



**PARIVARTAN**  
A step towards progress

# Leading Responsibly

INVESTING IN A SHARED FUTURE

ESG Day hosted by Jeffries India Pvt Ltd., 7<sup>th</sup> December 2020



# Delivering world-class banking across India

Our unrivalled reach enables us to deliver essential banking services to the remotest corners of the country and drive social transformation.



Largest private sector bank and a top player in all segments



A comprehensive suite of offerings tailored to evolving customer needs



Focusing on semi-urban and rural areas to drive sustained growth



Making banking simple and convenient with technology; driving financial inclusion

## Our reach

**5,416**

Bank branches

**14,901**

ATMs and Cash withdrawal machines

**5,379**

Banking outlets managed by Common Service Centres (CSCs)

**2,803**

Cities/towns

**116,971**

Employees

**52%**

Branches in semi-urban and rural markets

As of March 31, 2020





# Leveraging technology to drive inclusive growth...

Our strong technology backbone helps us expand reach and deliver superior customer experience



## Our digital connect

### Digital solutions for agriculture

Integration with platforms like **e-Kharid** (e.g. in Haryana) for digitised agricultural trading and payments among government agencies and farmers

### Widest range of solutions in transit

(Metro, bus, waterways, etc.), tolls (national and state highways), FASTag, government disbursements and payments



**95.1%**

Digital Transactions\*<sup>^</sup>



**54,000**

Women supported through Self Help Groups and Joint Liability Groups (SHG/JLG) loans via CSC network\*\*



**0.46 million**

Rural customers under 'Har Gaon Hamara' programme use digital platforms

\*During 2019-20 \*\*As of March 31, 2020 ^Retail transactions

# ...and contributing to nation building

## Aadhaar enabled Payment System (AEPS) based Direct Benefit Transfer

for key Govt schemes like National Rural Livelihood Mission, Mid Day Meal Scheme, National Health Mission

**1,32,150\*#**

Gram Panchayat locations in our branch catchment

**20,000+\***

Gram Panchayats have active banking relationship with us

\*Including Village Level Entrepreneurs (VLE)  
#As of November 2020



**Composite Water Management Index** with Niti Aayog to digitally map water use for irrigation and drinking

**Public Financial Management System (PFMS)-HDFC Bank online information management and decision support** system for Govt. plan schemes

**Empanelment with eNAM (National Agriculture Market)** for providing online and offline collections

**e-Courts Solution** for e-payments, case filing, information validation, digital hearing

**End-to-end digital solutions** for Smart Cities

**10,000+** SmartUp customers



**Start-Up programme with multiple state governments,** incubators and accelerators to promote entrepreneurship

# Leading with trust



The bank added '**Sustainability**' as one of its core values in 2014







The board-appointed CSR & ESG committee and GH: CSR & ESG oversees the functioning of the ESG committee.

The board-appointed CSR & ESG committee and GH: CSR & ESG oversees the functioning of the ESG committee.



In **2019**, a board approved environmental policy was commissioned

## CSR & ESG Committee

## Infrastructure

## Administration

Human Resource

## Operations

IT (Energy Conservation, e-waste)

## Financial Control

Legal/ Company Secretary

HR

Marketing

Corporate Communications

## Wholesale Credit Risk

## Retail Risk

### Enterprise Risk/Emerging Risks

## Responsible Banking (Investment & Wholesale Banking)

## Retail Products

# ESG reporting and policies



## Our journey in ESG



Published seventh Sustainability Report (as per GRI Guidelines (Comprehensive) and externally verified) in 2020



Integrated Report (IIRC Framework)



Published our Environmental Policy and Strategy



The bank's CDP (Carbon Disclosure Project) rating for FY 18-19 was BB



The bank's score on DJSI (Dow Jones Sustainability Index) is at 56 (75 percentile)



**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
-----	---	----	-----	---	----	-----



## Snapshot

Our board-governed **environmental policy** serves as a framework to understand & manage our environmental risks, impacts & opportunities

We track our **Carbon Footprint + Greenhouse Gas (GHG)** emissions since FY 2010-2011.

Our **Holistic Rural Development Programme (HRDP)** spans across **17 states** covering **0.4 million households** in over **1510 villages**.

Our Training the Teacher initiative reached over **10.99 million** students across **26 states** and **5 union territories**

Our **Corporate Governance Policy** ensures highest levels of ethics, integrity, corporate governance and regulatory compliance

Our **Code of Conduct** ensures transparent dealings with internal and external stakeholders

# Strengthening relationships with stakeholders



## Customers



## Investors/ Stakeholders



## Regulatory bodies



## Employees



## Community



## Suppliers

© 2015 Pearson Education, Inc. or its affiliate(s). All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage or retrieval system, without prior written permission from Pearson Education, Inc. or its affiliate(s).

Stakeholder group	Focus areas	HDFC Bank's response
Customers	<ul style="list-style-type: none"> <li>• Ease of transacting across channels</li> <li>• Innovative technology applications</li> <li>• Data security</li> <li>• Advanced analytics</li> </ul>	<ul style="list-style-type: none"> <li>• New products enabled by the Bank's digitisation strategy</li> <li>• Making personalised recommendations with virtual Regional Manager (RM)</li> <li>• Awareness on data security and privacy</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training and career progression</li> <li>• Wellness and safety</li> <li>• Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Regular behavioural and technical training</li> <li>• Employee engagement, health and wellness programmes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Partnership</li> <li>• Governance and ethical practices</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure timely payment for services</li> <li>• Whistle-Blower Policy to ensure good practices</li> </ul>
Regulatory bodies	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Social Security schemes</li> <li>• Relevant national mandates</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness generation on the mandates by the Government of India</li> </ul>
Investors / Shareholders	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Governance and ethical practices</li> <li>• Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and demonstration of responsible business conduct</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Training and inclusive growth</li> <li>• Financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>• Holistic rural development programme</li> <li>• Sustainable livelihood initiative</li> <li>• Financial literacy camps</li> </ul>



## Serving our customers

Our customer-centric approach enables us to provide intuitive, relevant, contextualised and personalised experiences to our customers



### Customer satisfaction and brand management

The Bank discloses on Stakeholder engagement, marketing and labelling **as per the Global Reporting Initiative (GRI) norms**

### Product innovation

Shifting focus from transactional interactions to experience differentiation provides a competitive edge

### Customer Experience (CX) Transformation programme

- The bank benchmarked its CX performance through a comprehensive survey covering 30+ cities in India
- In order to integrate the assessment into a management system, closed-loop customer feedback system **‘Infinite Smiles’** was implemented.
- The programme aims to establish employee behaviours and practices, to better serve the customers.

The bank's strategy to provide user-friendly digital solutions is backed by its strong and resilient data privacy and cybersecurity measures

The bank's strategy to provide user-friendly digital solutions is backed by its strong and resilient data privacy and cybersecurity measures



# ISO 27001 & Payment Card Industry Data Security Standard (PCI DSS) compliant

With our Digital 2.0, we are enhancing our focus on innovation to augment customer experience.

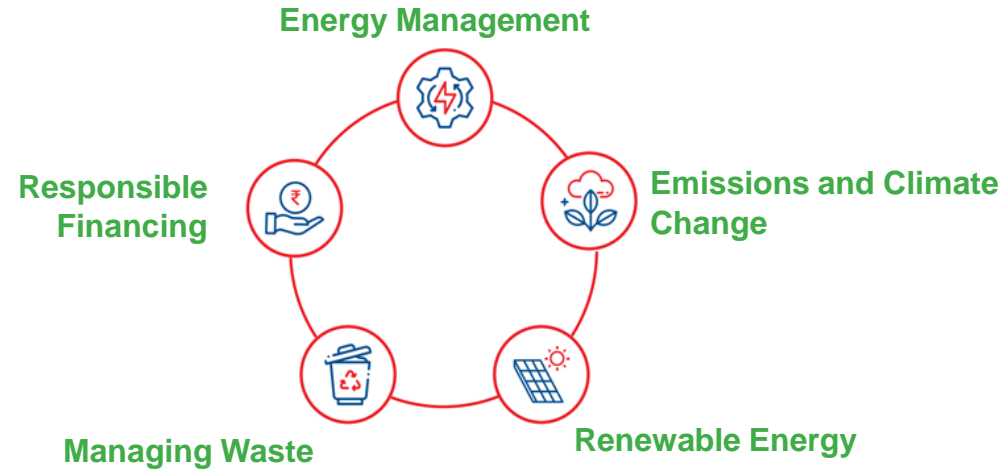
The bank has put in place advanced Cyber Security practices and tools in preventive processes and systems to mitigate information security risks

The CMP is in place to respond and recover from any crisis (Natural, Manmade or Cyber) improving our resilience to cyber risks

- Adherence to **'Code of Bank's Commitment to Customers'** as prescribed by the **Banking Codes and Standards Board of India (BCSBI)** and Employee and Customer Awareness Procedures.
- We are guided by the **Information Security Policy, Cyber Security Policy** and **Business Continuity Management Policy**.
- Senior management are trained on cyber security aspects and crisis management.
- Cyber threat assessed basis framework (Identify, Prevent/Protect, Detect, Respond and Recover)
- The international General Data Protection Regulation (**GDPR**) has been implemented
- Controls such as firewalls, anti-malware, anti-advance persistent threats, data loss prevention, 24\*7 security operation centre, forensics solutions etc have been put in place

## Environment & Climate Change

Our Sustainability Report and our Green House Gas (GHG) emissions are externally verified by third party auditors based on the International Standard on Assurance Engagements (ISAE) 3000 and AA 1000 AS (2008) Standards.



### Renewable Energy

- Our offices at Jaipur, Pune, Noida, Bhubaneswar and Chandigarh have a cumulative solar capacity of 145.5 KW

### Tracking emissions

- Replacement of Diesel generator (DG) with Gas generator
- Replacement of DG with Li-ion inverterz

### Energy Management

- Initiatives include installing LED lights, Elevator scheduling, Provision of equipment scheduler, Variable refrigerant flow (VRF) systems and inverter ACs

### Managing Waste

- Phased out all single-use plastic water bottles from all our hub-offices pan-India.
- Three Rs - Reduce, Reuse and Recycle followed



‘ The Bank targets to reduce its Scope 1 & 2 emissions intensity by **10%**, absolute Scope 1 & 2\* emissions by **3%**, total energy consumption by **3%** and its energy intensity by **5%** by 2022.’



## Tracking the change on our climate front



**145.5 KW** v/s 135.5 KW in 2018-19  
Solar capacity\*



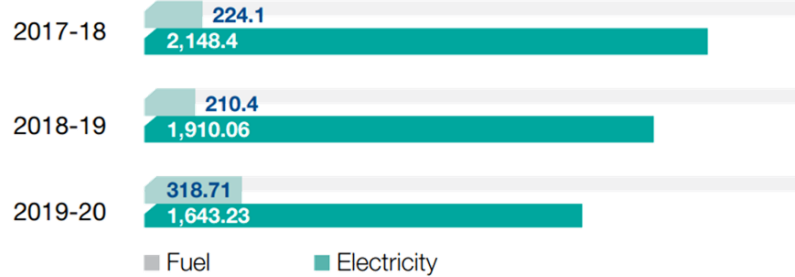
**LEED certified buildings:**  
Mumbai and Bhubaneswar Offices  
Certified 'Gold' by Leadership in Energy and Environmental Design (LEED)



**Upcoming office in Mohali and Palava Training Centre**  
Constructed as per standards of Indian Green Building Council (IGBC) gold certification

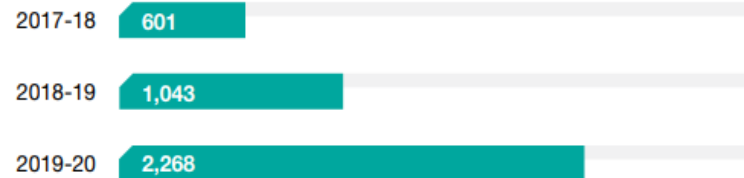
### Energy Management

#### Energy Consumption by Source ('000GJ)



### Renewable Energy

#### Renewable energy capacity financed (MW cumulative)



### Waste

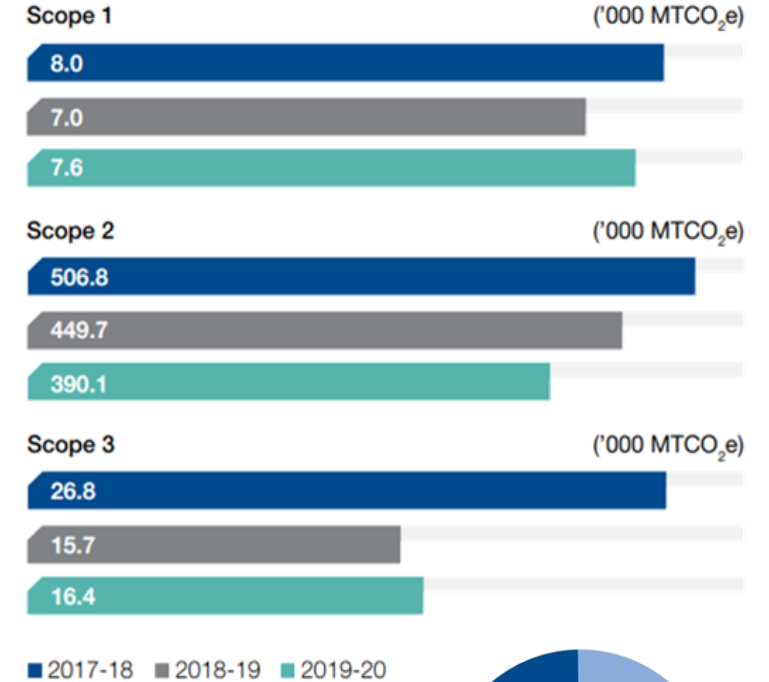
#### Management

**261.92 MT**  
E-waste disposed through recyclers\*

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

### Emissions and Climate Change

#### Our track record in emission reduction

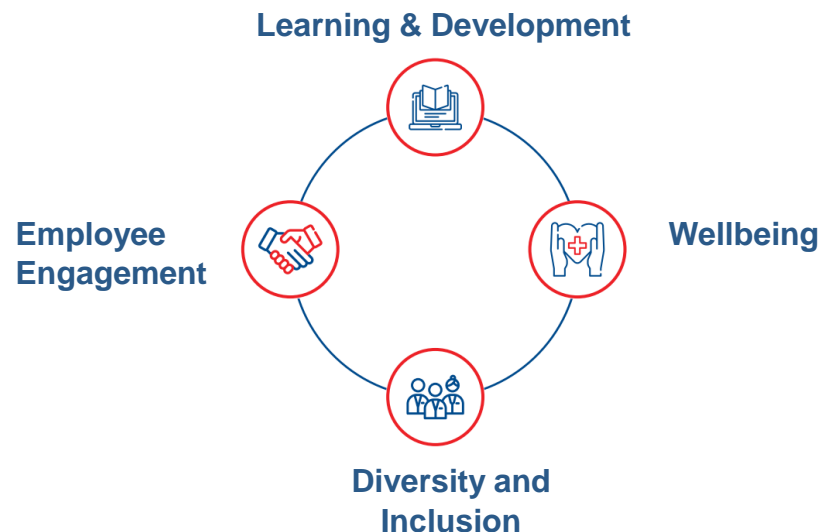


**2.88 MT CO<sub>2</sub>e** ↓ 26%\*  
Emission per Crore total income

Note: There is slight increase in scope1 and 3 in 2019-20 due to change in methodology basis feedback by Assurance.



# Creating conducive environment for employees



## Employees

### Attrition

- 16.3% in FY 2019-20  
(excluding sales officers)

### Celebrating talent

- Formal talent development programme XL rate helps plan development

### Remote working

- The bank has identified several roles that can be managed remotely.
- It aims to attract diverse talent into various functions, which were earlier inaccessible due to location constraints

### Employee Engagement

- 'Vibes' – a developmental tool all managers to receive feedback from team
- 'Voice' – organisation wide sentiment survey by third party
- Scorecards created to better assess performance and offer feedback to manager

### Training and Development

- 4-day Swagat induction training for all employees
- Role-based training with certification
- Bank has 159 training programmes under 14 categories
- On average 42.49 hours of technical and 49.1 hours of behavioural training per employee

Requirements on human capital enhancement are proactively analysed and actualised

**60.32** Training hours/employee\*

**68,660** Participants in wellness initiatives under HDFC Bank Cares\*

**86.61%** Employees trained at least once through classroom or e learning\*

**94%** Response rate to Voice – our employee engagement survey\*





# Procurement Practices

The Bank recognizes the need to work closely with its suppliers to mitigate any procurement risks. We encourage the suppliers to follow the highest level of compliance norms / labour laws



Focusing on key components of procurement to ensure ethical supply



Benchmarking on

- Recycled products
- Environmentally friendly
- Locally sourced
- Energy efficient

# Governance & Ethics

Our Corporate Governance philosophy, enunciated in our ESG framework, provides direction around the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility in the way we conduct our operations.



### Board committees

Risk Policy & Monitoring Committee, Fraud Monitoring Committee, Corporate Social Responsibility Committee, Customer Service Committee, among others – provide focused oversight on specific areas of significance and compliance

### Culture of transparency and accountability

Board initiatives toward transparency include – Policy for appointment and fit and proper criteria for Directors, Charters of Board-level committees

### Corporate Governance policies include

- Code for corporate governance
- Policies to prevent insider trading, govern-related-party transactions
- Policies around Prevention of Sexual Harassment
- Whistle blower policy

### Board comprises experts from diverse fields

Functional directors are highly experienced professionals in their respective areas

# Responsible financing

Environment, Health and Safety parameters are integral to our overall credit risk assessment and monitoring process.

**345** loan proposals screened and approved through the SEMS (Social & Environment Management System) framework



## Responsible lending

- Clearance on Environment, Health and Safety parameters (EHS) is a prerequisite for funding approval.
- All financed projects include clauses prohibiting child labour, compulsory/forced labour
- Loans exceeding 10 crore in value and 5 years in tenure are scrutinized under Social and Environment Management System (SEMS)
- As a part of its credit policy, the bank will not extend finance for setting up of
  - Of new units that produce / consume ozone depleting substances
  - Small & Medium scale units engaged in the manufacture of aerosol units using chlorofluorocarbons (CFC)

## Factors considered before any credit call as per bank's ESG policy



### Social consideration

Employment generation, upliftment of the region  
Compliance with labour laws  
No exploitation or forced labour



### Resettlement & Rehabilitation

Impact on livelihood  
Facilities provided to the families and its acceptability  
Number of villages, Project affected Persons (PAP)



### CSR Initiatives

Schools and other welfare projects by the company



### Emissions

Air, water, noise, waste on its acceptability  
Air /Water Pollution, Hazardous Waste Management/Ecological impact, Disaster management.

# Mitigating risks

There is a structured management framework to identify and evaluate the significance of all risks that may have a material adverse impact on business and operations.

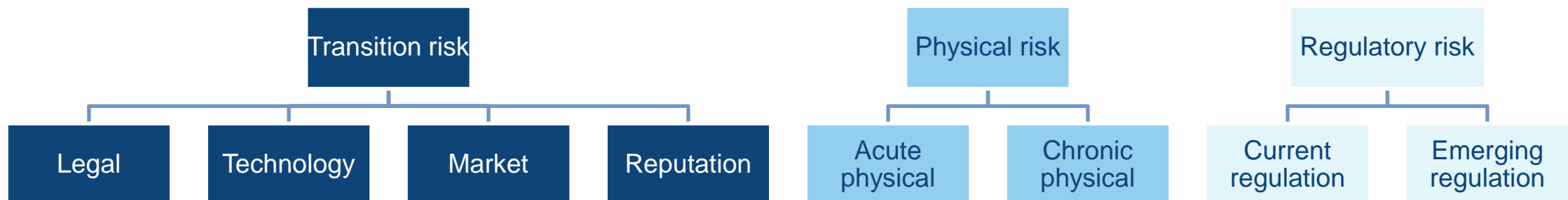
The risk governance framework is overseen by the Board's Risk Policy and Monitoring Committee (RPMC).

The risk management function is independent of the business and directly reports to the CEO

The operational Risk Management department designs tools and techniques for identification and monitoring of risks including Climate Change

Climate risks are inherently linked to the overall risky policy and framework of the bank

## Anticipated risks associated with climate change





# Paving pathways for the future

Our long-term strategic objectives

Increase customer base

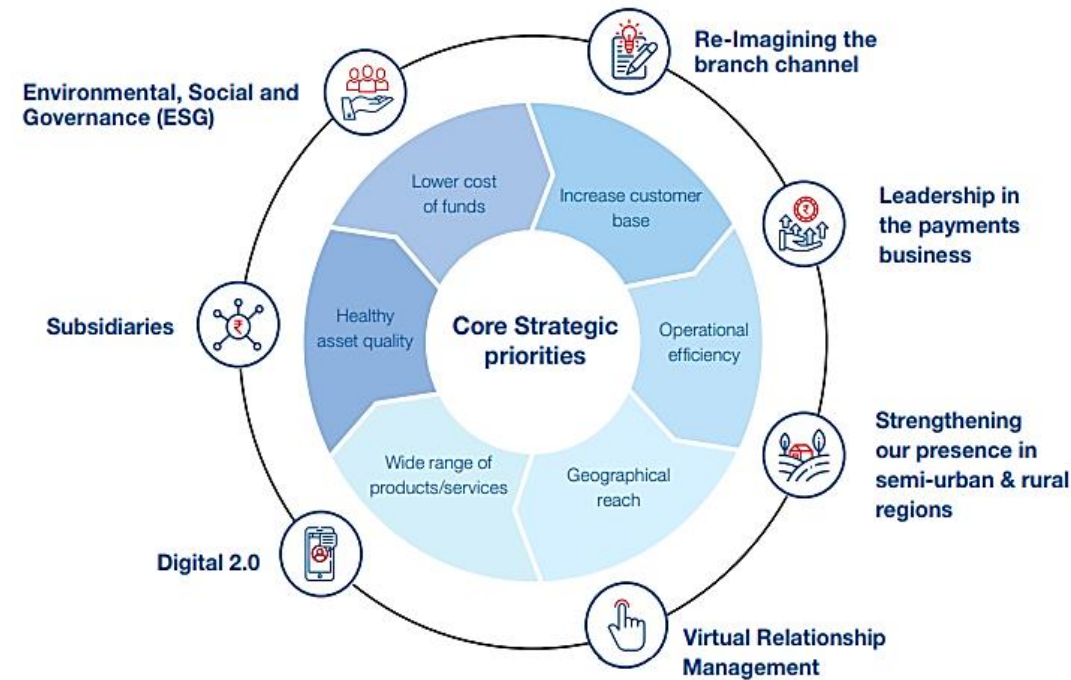
Enhance our range of products and services

Drive operational efficiency

Maintain healthy asset quality

Expand geographic reach

Lower cost of funds



# Parivartan in Progress

Parivartan, our CSR initiative, aims at driving holistic and sustainable development by empowering socio-economically challenged groups across the country.

Focused interventions in 5 key areas



Community



Rural  
Development



Promotion  
of Education



Skill Training  
and Livelihood  
Enhancement



Healthcare  
and Hygiene



Financial Literacy  
and Inclusion

# 78 million lives impacted

## Impact across focus areas

### Rural Development

**40,660+**

Kitchen gardens created

**11,200+**

Biomass stoves installed

**7800+**

Water conservation structures constructed

**1,510+**

Villages covered

**28,300+**

Acres of agricultural land treated

**29,200+**

Solar lights installed

### Promotion of Education

**20.6+ million**

Students benefitted

**1.96+ million**

Teachers trained

**580+**

Community libraries created

### Healthcare and Hygiene

**29,200+**

Toilets constructed

**1,800+**

Sanitation drives conducted

**1.85+ million**

Units of blood donated

### Skill Training and Livelihood Enhancement

**0.78+ million**

Women trained

**0.16+ million**

Individuals trained

**7,600+**

Self help groups formed and trained

### Financial Literacy and Inclusion

**1.73+ million**

Financial literacy camps conducted

**13.2+ million**

Individuals impacted





## Rural Development

# Addressing critical rural needs

Our flagship Holistic Rural Development Programme (HRDP) has been designed and implemented to serve critical rural needs in 24 'aspirational districts' across India.

## Impact

**40,660+**

Kitchen gardens created

**28,300+**

Acres of agricultural land treated

**11,200+**

Biomass stoves installed

**29,200+**

Solar lights installed

**7,800+**

Water conservation structures constructed

**1,510+**

Villages covered under HRDP across 17 states



## Interventions



Providing training on sustainable agricultural practices



Implementing soil and water conservation measures



Introducing alternate livelihood sources



Improving school infrastructure



Constructing household sanitation units



Improving health through awareness camps



Improving access to drinking and irrigation water



Conducting financial literacy camps





Promotion of Education

## Creating a conducive learning environment

We focus on training teachers in softskills, innovation, and help improve school infrastructure.

### Impact

**20.6+ million**

Students benefitted

**1.96+ million**

Teachers trained

**580+**

Community libraries created



### Interventions



Setting up libraries and science labs, providing sports materials etc.



Training teachers in alternative pedagogy and soft skills



Remedial classes and learning camps



Financial support through Educational Crisis Scholarship



Identifying and facilitating systematic grass-root innovations through Zero-investment Innovations For Education Initiatives (ZII EI)





Healthcare and Hygiene

# Improving sanitation and primary healthcare

Championing the Swachh Bharat movement by promoting behavioural changes and enabling access to better health and sanitation facilities.

## Impact

**29,200+**

Toilets constructed

**1,800+**

Sanitation drives conducted

**1.85+ million**

Units of blood donated



## Interventions



Conducting health camps and spreading awareness about nutrition



Constructing sanitation spaces and bio-toilets



Providing clean drinking water



Annual blood donation drive





Skill Training and Livelihood Enhancement

# Enhancing income generation capabilities

Our Sustainable Livelihood Initiative (SLI) team is exclusively dedicated to improving livelihood opportunities.

## Impact

**0.78+ million** Women trained  
**7,600+** Self help groups formed and trained

**0.16+ million** Individuals trained



## Interventions



Placement-linked skill training



Promoting livelihood opportunities among women



Providing support & training for capacity building, and market linkages





Financial Literacy and Inclusion

# Facilitating entry into economic mainstream

Educating communities to make informed financial decisions and help bring them into the banking fold.

Impact

**1.73+ million**

Financial literacy camps conducted

**13.2+ million**

Individuals impacted



Community



## Interventions



Special camps for spreading financial literacy



Training on general banking, digital banking, credit counselling, etc.



Capacity-building through Self Help Groups (SHGs)



## Combating a global crisis together

We are extending our relentless support to government agencies and healthcare workers at the forefront of the fight against the COVID-19 pandemic.



Equipped police force with safety kit, thermometers



₹70 Crore contributed to PM CARES Fund



PPE kits, ventilators, critical medical equipment provided to hospitals and 15 state governments



Financial support to health departments, municipal bodies including Kochi, Pune, Pimpri Chinchwad



Mobile ATMs launched across the country