- Corruption



Policy for dealing with Related Party Transactions



CSR Policy



Policy for determining Materiality of Information



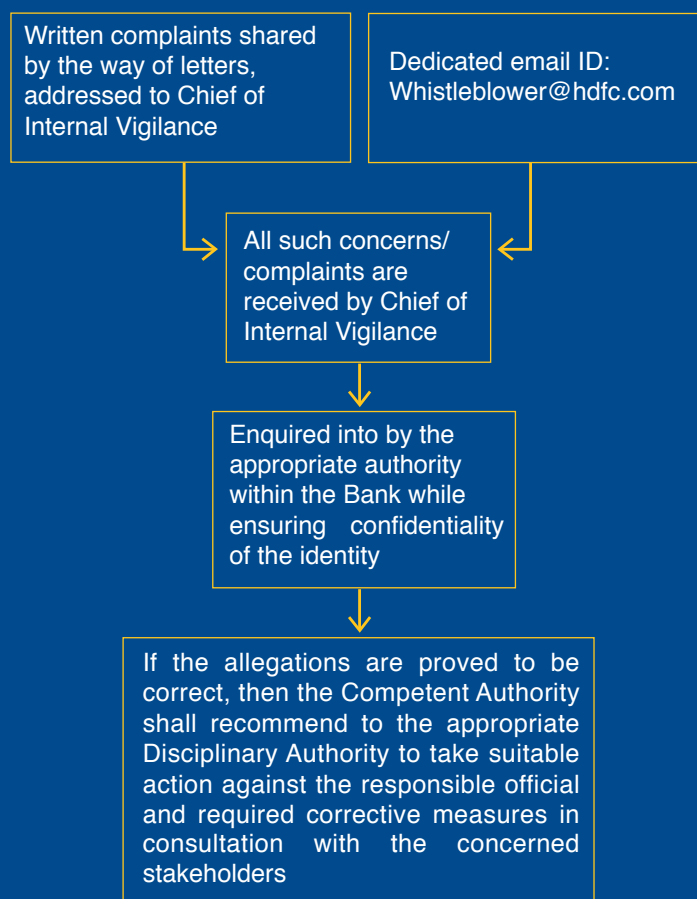
Human Rights guidelines in adherence to the principles in United Nations Universal Declaration of Human Rights

Bank's Corporate Governance framework complies with the Indian 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 exchanges ("Listing Agreement").

The Bank is a member of the Indian Banks' Association (IBA) and is actively involved in consultation/discussion forums, where the government and other bodies in the banking industry also take public policy positions. All operations of the Bank are assessed for risks related to corruption. There were no concerns regarding corruption raised during FY 2018-19. There are no incidents of anti-competitive behavior and violations of anti-trust and monopoly which have been reported in FY 2018-19.

6.1 WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Code of Conduct governs ethical behavior and organizational integrity at the Bank. The 'Code of Conduct and Ethics Policy' directs employees to uphold company values and conduct business with integrity and highest ethical standards. The Bank has also adopted a "Whistle Blower Policy" which encourages an open, equitable and transparent system of functioning for the employees and other stakeholders which can bring to attention any compromise or violation of the Bank's code of conduct, or legal and regulatory norms without any fear of reprisal, discrimination, harassment or victimization of any kind.



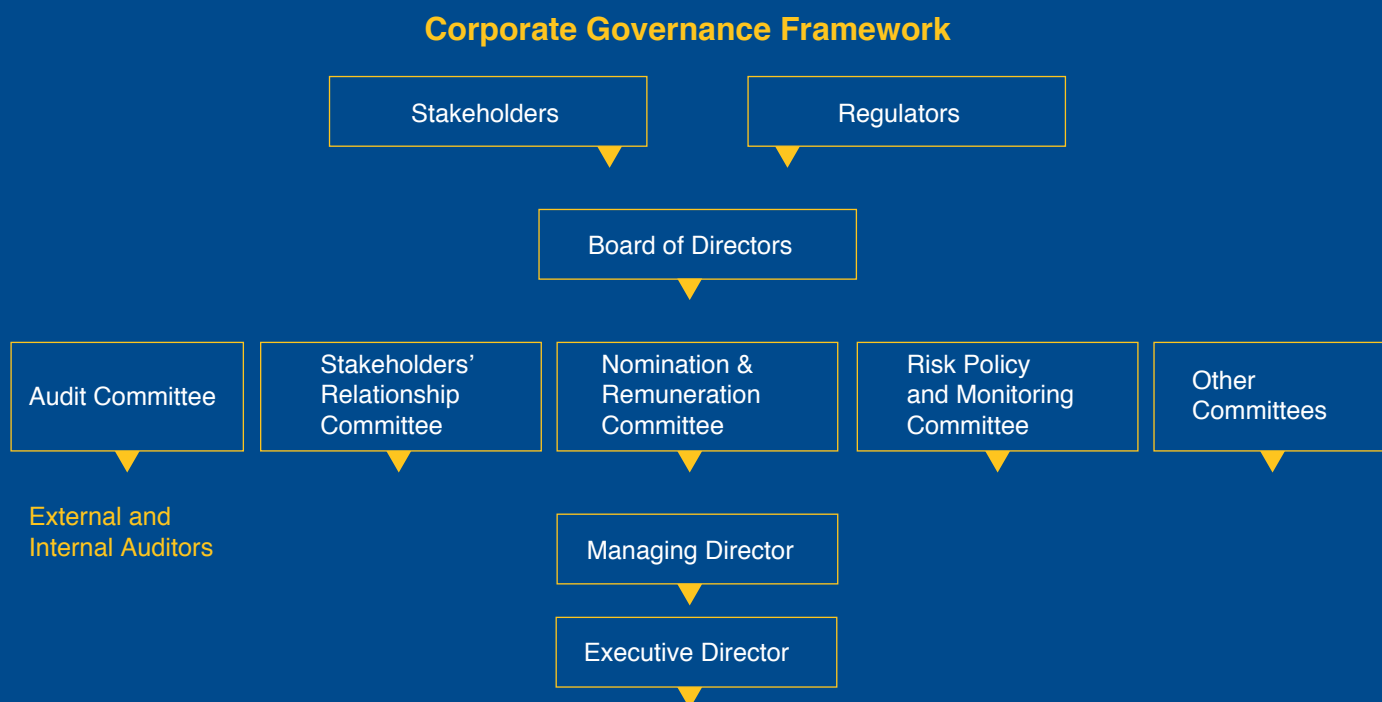
Complaints received, their resolution and the functioning of the Whistle Blower mechanism are reviewed periodically by the Audit Committee of the Board. During the FY 2018-19, a total of 56 such complaints were received and taken up for investigation which has resulted in certain staff actions in 15 cases post investigation.

6.2 CORPORATE GOVERNANCE FRAMEWORK

The Bank has proactively upheld good governance practices and is constantly striving to enhance its standards. The Board of Directors is accountable to various stakeholders of the Bank and is the ultimate custodian for observing good governance practices. It is responsible for setting course and evaluating the Bank's performance in corporate governance. The parameters of evaluation include compliance, internal control, risk management, information and cybersecurity, customer service, social & environmental responsibility.

6.3 COMMITTEES

The Board has constituted several committees, each with defined roles and responsibilities. These Committees are constituted by the Board to make informed decisions in the best interest of the Bank. The economic, environmental and social aspects of the Bank's operations are monitored by respective Board Committees.



The Managing Director is responsible for the overall affairs of the Bank, under the superintendence, guidance and control of the Board of Directors. Further, the Executive Director, under the guidance of the Managing Director, oversees various other business functions.

Nomination and Remuneration Committee (NRC)

Appointment and Remuneration: None of the Directors on the Board is a member of more than ten (10) Committees and Chairperson of more than five (5) Committees across all public companies in which he / she is a Director. All Directors have made necessary disclosures regarding Committee positions occupied by them in other companies. Further, none of the Directors are related to each other.

The Nomination and Remuneration Committee (NRC) recommends the appointment of Directors to the Board based on their academic background, previous experience, track record and values. The remuneration of whole time Directors is governed by the Compensation Policy of the Bank which is framed in accordance with RBI guidelines. Nomination and Remunerations Committee together with the Bank's compensation policy govern the remuneration of the Board of Directors.

Succession Planning: HDFC Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and Key executives of the Bank. As the tenure of the current Managing Director ends in October 2020, the Board will have to identify a successor and work to ensure that this is done in a manner that will allow appropriate time for an effective transition of responsibilities. Towards this end, the Nomination and Remuneration Committee of the Board will constitute a Search Committee to undertake a global search of both internal and external candidates.

6.4 BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank is governed by the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the listing requirements of the Indian Stock Exchanges where the securities issued by the Bank are listed.

The Board of Directors are the highest governance body and comprise of renowned individuals with vast experience in public policy, administration, industry and commercial banking.

Directors as on March 31, 2019

Executive Directors

1. Mr. Aditya Puri
(Managing Director)
2. Mr. Kaizad Bharucha
(Executive Director)

Non- Executive Directors

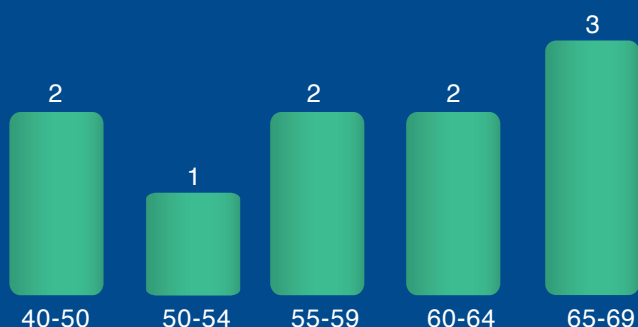
1. Mr. Keki Mistry
2. Mr. Srikanth Nadhamuni

Independent Directors

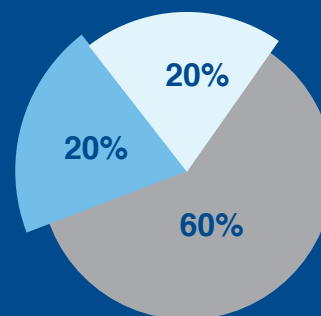
1. Mrs. Shyamala Gopinath
(Part-time Non-Executive Chairperson)
2. Mr. Malay Patel
3. Mr. Umesh Chandra Sarangi
4. Mr. Sanjiv Sachar
5. Mr. Sandeep Parekh
6. Mr. M.D. Ranganath

As on 31st March 2019, the Board comprises of 10(ten) Directors including 1(one) woman Director. The composition of committees of Directors, age group of Directors and the Board composition is depicted below

Age Group of Directors - No. of years (Y)



Board Composition



■ Independent Directors ■ Executive Directors

■ Non-Independent, Executive Directors

Classification	Director's Name	Audit	Nomination & Remuneration	Stakeholders' Relationship	Corporate Social Responsibility	Risk & Policy Monitoring	Fraud Monitoring	Customer Service	Credit Approval	Permissions	Review: Willful Deafaulter's Identification	Review: Non-Cooperating Borrowers	Digital Transactions Monitoring	IT Strategy*
Non-Executive Directors	Mrs. Shyamala Gopinath	■	■			■	■	■			■	■		■
	Mr. Malay Patel			■	■		■	■	■	■			■	
	Mr. Keki Mistry						■	■		■				
	Mr. Umesh Chandra Sarangi	■		■	■		■				■	■		
	Mr. Srikanth Nadhamuni					■		■	■				■	■
	Mr. Sanjiv Sachar	■	■		■						■	■		
	Mr. Sandeep Parekh		■	■			■	■			■	■		
	Mr. M.D. Ranganath	■	■				■						■	■
Executive Directors	Mr. Aditya Puri			■	■	■	■	■	■	■	■	■	■	
	Mr. Kaizad Bharucha								■					

* Not a Board level Committee. Consists of members of senior management and external IT consultant in addition to the above members.

■ Chairperson ■ Member



6.5 BOARD PERFORMANCE

Evaluation

The Nomination and Remuneration Committee (NRC) has approved a framework / policy for the evaluation of the Board, the Committees of the Board and the individual members of the Board (including the Chairperson), which is reviewed annually by the NRC.

Questionnaire Designed For Evaluation

A questionnaire for the evaluation of the Board, its Committees and the individual members of the Board (including the Chairperson), designed in accordance with the said framework and covering various aspects of the performance of the Board and its Committees.

Responses Received

Questionnaire sent out to the Directors.

Evaluation By Independent Directors

The responses received to the questionnaires on evaluation of the Board and its Committees were placed before the meeting of the Independent Directors for consideration.

Assessment Of The Independent Directors

The assessment of the Independent Directors, on the performance of the Board and its Committees was subsequently discussed by the Board at its meeting.

Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

The NRC recommends the appointment of Directors to the Board. The remuneration of whole time Directors is governed by the compensation policy of the Bank.

The same is available at the weblink <https://www.hdfcbank.com/aboutus/cg/codes-and-policies.htm>

Ratio of remuneration of each Director to the median employees' remuneration for FY 2018-19:

Designation	Ratio
Managing Director	248:1
Executive Director	109:1

Note: For further details on Corporate Governance, Board of Directors and their functioning, on please refer Annual report FY 2018-19.

6.6 RISK AND OPPORTUNITIES

The Bank operates in the banking and financial sector which is regarded as a risky business due to its very nature. The risk management practices in the banking industry focus on managing the Banks' exposure to losses or risk and to protect the value of its assets. Therefore, the objective of risk management process is evaluation of the Bank's future potential losses and mitigation of these problems when they occur.

Risk Management Process

The most significant risks and opportunities for the Bank are identified by studying its internal and external environment. Post identifying and analysing a risk, determination of a method/action plan to address these potential risks is derived. The Bank's governance process is oriented towards mitigating these risks. The Bank's business strategy intends to be risk-responsive and opportunity-aware, therefore it is comprehensive and flexible. The Bank is exposed to Credit Risk, Market Risk, Liquidity Risk and Operational Risk which have a bearing on its financial strength, operations and reputation.

HDFC Bank has a Board approved risk strategy and policy in place to manage the risks. The overall responsibility of Risk Management in the Bank lies with the Chief Risk Officer (CRO). The implementation of this is overseen by the Bank's Risk Policy and Monitoring Committee (RPMC). The main function of RPMC is to develop the Bank's credit and market risk policies and procedures, verify adherence to various risk parameters and set limits for treasury operations and review its risk monitoring system. RPMC also ensures that risk is prudentially diversified and the Bank's credit exposure to any one group or industry is well maintained within the internally set limits. The Committee conducts periodic reviews to determine the levels and direction of risk, composition of the portfolio, status of impaired credits and limits for treasury operations. The hallmark of the Bank's Risk Management function is that, it is independent of the business sourcing unit with the convergence only at the CEO level.



Identification And Assessment Of Risks

Identifying and assessing the potential risk in the banking business



Development And Execution Of A Plan

Development And Executing an action plan to deal with and manage these activities that incur potential losses



Reviewing And Reporting

Continuously reviewing and reporting the risk management practices after they have been put into action/operation

The Bank recognizes the importance of risk identification and mitigation and has hence identified key risks and has put in place, appropriate mitigation mechanisms to address them:

Key Risk: Compliance Risk
Risk Rank: Significant
Description of Risk: Risk related to the integrity of the Bank, leading to damaging its reputation, legal or regulatory sanctions, or financial loss, as a result of a failure (or perceived failure) to comply with applicable laws, regulations and standards.
Mitigation: The Bank has a Compliance Policy in place and a dedicated team within the Compliance department to ensure highest standards.

Key Risk: Market Risk
Risk Rank: Normal
Description of Risk: Risk arising from the bank's statutory reserve management and trading activity.
Mitigation: A well-defined Board-approved Investment Policy and Market Risk Policy that caps risk in different trading desks or various securities through trading risk limits / triggers are put in place to manage this risk.

Key Risk: Credit Risk
Risk Rank: Significant
Description of Risk: Also known as the default risk, arises from a default.
Mitigation: HDFC Bank has distinct policies and processes for managing credit risk in both its retail and wholesale businesses. The Social & Environmental Management System (SEMS) framework manages the environmental and social risks in lending to large projects.

Key Risk: Geopolitical Risk
Risk Rank: Normal
Description of Risk: There are direct/indirect impacts and risks from Trade wars like situation, Brexit, Italy and elections in India.
Mitigation: The Bank monitors the situation and economic impacts closely and takes appropriate steps to mitigate them time to time.

RISK IDENTIFICATION AND MITIGATION

Key Risk: Operational Risk

Risk Rank: High

Description of Risk: This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events including floods resulting from Climate Change.

Mitigation: The Bank has detailed framework and processes, Internal Controls, Information Technology Security Practices and Fraud Monitoring mechanisms to manage this risk.

Key Risk: Reputation Risk

Risk Rank: High

Description of Risk: It is the Bank's responsibility to address its wide range of stakeholders, their concerns and expectations. Failure to fulfill high expectations of stakeholders could lead to a reputational risk.

Mitigation: There is a well-developed stakeholder engagement mechanism to establish effective communication which would ensure addressal of stakeholder expectations.

There are also mechanisms like Grievance Redressal and Whistle-blower policy that help stakeholders raise concerns to the Bank.

Opportunity: Better stakeholder relationship helps the Bank strengthen and enhance their stakeholder base and eventually enhance business relationship and value.

Key Risk: Disruption due to technological advancement

Risk Rank: High

Description of Risk: Evolution of new technologies brings about changes in the business. Disruption due to Technological Advancement with the advent of new technologies and payment platforms, there is emerging competition from e-commerce players. Further re-skilling/up-skilling of employees is constantly required to stay in competition.

Mitigation and Opportunities: The Bank is developing platforms (Smartbuy, Payzapp – new opportunities) to offer a complete Banking experience. The Bank is also investing in technology, artificial intelligence to enhance its digital capabilities. The Bank has also partnered with various universities and academic institutions to conduct research into what the banking ecosystem could look like in 2021-22.

Key Risk: Natural Calamities as a result of Climate Change

Risk Rank: Normal

Description of Risk: Natural Disasters can halt critical functions and operations thereby causing business and reputation loss. Besides, drought and floods can result in non-performing assets in the Agri and allied sectors and hence a risk to Bank's lending portfolio.

Mitigation and Opportunities: The Bank's business contingency group has a comprehensive Disaster Management Plan and regularly assesses and tests Business Continuity protocols at the Bank. To address inherent credit risks, the Bank has taken steps pertaining to delinquency management like root-cause analysis of critical locations, close monitoring of delinquency, prioritisation based recovery strategy, system automations. Further, the bank is building upon segment specific approach like funding to horticulture clusters, supply chain finance, Agribusiness, MSMEs and Dairy farmers which is also an inherent opportunity for the Bank. It also continues to engage closely with farmers to mitigate risks and protect portfolio quality.

Key Risk: Central Policy Risk

Risk Rank: Normal

Description of Risk: Policy changes on rates will have consequent impact on benchmark rates. Deposit rates need to be lowered first before benchmark rates. This is risky with depositors moving towards equity & mutual funds.

Mitigation: Benchmark changes are done post multiple studies, trend observations and deliberations by the Bank's board committees.

The banking and financial institutions have an expanding array of risks which result from the new types of players, new technologies, complexities national and international regulations, dynamic customer behavior, requirement of significant resource investments for financial strengthening.

The Bank exercises a large degree of control over certain risks by enabling/ investing in efficient internal and external controls, systems and processes. The Bank has also put in place, mechanism to thoroughly evaluate projects and proposals. To sum up, the Bank is geared up for the next phase of growth given the looming market opportunities and its strong positioning in each of its major franchises.

Key Risk: Fluctuating Socio- Economic Conditions

Risk Rank: Normal

Description of Risk: Due to uncertainty in the business scenario there are significant risks of lending to the agriculture and farming related sectors.

Mitigation and Opportunities: Innovative financial solutions aimed at addressing the social and economic development which provide customers with flexible choices of products and services are provided by the Bank.

Key Risk: Liquidity Risk

Risk Rank: High

Description of Risk: It is a Risk related to a bank not being able to meet its short-term financial obligations due to an asset-liability mismatch or interest rate fluctuations.

Mitigation: HDFC Bank's Framework for liquidity and interest rate risk management is spelt out in its Asset Liquidity-Management policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO)

Key Risk: Digital Lending / Transaction Risk

Risk Rank: High

Description of Risk: There are attended risks related to Digital lending, which enables customers to deposit/secure loans at the click of a button in a matter of minutes. This is an emerging risk and its significance will intensify in the coming years as digitization is at the fore-front of the Bank's strategy.

Mitigation: Most of the credit checks and scores used by the Bank in traditional process underwriting are replicated in digital loans. The Bank has an independent model validation unit that minutely assesses the models used to generate the credit scores for such loans. These models are monitored, reviewed periodically, back tested and corrective action is taken whenever needed.

Key Risk: ESG Reporting Obligations

Risk Rank: Normal

Description of Risk: The Business Responsibility Report is a regulatory requirement and requisite from various stakeholders such as the investors. Increase in requirements for reporting on ESG parameters may increase complexity of reporting and its cost.

Mitigation: The Bank has an environmental policy, measures and reports its carbon footprint and has also been publishing a Sustainability Report. On the Social Front, through Parivartan, the Bank reaches out to communities, empowering them. The Bank has also published its first Integrated Report for the current reporting year.

6.7 BUSINESS CONTINUITY PLAN (BCP)

Business Continuity Plan (BCP) plays an important role in all businesses. Threats and disruptions could lead to loss of revenue and higher costs, ultimately resulting in decrease of profitability. Businesses are prone to numerous disasters varying in their degree, from minor to catastrophic and including those occurring as a result of climate change. BCP is a process that an organization undergoes to create a prevention and recovery system from potential threats, such as natural disasters or cyber-attacks. It is designed to protect personnel and assets, and make sure they can recover and function quickly when disaster strikes.

At the Bank, BCP is a critical function. This function is guided by the Business Continuity Steering Committee (BCSC). The Chief Risk Officer (CRO) chairs the committee and other senior members are part of this committee. The BCSC meets twice in a year. The discussions held during the BCSC meetings are regarding the business continuity preparedness of the Bank. Business continuity impact analysis is one of the most important aspects of BCP.

BCP Business Impact Analysis (BIA) is conducted for each department/functions of the Bank. Any department of the Bank, which if non-functional for 3 days leads to hampering of the business, is termed 'critical'. These departments/functions are considered first in-line for the implementation of a Business Continuity Plan. These departments/functions can either be from the front office or back office. There are 4 criteria based on which Business Impact Assessment (BIA) is performed: Customer Impact (Customer Satisfaction), Regulatory impact (penalties etc.), Reputation impact, Customer impact (customer satisfaction) and Financial impact.

Currently 45 departments and 85 branches of the Bank are BCP compliant. ISO certification (ISO 22301:2012) is also obtained for all 45 departments and 85 branches of the Bank. Internal and external audits are conducted on a regular basis. Each year, the BCP team decides the additional number of branches to be selected for BCP implementation. The Business Impact Analysis is initiated from the location which has the highest employee strength, or the highest customer base.

BCP testing of the branches is done once a year, For Information Technology (IT), testing is conducted twice a year. For critical functions of the Bank testing is conducted four times a year.

The Bank is committed to provide a safe and healthy work environment. This is achieved by preventing accidents and occupation related ill-health and assessing risks related to buildings and work style. Employees are communicated, instructed and trained. There is a comprehensive Disaster Recovery Plan which comprises of a Locational recovery plan, Data center recovery plan, DR site and technology related challenges. BIA (Business Impact Analysis) proves to be useful in deciding the location of Data Centers. The Bank has data centers in Bangalore, Mumbai and Navi Mumbai. The Bank also ensures that the data centers are in different seismic zones, to spread out risk. The Bank has a well-defined Disaster Recovery Plan and strategy in place to combat local and large-scale climate linked disasters.

Employee safety is an important function of BCP. Fire drills are an important function ensure preparedness in case of emergencies / exigencies and are an important part of the larger Fire Safety Plan. They serve as an important tool for training staff and general occupants of the building to act as per the procedures laid by the Bank for streamlined evacuations in fire emergencies, natural calamities like Earthquake or other precautionary threat aversion. The drills also help to bring about behavioral change in employees to value safety.

Employees are trained to learn about exit options, alternate routes and general awareness of the building's safety systems during these drills. The key personnel get a Critical practical experience with respect to the assigned duties, such as usage of fire extinguisher, fire hydrants, guiding smooth evacuation of occupants etc. The Bank strives to achieve this by conducting drills at regular intervals. There are efficient systems in place to monitor and review the systems. The Bank ensures adequate measures are made available for health and safety issues and continual improvement is aimed.

The Bank also has a Crisis Management Plan to address large natural disasters, cyber-security threats etc. that could possibly impact more than 1000 customers and impacting about 300 Crores of revenue. In FY 2018-19, a total of 19000 employees participated in the evacuation drills and training conducted at various offices.

Fire drill





Case Study: Bank's Action Plan Kerala Crisis (Floods)

Date of Incident: 09 Aug 2018

Date of Business Resumption: 23 Aug 2018

In August 2018, Kerala experienced unusually heavy monsoon rains which brought the worst flooding the state had seen in a century. The Bank prepared itself to handle this situation and the business could resume to its usual operations by 23rd August 2018.

Total Branches	Branches Impacted	Total ATM	ATM Impacted	RBB Staff	Staff Contacted And Accounted for	Staff reporting loss/ damage to House/ other assets
172	8	302	9	1097	1097	64

The Retail Branch Control Unit (RBCU) took various steps to deal with this situation, the team sent out precautionary e-mailers to all Branches / staff / line managers on steps to be taken during heavy rainfall / flood like situations. The RBCU team sent advisory notes to branches intimating them on steps to be taken to avoid major loss to branch property and to exercise caution. RBCU Team also created an emergency group consisting of all local Cluster Heads, Zonal Heads, other critical stakeholders and impacted Branch Managers, to effectively pass on critical information.

RBCU also monitored branches impacted by the floods on a regular basis. The Branch managers were frequently contacted to know the status of staff safety and branch impact.

A local support committee was also formed, comprising of critical stakeholders to provide support. Three rounds of Mass Communication messages were sent to all staff in Kerala over SMS & Voice Blasts to understand their situation and well-being. All staff who responded (Need Assistance / Support Required), were suitably supported and assisted.

Actions undertaken for resumption of the Bank's Operations



On Activation of the BCP for the Phone Banking unit, calls were transferred from Kerala to Chennai.



The ISG BCM (Information Security Group) rolled out Mass communication (voice blast & SMS) with a predefined parameter of 8 attempts after every 15 minutes of interval. Call back was arranged by RBCU team the same day, to employees who needed support.



Local Crisis Management Team (CMT) was formed, for taking timely/quick decision.



It was decided that there would be an early release of salary to the staff in Kerala.



Late payment fees / dues on loans and credit cards for the month of August were waived off for customers in Kerala.



List of the Bank's ATMs that were Operational, was updated on the Bank's website.

7 SUSTAINABLE ENGAGEMENTS

The Bank strives to create a cordial relationship with its key stakeholders, with the aim of creating value over time and delivering sustainable growth for them. Stakeholder satisfaction is of paramount importance for the progress of the Bank.

The Bank has identified its key stakeholders' such as shareholders/investors, employees, customers, society, regulators and suppliers and engages with them regularly through various formal and informal forums. This helps in identifying their issues and concerns and engaging with them to address them suitably.

7.1 STAKEHOLDER ENGAGEMENT AND MANAGEMENT

The banking sector witnesses change in regulations, inflation, price levels, rate of economic growth, national income, gross domestic product (GDP) and rapidly changing customer behaviors. Thus, it is pivotal for the Bank to understand internal and external views, perspectives and concerns with respect to their products, services and operations. This helps in meeting the changing requisites of customers, society and the environment.

The Bank aims to engage with all its stakeholders in a sustained manner. The process of communicating or interacting with stakeholders is referred to as Stakeholder Engagement. It helps an organisation achieve a desired outcome and enhance accountability.

The Bank has a mature mechanism in place, to engage with its key stakeholders. The engagement helps to determine their priorities which enables the Bank to undertake measures to address them and thus develop stronger relationships. The Bank is committed to disclosing its performance on sustainability parameters, in a transparent manner. It also intends to address the key impacts (positive and negative) across the value chain.

Identification of key stakeholders has been done with respect to their influence on business and operations and vice versa.

Key stakeholders of the Bank are:



**Investors/
Shareholders**



**Regulatory
Bodies**



Suppliers



Community



Customers



Employees

The Bank engages with these stakeholders through various channels at regular intervals. Please find below, details of our engagement with stakeholders.

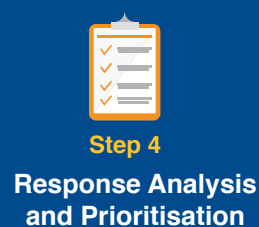
Stakeholders	Stakeholder key interest / concerns	Mode of engagement & Frequency	HDFC Bank response
Customers	<ol style="list-style-type: none"> 1. Ease of Transacting Across Channels 2. Innovative Technology Applications 3. Data Security 4. Advanced Analytics 	Online Communication, Customer Satisfaction Surveys and Feedback	<ol style="list-style-type: none"> 1. New products enabled by the Bank's digitization strategy 2. Making personalized recommendations with virtual RM 3. Awareness on data security and privacy.
Investors /Shareholders	<ol style="list-style-type: none"> 1. Compliance 2. Governance and Ethical Practices 3. Economic Performance 	Meetings and calls with individual Investors. Quarterly Reports, Investor Meets, Press Releases, Annual General Meeting	<ol style="list-style-type: none"> 1. Growth and Profitability 2. Policies and demonstration of Ethical Conduct
Employees	<ol style="list-style-type: none"> 1. Training and Career Progression 2. Wellness and Safety 3. Employee Benefits 	Performance appraisals, Training, Programs, Emailers	<ol style="list-style-type: none"> 1. Regular Behavioral and Technical Training 2. Employee Engagement, Health and Wellness Programs
Community	<ol style="list-style-type: none"> 1. Training and Inclusive Growth 2. Financial Literacy 	Regular meetings. Focus Group Discussions, Project Monitoring and Reviews	<ol style="list-style-type: none"> 1. Holistic Rural Development Program, Sustainable Livelihood Initiative 2. Financial Literacy Camps
Regulatory bodies	<ol style="list-style-type: none"> 1. Aadhar Linkages 2. Social Security Schemes 	Regular meetings. Policy Updates and Ministry Directives, Mandatory filings with regulators including RBI and SEBI	Awareness generation on Aadhar linkages and PMJDY
Suppliers	<ol style="list-style-type: none"> 1. Partnership 2. Governance and Ethical Practices 	Regular Meetings, Phone Calls and Surveys	Ensure timely payment for services, Whistle-Blower Policy to ensure good practices

BLUE = External Stakeholders, GREY = Internal Stakeholders

7.2 MATERIALITY ASSESSMENT & MATRIX

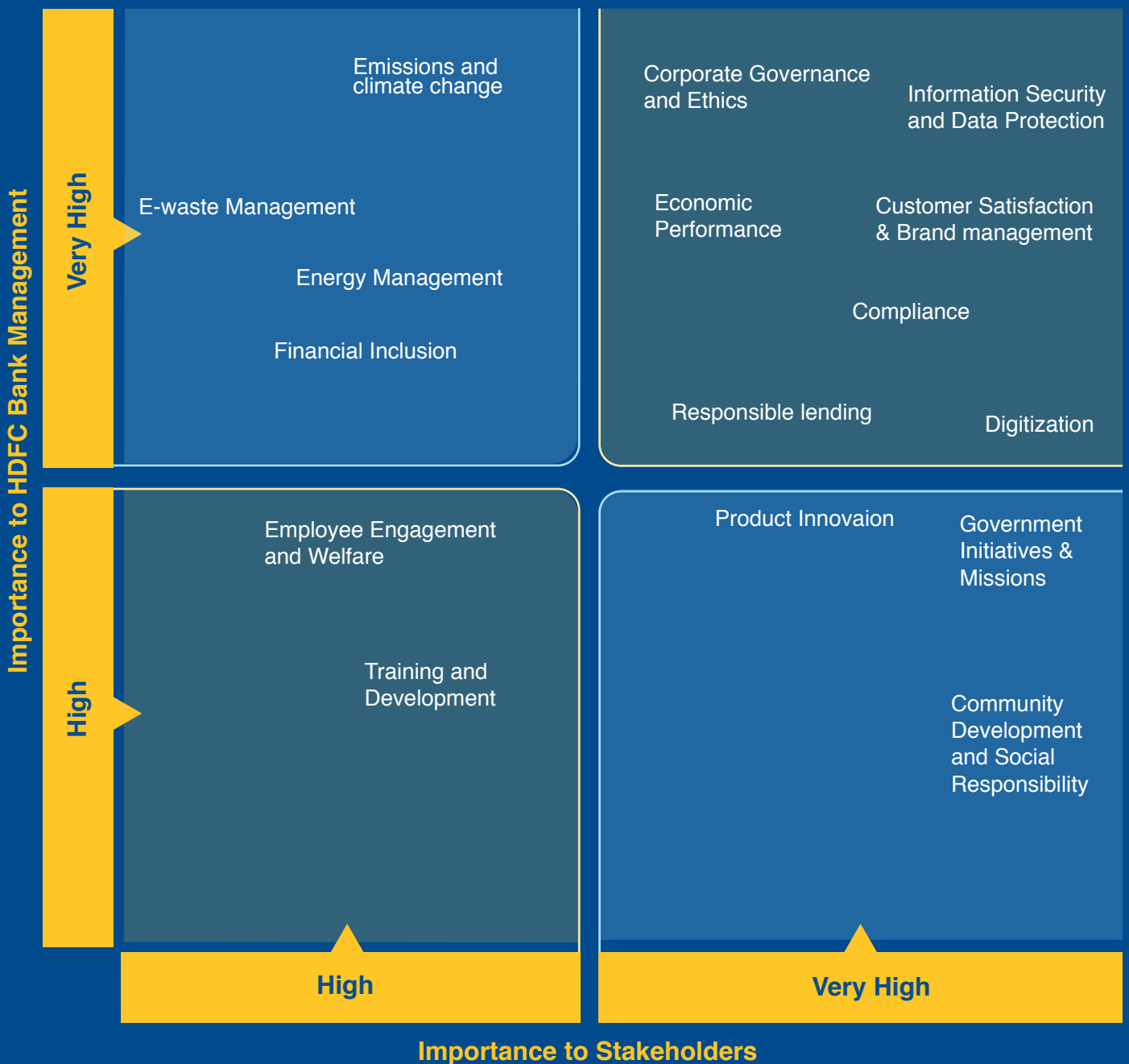
Determination of the material issues for the Bank is done through engagement exercises conducted with identified stakeholders. Stakeholder base for the Materiality Assessment included employees, customers, investors, vendors and our community (NGO) partners.

The process encompasses the listing of various relevant material topics from a background study including review of peers, GRI Standards, other relevant frameworks. Most relevant focus areas are then shortlisted and used for the stakeholder engagement exercise basis discussion with the CSR Committee of the Board. The methodology for stakeholder engagement is mentioned below:



The responses received from the exercise are analysed and used to derive the Materiality Matrix. The Materiality Matrix highlights relevant and priority economic, social, environmental and governance topics for the Bank and its stakeholders. Responses from more than 3300 stakeholders were received and analyzed in FY 2018-19. These stakeholders were also engaged to understand their views on the Bank’s Community development initiatives and Sustainability journey, besides their opinion on material topics.

Materiality Matrix



GRI Category	Material topic	GRI Topic	Boundary	Impact on HDFC Bank
Economic	Corporate Governance and Ethics	Anti-corruption and Anti-competitive	Internal and External	Direct
	Economic Performance	Economic Performance	Internal	Direct and Indirect
	Digitization	Economic Performance	Internal and External	Direct and Indirect
Environment	Emissions and Climate Change	Emissions	Internal and External	Direct and Indirect
	E-waste Management	Effluents and Waste	External	Direct
	Energy Management	Energy	Internal	Direct
	Compliance	Environmental Compliance	Internal	Indirect
	Responsible Lending	Environmental Compliance	Internal	Indirect
Social	Information Security and Data Protection	Customer Privacy	Internal and External	Direct
	Customer Satisfaction and Brand Management	Marketing and Labeling	External	Direct and Indirect
	Government Initiatives & Missions	Local Communities	External	Direct and Indirect
	Community Development and Social Responsibility	Local Communities	External	Direct and Indirect
	Product Innovation	Customer Health and Safety	Internal and External	Direct
	Financial Inclusion	Local Communities	External	Direct and Indirect
	Employee Engagement and Welfare	Employment	Internal	Direct
	Training and Development	Training and Education	Internal	Direct
	Compliance	Socio-economic Compliance	External	Direct

The Bank has always aimed at upholding good ESG practices in its operations and business. The investor and supplier responses attributed high importance to ESG. The customers and employee responses also reflected that sustainability performance is an important factor for the Bank in maintaining and enhancing its brand value. Since the stakeholder engagement exercise was beyond materiality assessment, the exercise helped identify stakeholders' views on the Bank's Sustainability journey. More than 70% surveyed suppliers have attributed high importance to Energy Management. More than 70% of respondent customers have indicated that responsible lending is of high importance to the Bank. In their responses, most employees showcased immense interest to participate in the Bank's ESG journey through volunteering and becoming a Green Champion. Feedback from all stakeholders, including customers and investors will be incorporated in the Bank's overall business, operations and community development initiatives.

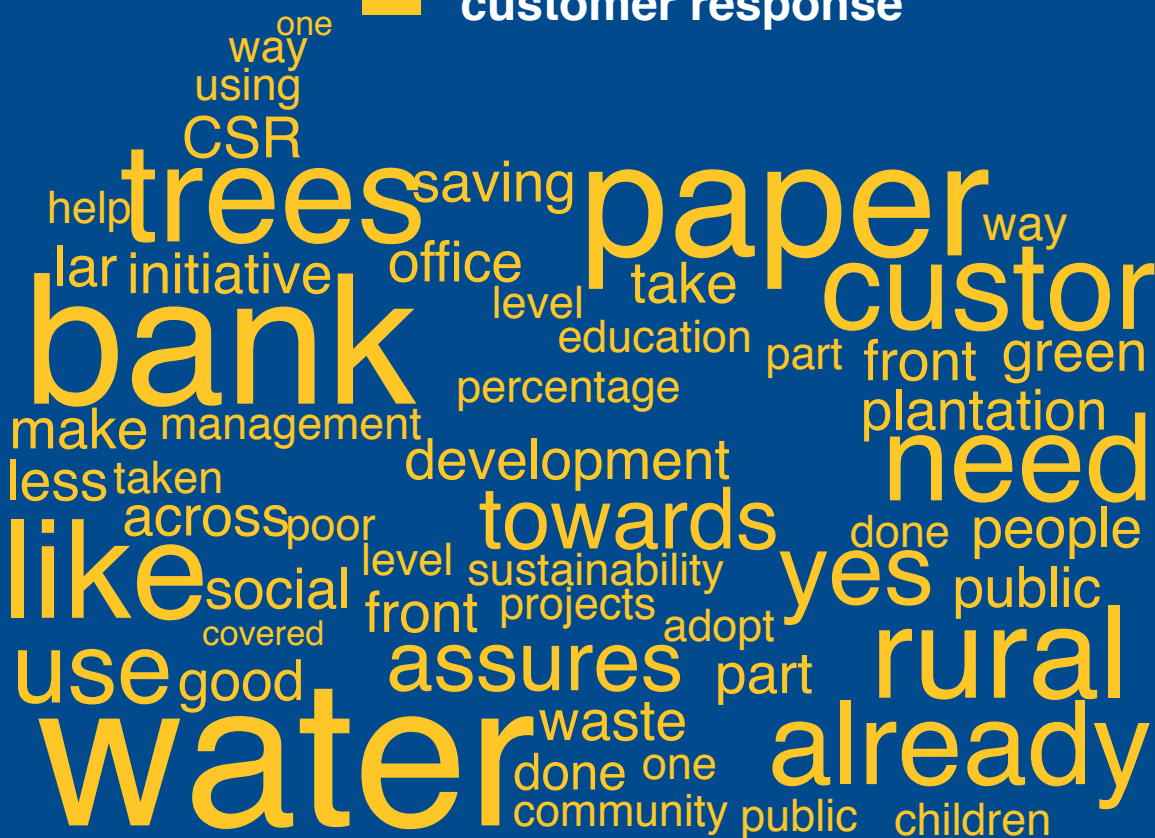


■ Word Cloud developed from all stakeholders responses





Word Cloud based on customer response



7.3 CUSTOMERS

At a time, when organisations are undergoing digital transformation, developing a culture of customer centricity and managing customer experience becomes the need of the hour. The Bank follows a customer centric approach. The operations focus upon putting customers first and strive to provide an exceptional experience to increase profits, gain competitive edge, create value and build long term viable relationships.

The Bank is on its way to provide customers with a hyper personalised experience staying with the need of the hour. The Bank is transforming itself to a lifestyle bank that goes beyond transactions to journeys.

There is a huge and continuously widening database of customer information maintained by the Bank. Therefore, the following policies have been put in place to protect customer rights:



Grievance Redressal Policy



Customer Acceptance, Customer Care and Customer Severance Policy



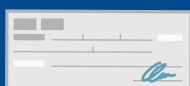
Model Policy on collection of Dues and repossession of Security



Customer Privacy Policy



Customer Rights Policy



Cheque Cancellation Policy



Customer Compensation Policy



Comprehensive Deposit Policy

Cyber Security

In the current scenario, customers demand personalized interactions, simplified banking and use of digital technologies. Banks now compete to meet customer requirements by use of innovation, adopting newer technologies and developing digital channels. There has been a huge migration of customers towards digital platforms. This has resulted in the Bank proactively adopting advanced cyber security practices.

At the Bank, Information Security and Cyber Security is a critical function. The function is headed by the Chief Information Security Officer (CISO), who reports to the Chief Risk Officer (CRO). This function is guided by the Information Security Committee (ISC). The CRO chairs the ISC and other senior members are a part of this committee. The ISC meets 4 times in a year. The ISC provides overall strategic guidance and governance for ensuring information security in the Bank.

The Bank has an effective framework to manage cyber security which incorporates the elements of Protect, Detect, Respond and Recover. This framework is supported by People, Process and Technology. Apart from the framework, the Bank has formulated a Code of Conduct and Ethics Manual for Customer privacy and confidentiality of data. There are well defined standard procedures, followed to maintain data security, including the 'Code of Bank's Commitment to Customers' as prescribed by the Banking Codes and Standards Board of India (BCSBI) and Employee & Customer Awareness Procedures. The Bank also has various policies such as Information Security policy, Cyber Security Policy and Business Continuity Management Policy. The citizen's charter outlines the guiding principles with respect to formulation of various products offered and terms governing the conduct of the account. The Bank has also formulated a 'Customer Service Committee' which ensures implementation of RBI directives and monitors customer service quality.

The Bank follows the 'CIA' pillars of Information Security where, CIA stands for Confidentiality, Integrity and Availability. Information Security team's primary role is to secure its own and customer transactions. The primary responsibility of the Chief Information Security Officer (CISO) is to manage information security. Technology is used to counter emerging cyber threats, DDoS (Distributed Denial of Service), Zero-day Malware threat, server and data base threats. The Bank's systems are certified with PCI DSS 3.2.1 and Information Security Management System (ISMS) - ISO 27001:2013 certifications. PCI DSS ensures that necessary controls at technology and process levels are in place for storage, transmission and process of card holder data there by a secure environment to the customer for card related transactions. The Bank also has a RED team for testing its security posture and has a Security Incident and Event Management (SIEM) system, which provides a comprehensive and centralized security posture of IT infrastructure. The Bank has a 24*7 cyber defence center to monitor and control cyber threats.

The digital products of the Bank undergo multiple level of security checks before they are rolled out to customers. The Bank has in place, a transaction monitoring system for ATMs, ecommerce and POS. Provisions are in place to detect and prevent fraudulent transactions. Deception Technology Solution is deployed to detect, analyse and defend against advanced attacks, often in real-time. Encryption-Decryption technologies are used to protect confidentiality and integrity of transactions. Data leakage prevention tools are used to protect client and Banks data confidentiality. The above solutions help to secure the network , end points and aid in asset management.

Firewalls have been upgraded with deep packet inspection (DPI) ability. DPI analyses ‘packets’ which are parcels of digital information transmitted across the web in a formatted piece of structured data. Protection against malware, ransomware and denial of service attacks have further been strengthened. Regular tests are conducted to assess the vulnerability of the Bank’s IT infrastructure and applications. Anti-phishing services are used for shutting down phishing sites and protecting the customers from fraud. Risk engine and transaction monitoring systems monitor suspicious transactions on Internet Banking, ATM and e-commerce channels. Also, there are various teams which monitor and strengthen the systems of the Bank and protect information from perennial and emerging threats. The Bank also periodically benchmarks itself on cyber security measures with its peers and takes measures to improve itself. To protect critical assets from cyber-attacks, the Cyber Security Operations Center (SoC) operates on a 24*7 basis. In FY 2018-19, there were 35 incidents of customer data loss.

Awareness sessions on cyber threats and mitigation are conducted biannually for Board members. In FY 2018-19, the Bank conducted a cyber security session for Board members that was also attended by Dr Gulshan Rai, (National Cyber Security Coordinator from the Prime Minister’s Office, Government of India), Rama Vedashree, (CEO of Data Security Council of India and Sahir Hidayatullah (CEO of Smokescreen Technologies Private Limited). Regular training is also imparted to the senior management.

Security awareness campaigns are conducted throughout the year for employees as well as customers to ensure a secure computing and banking environment. The Bank also sends out emails on cyber awareness to all its employees. Employees are imparted awareness during onboarding through a comprehensive course followed by refresher courses while on -job. Awareness is imparted to benefit both the employees and their families. The Bank has an I-Security Ambassador Course which is an annual mandatory course for all employees. Other activities that keep the employees updated are: quizzes, surveys on phishing, ad-hoc campaigns, classroom trainings and materials such as calendars etc. To impart awareness to vendors and on-premise consultants of the Bank, global e-mailers are sent out. The Bank pays utmost attention to transaction security of its customers and uses various channels to carry out awareness. The Bank engages customers on cyber security and conducts sessions on the same.

Complaints from customers concerning breaches of customer privacy	64
Complaints from outside parties concerning breaches of customer privacy	0
Complaints by regulatory bodies concerning breaches of customer privacy	2
Complaints from clients concerning breaches of privacy and data security	8

Launch of cyber-crime responder training workshop for Sagar Police under Secure Banking Initiative

The Bank conducted a cyber-crime responder training workshop for Sagar, Madhya Pradesh Police. The workshop aimed to update the skill sets of law enforcement authorities and enhance their ability to tackle economic offences in the banking space. The training was a part of HDFC Bank’s Secure Banking Initiative to improve security in banking across different channels for the prevention of cybercrime.

In recent times increased economic offences are being observed across India, where criminals attempt to defraud customers. The methods employed by criminals keep upgrading and evolving, therefore, it is critical that the law enforcement authorities are well-equipped to handle such cases.

This programme covered various aspects of investigation in the banking space, means to identify and deal with skimming scams, vishing, phishing, data counterfeiting, identity theft, e-commerce trends, retail assets fraud, SIM duplication and email threats among others. Over 50 police officers attended the seminar.

In addition to this training program, the Bank also conducted workshops for its customers at various branches under its Secure Banking initiative. These workshops aim to raise awareness among customers about precautions which they need to take while conducting banking transactions; be it using a cheque, transacting at ATMs, using debit or credit cards at POS terminals, merchant outlets, net banking and mobile banking.

Customer Grievance Redressal Mechanism

Banking sector is highly competitive, with competitors offering similar products and services. Therefore, customer experience is one of the major factors which gives banks, an edge over the others. The Bank focuses on delivering an incredible customer experience, wherein, customer satisfaction is one of the key elements. The respective Board level committees appraise critical concerns with respect to customer complaints & grievances, cyber-security threats and investor complaints, details of which have been provided in the sub-sections ahead.

The Bank measures and monitors customer satisfaction across some of the key touch points. These findings are used by respective teams to improve the overall experience of the customers. Customer Satisfaction surveys are conducted periodically throughout the year through SMS, email, phone call and in person meeting with customers to understand their level of satisfaction with the product and services rendered through our network branches and direct banking channels. These surveys are managed by a dedicated team at the Bank through a portal.

Following channels are used for conducting such surveys depending on the requirement

 **Website visit - When a customer uses the Bank's website or uses the security section of website to share feedback.**

 **Net Banking - When a customer logs out of Net Banking and the questionnaire to provide feedback.**

 **RM (Relationship Manager) visit survey - Feedback is sought from managed customers, to gain insights on the quality and promptness of RM interaction with customers.**

Feedback received from these channels are collated and shared with the respective product teams who in turn work to incorporate these suggestions / changes in the newer roll out of product versions.

To handle customer grievances, the Bank has constituted three committees at different levels to monitor customer service-Branch Level Customer Service Committees (BLCSC), Standing Committee on Customer Service (SCCS) and Customer Service Committee of the Board (CSCB). There are considerable risks while addressing and resolving complaints, which pose a reputation risk for the Bank. Therefore, handling of complaints is a very critical function, as it could result in loss of reputation.

Complaints can be logged at any of the customer facing front end channel e.g. Branch / Phone Banking / Email Management Support Unit etc. Complaints are also received by the Bank through external sources such as Banking Ombudsman, Consumer Forum, RBI, Government of India, National Consumer Help Line, Banking Codes and Standards Board of India, SEBI, Stock Exchanges etc. Through the CRMnext system, the Bank records, resolves and monitors complaints received through various channels.

To accomplish closure with proper resolution of the complaint, adequacy checks are put in place. Feedback is shared with respective units for improvement. The Bank has established a Complaints Management Cell (CMC) within the Quality Initiatives Group ('QIG') to monitor complaints on a regular basis. As a part of their monitoring process, every quarter, CMC carries out analysis of logged complaints. Analysis is carried out based on the nature and type of complaint with a view to identify areas of complaints which are endemic in nature and requires process review procedure change.

Complaints which get escalated from the front channels are taken up by an internal dedicated team at the Bank. In addition to the aforementioned measures, in compliance with regulatory guidelines, if complaints are still not resolved to the satisfaction of the customers, they have an option to approach the Banking Ombudsman.

The Bank has a dedicated team to handle delivery of quality customer service including satisfactory and timely resolution of complaints, initiate quality improvement projects, to manage complaints and ensure adherence to guidelines related to customer service, issued by RBI. Major areas of customer complaints in FY 2018-19 were related to:



Unauthorized online usage of Debit Cards



Transaction related dispute (Credit Cards)



Sales related dispute (Credit Cards)



Cash Not Dispensed/Less Cash Dispensed - at the Bank's ATM



Unauthorized usage of Debit Card at ATMs of other Banks

ASPECT	For the Year ended March 2018			For the Year ended March 2018			For the Year ended March 2019	For the Year ended March 2018
	Other than ATM Transaction Disputes	ATM Transaction disputes on HDFC Bank's ATM	ATM Transaction disputes on other Bank's ATM	Other than ATM Transaction Disputes	ATM Transaction disputes on HDFC Bank's ATM	ATM Transaction disputes on other Bank's ATM	Total no. of Complaints	Total no. of Complaints
No. of Complaints Pending at the beginning of the year	4,064	225	2,553	2,349	145	1,464	6,842	3,958
No. of Complaints Received during the year	169,846	19,438	209,083	1,20,439	19,105	1,27,307	3,98,387	2,66,851
No. of Complaints Redressed during the year	169,222	19,481	208,864	1,18,724	19,025	1,26,218	3,97,587	2,63,967
No. of complaints Pending at the end of the year	4,688	182	2,772	4,064	225	2,553	7,642	6,842
No. of complaints per ten thousand transactions		0.94	7.31		1.00	4.98		

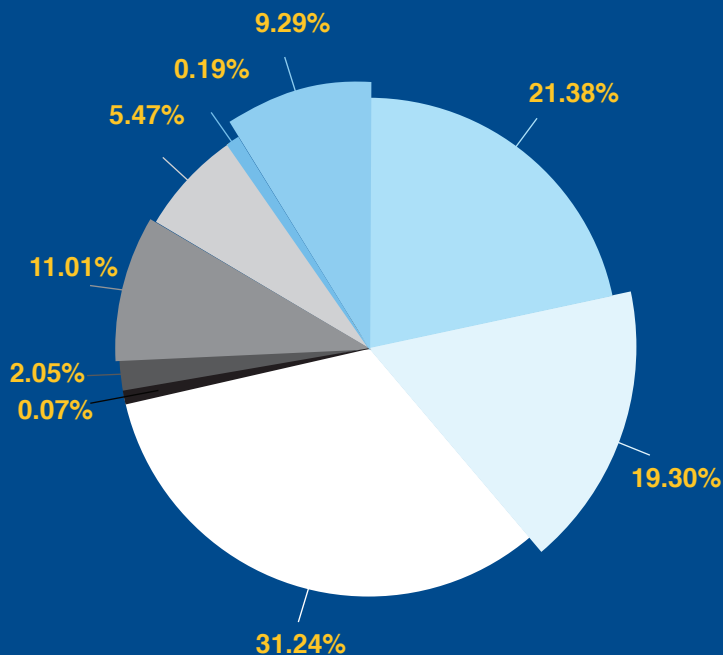
There are various mechanisms available for customers to register a query or complaint. Customers can call a dedicated Customer Helpdesk number or write to the Bank or by directly approaching the Branch Manager or by filling submitting a completed "Complaint Form" available in the Annual report and at the Banks website.

In FY 2018-19, there were no cases filed by any stakeholder against the Bank regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

7.4 INVESTORS AND SHAREHOLDERS

Investors and shareholders are pivotal stakeholders as they have a financial stake in the Bank. The Bank strives to create value for them, safeguard their interest and maintain a cordial relationship with them. The Board of HDFC Bank regularly interacts with them during general meetings, analyst meets, investor meets and through reports on a quarterly basis. This helps in obtaining their inputs, concerns, feedbacks, interest and concerns and suitably respond to them. The critical concerns are taken up by the Board for further discussion. The categories of Shareholders as on March 31, 2019:

The categories of Shareholders as on March 31, 2019



Details of Shareholding

- Promoters*
- Foreign Institutional Investors
- ADS & GDRs#
- LIC of India and its Subsidiaries
- Other Insurance Corporations
- Banks, Mutual Funds, Financial Institutions and Central Government
- Overseas Corporate Bodies, NRIs, Foreign Bodies
- Indian Companies
- Others

(*) None of the equity shares by the Promoter group are under pledge.

(#) JP Morgan Chase Bank is the Depository for both the ADS (51, 40, 57, 764 underlying equity shares) & GDRs (1, 14, 30, 383 underlying equity shares).



Considers request for dematerialisation of shares



Spilling and consolidation of shares



Stakeholder Relationship Committee



Approve and monitor transfer of shares



Transmission of shares



Addresses Complaints Regarding



Non Receipt of Annual Report



Transfer of shares



Dividends

carry out functions such as to approve and monitor transfer, transmission, splitting and consolidation

5855

Complaints Recieved

101

Complaints Pending

5

Complaints Unsatisfied

The Board of Directors has constituted various committees under the Board: Stakeholders' Relationship Committee being one of them. This has been constituted to carry out functions such as approve and monitor transfer, transmission, splitting and consolidation of shares and to consider requests for dematerialization of shares. It also ratifies allotment of shares to employees on exercising stock options granted to them under certain schemes. The office of Registrars and Transfer Agents attend and process Investor grievances. The Bank has a dedicated help desk contact: +91-022-3976 0000 Extn: 0012, 0003 & 0016 and email id shareholder.grievances@hdfcbank.com, to address queries relating to operational and financial performance. The Bank attends to all the complaints from shareholders and the status of complaints received during FY 2018-19 is mentioned.



7.5 SUPPLIERS

At the Bank Sustainability is the fifth core value, along with customer focus, operational excellence, product leadership, and people. It has become a part of our DNA. The Bank operates in the financial services sector; therefore, it has no outbound supply chain. The suppliers are classified into three categories namely resource, service and infrastructure suppliers.

SUPPLIERS

SERVICE SUPPLIERS

- Legal
- Security
- Cash Transport services
- House-keeping

RESOURCE SUPPLIERS

- IT operations
- Materials used in daily operations

INFRASTRUCTURE SUPPLIERS

- Providers of leased spaces for branches and other operations

There is a well-defined policy for Vendor Selection and Procurement. The procedure for vendor selection and termination is clearly defined in the policy. While procuring product and services preference is given to local suppliers (local geography defined as India) and to suppliers situated in the proximity of its branches. Screening of the suppliers is done on environmental, social, labour criteria and other statutory regulatory requirements, applicable in the area of operation. Suppliers are informed and engaged to commit to the Code of Conduct, anti-corruption, anti-competitive policies and frameworks of the Bank. It is mandatory for suppliers to comply with these. There have been no significant changes in the Bank's supply chain in FY 2018-19.

Hanna Sanga (pictured here) was helped in her transition from a quarry worker to a sustainable farmer.

8 DIGITIZATION – INNOVATION AND DEVELOPMENT



Digitization is of paramount importance for the Bank. The Bank continues to evolve with the fast-changing customer preferences and market conditions. It continues to position itself for future growth, keeping innovative processes and programs as a priority.

The Bank has given shape to its digital vision, with the focus to launch customer-centric products and services.

The Bank continues to stay ahead of its peers on the digital innovation front and is investing in cutting edge digital technology to provide seamless solutions to its customer.

The Bank has been recognised as the ‘Best Digital Bank’ in India at the Asiamoney’s Best Bank Awards 2019. Through its digitalization initiatives, the Bank aligns to SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities)

8.1 CENTRE OF DIGITAL EXCELLENCE

Centre of Digital Excellence (CODE) is an initiative by the Bank to adopt best practices in the digital space and enrich the experience of their offerings to customers. The purpose of CODE is to identify, induct, train, deploy and launch various digital initiatives to equip the Bank’s employees with necessary resources to build better solutions for customers. It is a dedicated organisational structure for carrying out all digital initiative across the Bank.

CODE has many elements - Industry Academia, Digital Innovation Summit and Digital Command Centre, Accelerators Engagement Program that reflect the partnerships and domain expertise shared by the Bank with important stakeholders like educational institutions, start-ups and fintech companies to enhance its digital banking capabilities, which eventually benefits customers.



8.2 DIGITAL JOURNEY

Since its inception the Bank has catered to its customers' needs in order to become their partners in progress. The Bank believes that customers were, are, and shall always remain at the center of their business. This outlook has always pushed the Bank to go the extra mile while catering to them.

2012 onwards - Bank's journey accelerated towards becoming a genuine digital force and transforming the way the country banked

Goal: To provide customers the flexibility to access and consume banking services over any digital platform of their choice.

Vision: To create a seamless, world class banking experience for the customers banking platforms and unify operations across the four banking platforms-

1. Branch Banking
2. Phone Banking
3. Mobile Banking
4. Net Banking

2012

The Bank launched unique, customer- favoured products and digi-wallet solutions, including PayZapp, Chillr, SmartBuy, 10-Second Loans and WatchBanking.

Go Digital initiative enabled the Bank to offer over 135 transactions- the largest in India – on the comprehensive and intuitive digital banking platforms.

2015-16

User-friendly platforms made customers feel increasingly comfortable and encouraged the Bank to push for the digitisation of all transactions.

By the end of FY 2016, when digital transactions had grown to 71%, the Bank shifted its focus to digital journeys.

2016-17

Bank launched EVA (Electronic Virtual Assistant) across all the digital channels. It has stepped further with the implementation of an Open API based Service Oriented Architecture Middleware platform. Digital Application (DAP) Platform

2017-18

The Bank has made it a priority to build digital capabilities that ensure customer experiences which are characterized by:



Intuitiveness



Context



Relevance



Immediacy



Hyper-Personalisation

8.3 MOVING TOWARDS DIGITAL 2.0

The Bank is a pioneer in the era of digital banking. It has created platform capabilities that support lending, payments and transactions, to developing in-house skills required to excel in a digital-driven world. This has resulted in offerings like, 10-second loans and Missed Call Banking which have been developed in-house. The Bank has paved its way for Digital 2.0.

The key elements of the Digital 2.0 strategy are:



Reimagined Customer Interface



Digital Analytics, Digital Acquisition and Digital Marketing



Digital Innovation



API Banking



VRM (Virtual Relationship Manager)

For details kindly refer to the Annual Report FY 2018-19.

Digitization today touches almost every part of people's lives and the Bank has recognized this to be a fundamental shift impacting customer behaviour. The Bank is hence shifting its strategy to offer customers a differential experience from a purely transactional approach.



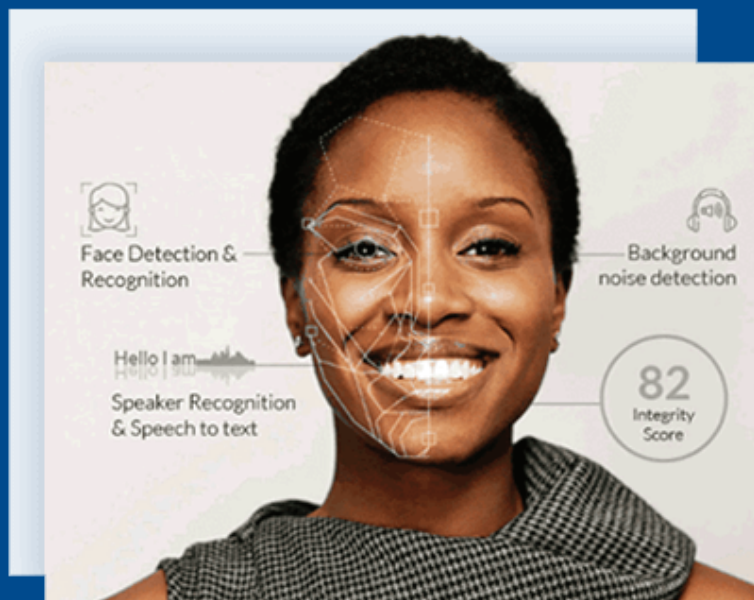
In FY 2018-19, there have been no incidents of non-compliance concerning product and service information and labelling and marketing communications. The details of the Bank's financial products are displayed on the Bank's website and also disclosed through print media to spread awareness (through pamphlets and brochures). The information on the product is also disclosed on various social media platforms, such as Facebook and Twitter, to display the features of the products and services offered. The Bank believes in empowering its customers, enabling them to make informed choices by providing details of the products and services in a transparent manner. It has also taken up multiple initiatives to improve customer awareness and financial literacy.

Automating candidate interview process

The Bank has launched an innovative interview platform that uses analytics, AI and ML to conduct video-based assessments and enables digital interviewing to screen and select talent.

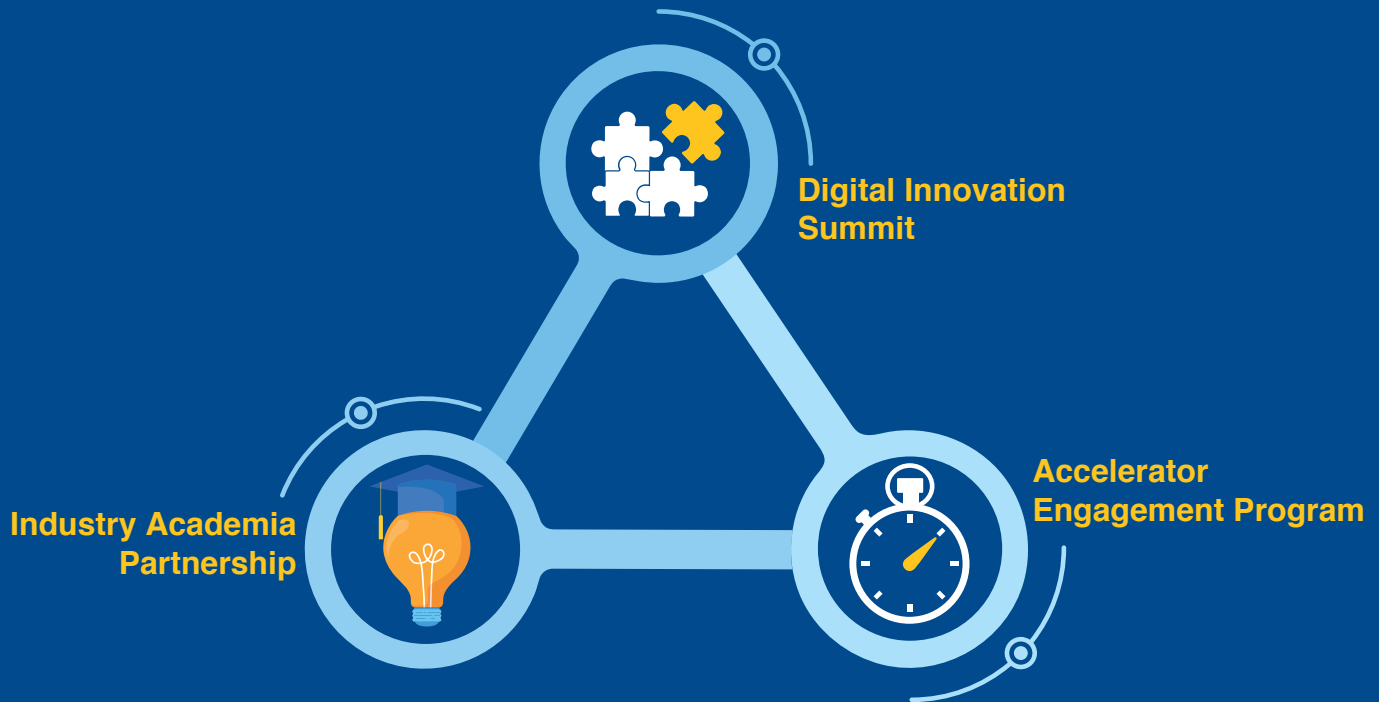
The solution provides a comprehensive tool using multiple aspects for decision-making by analyzing a candidate's resume content as per the hiring manager's requirement.

The project has been globally recognized by platforms like Asian Banker Summit and the Employee Engagement Achievers Awards.



8.4 SYNERGY FOR THE DIGITAL REVOLUTION

Fintech and Start-up Eco System - Partnership Initiative of HDFC Bank



A. Digital Innovation Summit

The Summit is a platform for the start-ups to showcase their innovations aimed at powering the Bank's next phase of growth. The Bank engages with Fintechs and Start-ups in the BFSI domain, to explore new and disruptive ideas, in partnership with the Startup ecosystem. FY 2018-19 saw 500+ participants in 4 summits held across 15 locations. There were 130 shortlists and 19 winners.

Highlights:

4 Summits



500+ Applicants



15 Countries



130 Shortlists



19 Winners



6 Partners



Winners- 2019 – Gujarat



Partners



B. Industry Academia Partnership

The Bank has launched the Industry Academia Partnership, in which the Bank partners with the top Engineering and MBA institutes across the country, to innovate with Fintech start-ups. The objective is to identify Fintech start-up ideas that have products or applications which cater to the financial sector and help HDFC Bank in its journey. The Bank aims to help budding entrepreneurs in their journey, in-line with Government of India's Start-up India and Make in India initiative and works with students on LIVE projects.

185+
Indian
Institutes

110
Start-ups
evaluated

4
Live
Projects



12
Start-ups
Engaged

1
Live
Project

3
Global
Institutes



C. Accelerator Engagement Program

The Accelerator Engagement Program is another program of the Bank which aims to tie-up with some of the best accelerators / Countries worldwide. It is a platform for engagement with Start-ups / Fintech showcasing HDFC Bank as a preferred global innovation partner.

7
Indian
Accelerators

30
Start-ups

3
Global
Accelerators

8
Start-ups



Way forward

The Bank is geared up for the next phase of growth given the looming market opportunities and its strong positioning in each of its major franchises while making a greater contribution to bridge the divide between India and Bharat be it through its business or social initiatives. As India's largest private sector Bank, HDFC has always stayed strong to its commitment to positively impact the environment, customers, employees, and the community at large. The Bank's core values guide its ESG practices, seeking to drive growth and empowering communities through its corporate decision-making processes. The Bank's focus on Sustainability, as a core value has helped in understanding and realizing the positive impact of transparency, ethics and corporate citizenship. The Bank strongly believes that a sharp focus on Sustainability and ESG will help maintain the trust and regard of its stakeholders and determine the Bank's success and longevity, in a fiercely competitive market.

Material Issue	Chapter in the Report	Management Approach
<p>Information Security and Data Protection</p>	<p>Sustainable Engagements</p>	<p>Being in the service sector, Information Security and Data Protection are of paramount importance for the Bank. The IT Strategy Committee, a Board level committee is headed by an IT Director. The meetings are held on quarterly basis. The IT Strategy guides the operations and functioning of the department. Currently, the Bank has in place, a 3 years plan (2018-2020) which is approved by the Board.</p> <p>For Details on Management Approach refer the respective chapter.</p>
<p>Corporate Governance and Ethics</p>	<p>Partnerships, Compliance & Governance</p>	<p>The Bank has maintained its reputation and confidence of its stakeholders by setting the highest standards of Corporate Governance. It has adopted and adhered to best recognized corporate governance practices and is continuously benchmarking itself with best in class practices across the globe.</p> <p>The robust Corporate Governance and Risk Management framework of the Bank govern its ethical conduct. The Bank complies with the Indian Companies Act and is listed on the national stock exchanges as well as “New York Stock Exchange (the "NYSE")”. It complies with all requisites laid down by these regulatory bodies. The policies and guidelines adopted by the Bank demonstrate that good Governance practices are embedded in the Bank’s culture.</p> <p>The Anti-Bribery and Anti-Corruption Policy as well as the Code of Conduct help the Bank perform its operations in an ethical manner.</p> <p>For Details on Management Approach refer the respective chapter.</p>
<p>Customer Satisfaction and Brand Management</p>	<p>Sustainable Engagements</p>	<p>Customers are of paramount importance for the Bank. The Bank’s customer-centric approach provides intuitive, relevant, contextualised and hyper-personalised experiences to their customers and cater to their financial goals.</p> <p>For Details on Management Approach refer the respective chapter.</p>
<p>Compliance</p>	<p>Environmentally Responsible and Digitization</p>	<p>HDFC Bank operates in a highly regulated sector. At HDFC Bank, regulatory compliance is mandatory and non-negotiable. All the operations of the Bank comply with legal, environmental and social requisites prescribed by regulatory bodies as per applicability.</p> <p>For Details on Management Approach refer the respective chapter.</p>

Material Issue	Chapter in the Report	Management Approach
Economic Performance	Financial Performance	<p>In order to maintain stabilitye with positive momentum, economic performance is of utmost importance. The Bank has performed well even under stressful economic situations. The Bank always aims at creating enhanced long-term value for its stakeholders. This is accomplished with the help of discreet strategies in management and capital utilisation.</p> <p>For Details on Management Approach refer the respective chapter.</p>
Digitization	Digitization – Innovation and Development	<p>Digitization touches almost every aspect of people’s lives. HDFC Bank being a pioneer in this area has paved its way for Digital 2.0.</p> <p>Enhanced customer requirements have altered demand traditional banking channels to digital banking. This has provided the Bank with an opportunity to enhance its focus on innovation and creating products and services to augment customer experience. The Digital India initiative of the Government drives the Bank to tread forward towards reaching out to vast markets in rural and semi-urban regions with innovation and technology. The Bank’s strategy helps in strengthening the base of digital payments infrastructure in the country.</p> <p>For Details on Management Approach refer the respective chapter.</p>
Responsible lending	Environmentally Responsible	<p>HDFC Bank promotes environmental sustainability and equitable growth through sustainable lending practices. It aims to provide access to capital for environmentally sustainable projects which contribute to climate change mitigation. The Bank has an SEMS policy which govern credit disbursal to large loans. Also, environmental and social risks are integrated into its overall risk assessment framework. The Bank continues to invest in renewable energy and energy efficiency projects to lower the carbon footprint intensity.</p> <p>It reduces impact on the environment by actively managing its environmental footprint and encouraging customers to make ‘green banking’ choices.</p> <p>For Details on Management Approach refer the respective chapter.</p>
E-waste Management	Environmentally Responsible	<p>E-waste is the most significant waste generated in the Banking sector. The Bank is constantly on the look-out for opportunities to recycle generated E-waste.</p> <p>Disposal of e waste is handled in a structured manner. e-waste generated from the Bank’s operations activities is disposed off Through authorized recyclers.</p> <p>For Details on Management Approach refer the respective chapter.</p>

Material Issue	Chapter in the Report	Management Approach
Emissions and Climate Change	Environmentally Responsible	<p>To move towards a low carbon economy, the Bank acknowledges its responsibility to contribute to mitigating climate change impacts. It aims to move towards adopting cleaner sources of energy. The Bank realizes that its operations could be significantly be affected by climate change. The Bank invests in renewable energy, manages and reports its carbon footprint and engages with the community to adopt environment friendly practices. The issues related to climate change are addressed directly or indirectly through various committees and operational units.</p> <p>For Details on Management Approach refer the respective chapter.</p>
Energy Management	Environmentally Responsible	<p>The Bank makes sincere efforts to reduce its environmental impact from its operations. The Bank operates in the financial sector where energy consumption is one of the most critical aspects. The Bank discloses its direct and indirect energy consumption in the public domain.</p> <p>The Bank is constantly on the lookout for opportunities towards minimising its environmental footprint. The Banks has implemented numerous initiatives for its direct energy conservation.</p> <p>For Details on Management Approach refer the respective chapter.</p>
Financial Inclusion	Working with the Communities and Digitization – Innovation and Development	<p>Financial inclusion is the need of the hour and this responsibility to cater to the under-banked population in rural, semi-urban and urban India lies in the hands of banking sector.</p> <p>HDFC Bank takes this as an opportunity to expand and make the services and products available to the most deprived people throughout the nation.</p> <p>For Details on Management Approach refer the respective chapter.</p>
Government Initiatives & Missions	Partnerships, Compliance & Governance	<p>The Bank believes that national development begins when its communities are empowered to attain sustainable means of livelihood. Therefore, it has aligned its activities in line with Government missions and initiatives to ensure the growth and development of the nation and wellbeing of its citizens.</p> <p>For Details on Management Approach refer the respective chapter.</p>

Material Issue	Chapter in the Report	Management Approach
<p>Community Development and Social Responsibility</p>	<p>Working with the Communities</p>	<p>The Bank has identified most disadvantaged sections the society around its area of operation and empower them to be self-reliant. The efforts for the empowerment of the communities are governed by the Board level CSR committee. It monitors the progress of the initiatives on a periodic basis. The positive impact on the communities maybe direct or indirect in nature.</p> <p>For Details on Management Approach refer the respective chapter.</p>
<p>Product Innovation</p>	<p>Digitization – Innovation and Development</p>	<p>HDFC Bank continues to provide intuitive, relevant, contextualized and hyper-personalised experiences to its customers and cater to their financial goals for tomorrow. It provides all its customers, intuitive products, services and enhanced digital experiences with the aim to become an indelible part of their lifestyles. It believes that shifting focus from transactional interactions to experience differentiation will provide it competitive advantage. These experiences are for everyone - both customers who have direct relationship with the Bank as well as those who don't.</p> <p>For Details on Management Approach refer the respective chapter</p>
<p>Employee Engagement and Welfare</p>	<p>Creative Working Environment</p>	<p>Employees are the most valued resource at the Bank. The Bank aims to create optimal working environment and promotes active development and participation of its employees.</p> <p>The Bank has various Codes and Policies in place which covers all employees of the Bank. It also provides various benefits to its employees and creates a conducive environment. The requirements regarding the human capital enhancement are proactively analysed and actualised.</p> <p>For Details on Management Approach refer the respective chapter.</p>





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	302-4 Reduction of energy consumption	Page 20	
	302-5 Reductions in energy requirements of products and services		Not material to HDFC Bank as it operates in the financial sector
Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 61	
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	305-5 Reduction of GHG emissions	Page 22	
	305-6 Emissions of ozone-depleting substances (ODS)		Not material to HDFC Bank as it operates in the financial sector
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		Not material to HDFC Bank as it operates in the financial sector
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	306-2 Waste by type and disposal method	Page 23	
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	306-4 Transport of hazardous waste		Not material to HDFC Bank as it operates in the financial sector
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	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Not material to HDFC Bank as it operates in the financial sector
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 66	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 61	
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GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Annual Report 2018-19 Page 77	
G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Annual Report 2017-18: Page 28	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Page 41	
G4-FS8	Monetary value products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Page 23	
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Page 23	
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KPMG (Registered)
1st Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai – 400 011, India

Telephone: +91(22) 3989 6000
Fax: +91(22) 3090 2511
Internet: www.kpmg.com/in

INDEPENDENT LIMITED ASSURANCE STATEMENT

TO HDFC BANK LIMITED ON ITS SUSTAINABILITY REPORT FOR FINANCIAL YEAR 2018-19

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

Introduction

We ('KPMG in India', or 'KPMG') have been engaged for the purpose of providing assurance on the selected disclosures presented in the Sustainability Report ('the Report') of HDFC Bank Limited ('HDFC Bank' or 'the Company') for FY 2018-19. Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

Reporting Criteria

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

Assurance Standards Used

We conducted our assurance in accordance with

1. Limited Assurance requirements of International Federation of Accountant's (IFAC) International Standard of Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
2. AA1000 Assurance Standard 2008 (AA100AS 2008) by Accountability. Under this standard, we have reviewed the nature and extent of adherence to the AA1000AS principles mentioned below:
 - a. **The Principle of Inclusivity:** Participation of stakeholders in developing and achieving an accountable and strategic response to sustainability
 - b. **The Principle of Materiality:** Relevance and significance of an issue to an organization and its stakeholders.
 - c. **The Principle of Responsiveness:** Response to stakeholder issues that affect organizational sustainability performance

Scope, Boundary and Limitations

The scope of assurance covers the environmental and social disclosures of HDFC Bank for the period of 01 April 2018 to 31 March 2019.

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

- a. 5,103 banking outlets
- b. 13,160 ATMs in 2,748 cities and towns
- c. All corporate and regional offices



The Disclosures subject to assurance were as follows:

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

Limitations

The data verification and validation were restricted to Corporate/Regional offices which collate the data for pan India locations and we have not visited any branch for review.

The assurance scope excludes following:

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

Assurance Procedures

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

Our assurance procedures also included:

- Assessment of HDFC Bank’s reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by HDFC Bank for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of data reliability and accuracy.

Appropriate documentary evidence was obtained to support our conclusions on the information and data verified.

Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same with the relevant authority at the Corporate office.



Conclusions

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

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

As per AA1000 AS 2008 principles

- **Principle of Inclusivity:** HDFC Bank has partnered with various external stakeholder groups with the objective of sustainable value creation. HDFC Bank has identified its significant stakeholder groups based on the level of influence and impacts the company has on these stakeholder groups. HDFC Bank should implement a structured, documented process for stakeholder identification and prioritization. The process should consider, as appropriate, the influence or impact that stakeholder groups have on the Company.
- **Principle of Materiality:** HDFC Bank has reported on identified material topics across economic, environmental and social aspects. The methodology of materiality determination used for the Report involves a quantitative evaluation of stakeholder perception. However, the process of determination of materiality score and threshold needs to be well documented.
- **Principle of Responsiveness:** HDFC Bank has responded to the material topics based on their nature, impact and prioritization as well as by considering company policies, objectives, systems and processes.

Reliability

HDFC Bank monitors the sustainability performance data across all its operations mentioned in the boundary of the sustainability report. The monitoring mechanism should be strengthened with respect to the disclosures related to environmental performance especially on Energy, Emissions, Effluents and Waste. The HDFC Bank should consider implementing a standardized approach and methodology for measuring, monitoring and reporting sustainability disclosures.

Independence

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

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

Responsibility

HDFC Bank is responsible for developing the Report contents. HDFC Bank is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of HDFC Bank in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HDFC Bank those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HDFC Bank for our work, for this report, or for the conclusions expressed in this independence assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

Prathmesh Raichura
Executive Director
KPMG India
5 November 2019





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हमारे कोयल बोलें
आल-आल पर डोलें
हू-हू कर गोलें
... घर



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

