

## Annual Business Responsibility Report 2019-20

### Section A: General Information About the Company

**1. Corporate Identity Number (CIN) of the Company**

L65920MH1994PLC080618

**2. Name of the Company**

HDFC Bank Limited

**3. Registered Address**

HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013

**4. Website**

www.hdfcbank.com

**5. E-mail id**

investors.helpdesk@hdfcbank.com

**6. Financial Year Reported**

FY 2019-20

**7. Sector(s) that the Company is engaged in (industrial activity code-wise)**

64191

**8. List three key products/services that the Company manufactures/provides**

- 1) Working Capital Loans
- 2) Auto Loans
- 3) Personal Loans
- 4) Credit Cards

**9. Total number of locations where business activity is undertaken by the Company**

**i. Number of International Locations (Provide details of major 5)**

Overseas branches/offices at 5 locations including Bahrain, Hong Kong, Dubai, Abu Dhabi, and Nairobi

**ii. Number of National Locations**

As of March 31, 2020, the Bank had a nationwide distribution network:

- 5416 banking outlets
- 14,901 ATM's/ Cash Withdrawal Machines (CWM) in 2,803 cities/towns.

**10. Markets served by the Company – Local/State/National/International**

All

**Section B: Financial Details of the Company**

**1. Paid up Capital (INR)**

₹ 5,48,32,86,460

**2. Total Turnover (INR)**

₹ 138,073.47 crore

**3. Total profit after taxes (INR)**

₹ 26,257 crore

**4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

₹ 535 Crore (2 percent of the average Net Profit of the preceding three years)

**5. List of activities in which expenditure in 4 above has been incurred**

- a. Promotion of Education
- b. Skill Training and Livelihood Enhancement
- c. Healthcare
- d. Environmental Sustainability
- e. Rural Development

**Section C: Other Details**

**1. Does the Company have any Subsidiary Company/ Companies?**

Yes

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

No. The subsidiary companies do not participate in the BR initiatives of HDFC Bank.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No

#### Section D: BR Information

<b>1. Details of Director/Directors responsible for BR</b>	
<b>a) Details of the Director/Director responsible for implementation of the BR policy/policies</b>	
<b>DIN Number (if applicable)</b>	02490648
<b>Name</b>	Kaizad Bharucha
<b>Designation</b>	Executive Director, HDFC Bank
<b>b) Details of the BR head</b>	
<b>DIN Number (if applicable)</b>	Not Applicable
<b>Name</b>	Nusrat Pathan
<b>Designation</b>	Head, Corporate Social Responsibility
<b>Telephone number</b>	022 39227260
<b>e-mail ID</b>	<a href="mailto:nusrat.pathan@hdfcbank.com">nusrat.pathan@hdfcbank.com</a>

<b>2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)</b>	
<b>The 9 principles outlined in the National Voluntary Guidelines are as follows:</b>	
P1	The Bank's guidelines on anti-bribery and anti-corruption, transparency and ethical behaviour form a part of our Code of Conduct and Ethics Manual.
P2	The Bank has an Environment Policy in place. The policy emphasizes on sustainable procurement practices and promoting energy efficiency in its operations. Also, considering the nature of our business, this principle has limited applicability for the sector.

P3	The Bank's Code of Conduct and Ethics Manual details policies for Equal Opportunity and Prohibition of Sexual Harassment at the workplace. The Bank also has a Policy on Sexual Harassment.
P4	The Bank adheres to the RBI guidelines on Priority Sector Lending and Financial Inclusion, which are aimed at marginalised and vulnerable stakeholders. The Bank does not have a specific policy to address this principle.
P5	The Bank's Code of Conduct and Ethics Manual details a policy on Respect for Human Rights, which adheres to the principles in the United Nations' Universal Declaration of Human Rights.
P6	The Bank's Board governed Environment Policy incorporates elements of environmental performance, risk assessment & monitoring and governance & implementation. The Social and Environmental Management System (SEMS) screens and monitors loans to identify associated social and environmental risks. As part of its Code of Conduct and Ethics Manual, the Bank encourages its employees to avoid natural resource wastage and be committed to safeguarding the environment.
P7	The Bank does not take part in any lobbying or policy advocacy.
P8	The Bank has a Board governed CSR policy which guides all its CSR activities and includes activities that it undertakes for marginalized and vulnerable stakeholders. While there is no formal policy in place specifically for equitable growth and development, the Bank's flagship Sustainable Livelihood Initiative (SLI) aims at achieving this objective.
P9	The Bank's Code of Conduct and Ethics Manual details policies to ensure privacy and confidentiality of customers' data, to provide products and services which offer value in terms of price and quality and meet the applicable standards / guidelines as decided by the regulator and other authorities and to provide reliable and meaningful information without making exaggerated claims about its products and services. The policies addressing this principle include the Customer Compensation Policy, Grievance Redressal Policy, and the Customer Acceptance, Customer Care and Customer Severance Policy.

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the policy conform to any national /international standards? If yes, specify?	Y#								
Is it a Board approved policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online	Note 1	Note 4	Note 1	Note 1	Note 1	Note 4	Note 1	Note 3	Note 2
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	-	Y	-	Y	-	-	-	Y
Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y*	-	Y*	-	Y*	-	-	Y*	Y*

**Web-link for the policy:**

# All policies have been developed as a result of detailed consultations and research on the best practices adopted by banks and organisations across the industry, and as per the requirements of HDFC Bank.
* All policies of the Bank are evaluated internally
Note 1: These policies of the Bank are internal documents and are not accessible to the public.
Note 2: <a href="https://www.hdfcbank.com/personal/useful-links/our-corporate-commit">https://www.hdfcbank.com/personal/useful-links/our-corporate-commit</a> (Corporate Commitment)
Note 3: <a href="https://www.hdfcbank.com/csr/pdf/CSR_Policy.pdf">https://www.hdfcbank.com/csr/pdf/CSR_Policy.pdf</a>
Note 4: <a href="https://www.hdfcbank.com/assets/pdf/Environment-Policy-Final.pdf">https://www.hdfcbank.com/assets/pdf/Environment-Policy-Final.pdf</a>

**2a. If answer to S. No. 1 of the annexure against any principle, is 'No', the reasons for the same have also been mentioned therein.**

### 3. Governance Related to BR

The Board ensures Business Responsibility at the Bank and comprises of 10 directors, of which 2 are Executive Directors, 2 are Non-executive Directors and the remaining 6 are Independent Directors.

### 4. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors annually assess the performance of the Bank's Business Responsibility.

### 5. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The below mentioned is the link for viewing the Sustainability Report for FY 2018-19.

<https://v1.hdfcbank.com/csr/FY-2018-19/pdf/hdfc-bank-sustainability-report-18-19.pdf>

## Section E: Principle-wise Performance

### Principle 1: Ethics, Transparency and Accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the company?**  
HDFC Bank adopts the highest governance standards to ensure protection of all stakeholder interests. All the employees are expected to adhere to the ethical principles detailed out in The Bank's Code of Conduct and Ethics. The code encompasses aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption and is applicable to all the employees of the Bank.
- 2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?**  
Yes
- 3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

No Shareholder complaints with respect to human rights, ethics, bribery and corruption were received by the Bank in FY 19-20. The Bank received 84 cases through the Whistle blower mechanism in FY 19-20, of which 18 complaints are under investigation/ review as on March 31, 2020

## **Principle 2: Sustainable Products and Services**

### **1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

One of the core values of HDFC Bank is Sustainability. The Bank regards climate change mitigation and environmental conservation as essential elements of a sustainable business. The Bank has introduced multiple user interfaces for its customers such as internet banking, phone banking, ATMs etc. The Bank encourages the use of electronic media over print communication and encourages its retail customers to subscribe to e-statements. Below products of the Bank incorporate Social and Environmental concerns.

- a. **Easing Cash Flow for Dairy Farmers:** Multi-function Terminals (MFTs), popularly known as Milk-to-Money ATMs, are deployed in dairy societies. The MFTs link the milk procurement system of the dairy society to the farmers' account to enable faster payments. The transparency in the milk collection process, including the quality of milk, benefits both farmers and society.
- b. **Taking Banking to the Unbanked:** 53 per cent of the Bank's outlets are located in rural and semi-urban areas. The Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Mudra Yojana (PMMY) ensure that the under-banked section of the population is brought into formal financial channels.
- c. **Digital 2.0:** Digitisation at the Bank has largely helped reduce paper consumption. The Bank has embarked on its Digital journey that will bring about cost and process efficiency through automation and reduction in paper consumption
- d. **Sustainable Livelihood Initiative:** The Programme entails skill training, livelihood financing and creating market linkages to empower women to rise out of poverty. The objective of the initiative is to create sustainable communities. The programme empowers women through self-help groups or joint liability groups and helping them break the vicious circle of poverty.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Not Applicable.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Being in the Financial Services sector, material purchase for operations is not significant except for paper. For procurement of equipment, the Bank ensures that energy efficiency standards are considered during the purchase of electronic equipment such as computers, laptops, lighting devices, ACs etc. The Bank is also working with its hardware equipment suppliers to ensure that they follow energy efficiency norms.

- 4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

Procurement of products and services from local suppliers is given preference by the Bank, while taking their relevant geography and footprint into consideration.

- 5. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

No. This is not applicable to the type of suppliers the Bank engages with.

- 6. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Bank has limited scope for using recycled material as processed inputs. The waste generated by the Bank is primarily e-waste (for e.g. computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems). About 261.92 Tonnes of e-waste generated was disposed through authorized recyclers. Waste water in select regional offices are recycled through a sewage treatment plant prior to being released into the municipal sewer system.

### Principle 3: Employee Well Being

**1. Total number of employees.**

The total number of employees of HDFC Bank is 1,16,971

**2. Total number of employees hired on temporary/contractual/casual basis.**

The total number employees hired on temporary/contractual/casual basis is NIL.

**3. Number of permanent women employees.**

The total number of permanent women employees is 21,439

**4. Number of permanent employees with disabilities**

HDFC Bank is a fair employer and does not discriminate amongst its employees. Therefore, the Bank does not track this information.

**5. Do you have an employee association that is recognised by management?**

Yes, there is an employee association that is recognized by the management.

**6. What percentage of your permanent employees is members of this recognized employee association?**

About 0.17% permanent employees of the Bank are members of this association.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

There have been no complaints on child, forced or involuntary labour. POSH cases are evaluated as per calendar year; there were a total of 59 cases registered between January 2019 to December 2019, all of which were resolved and closed. 7 cases were registered from January 2020 to March 2020, of which 2 cases have been closed. The pending 5 cases are well within the 90 day timeline of the POSH statute. There is an internal complaints committee at the Bank, to address cases related to sexual harassment at the Bank.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

96.37% of the Bank's employees have been covered through the Bank's extensive set of training programmes delivered through classroom or e-learning modules in FY 2019-20.

## Principle 4: Valuing Marginalised Stakeholders

### 1. Has the company mapped its internal and external stakeholders?

Yes. Stakeholder relationships are imperative to HDFC Bank. The Bank engages with its stakeholders through formal and informal channels on various platforms. Internal and external key stakeholders of the Bank are identified, which include Shareholders/Investors, Customers, Employees, Community and Regulatory Bodies. Regular and planned engagements are conducted with all the identified stakeholder groups. The Sustainability Report 2018-19 has detailed information on the same.

### 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes. The Bank has identified women, people with disabilities, children, youth, farmer communities, as its disadvantaged, vulnerable and marginalized stakeholders.

### 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

For easy access to people with disabilities, 496 sites covering 598 ATMs have ramps available. All our ATMs have a voice guided system with braille enabled keypad. Through Parivartan, the Bank drives holistic growth of communities bringing about social and economic empowerment.

The rural and inclusive banking initiatives help the Bank engage with the marginalized sections of the society by imparting financial literacy and establish financial inclusion through its specialized products. Through Parivartan, the Bank undertakes various initiatives in the field of rural development, skill training and livelihood enhancement, education, healthcare and hygiene in addition to financial literacy and inclusion.

## Principle 5: Human Rights

### 1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

No, the policy of Human Rights is only limited to HDFC Bank and does not extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Employee POSH complaints have been addressed in Principle 3. There were no complaints received by the Bank specific to human rights violation, from other stakeholders.

**Principle 6: Environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

No, it's applicability is limited only to HDFC Bank and does not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

The Bank realizes the importance of environmental issues such as climate change, global warming and the impact it has on business in the long term. In this regard, the Bank has been measuring, verifying and disclosing its carbon footprint. The Bank discloses its environmental information in the Annual Sustainability Report. The Bank also reports on its strategy, risks and targets to address climate change through the Carbon Disclosure Project (CDP) platform. The Bank has also considered targets for reduction of direct and indirect emissions and energy consumption.

**3. Does the company identify and assess potential environmental risks?**

The Bank identifies and assesses its potential environmental risks associated with its operations and business. The Bank has a Social and Environmental Management System (SEMS) for screening large loans for their social and environmental risk/ impact.

The Bank also has an Environment Policy in place. This policy serves as a framework for understanding and managing the environmental risks, impacts and opportunities. The policy incorporates elements of environmental performance, risk assessment & monitoring and governance & implementation.

**4. Does the company have any project related to Clean Development Mechanism?**

No

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.**

Yes, the Bank continues to undertake initiatives on clean technology, energy efficiency and renewable energy.

- VRF/VRV AC's are provided instead of conventional AC's in all new back offices. Further in Branches, inverter based star rated AC's are being installed, as per ISEER standards.
- Occupancy sensors are being installed in new Back Offices.
- LED lights are being installed in place of conventional CFL/Fluorescent fittings.
- Where feasible, Lithium Ion based inverter system are being used in place of Diesel Generators.
- Building Management Systems have been installed at some of our large offices.
- ATM and Server Rooms are being collocated to reduce number of individual air-conditioning units.
- Capacitor Banks are being installed in all premises
- The Bank has two LEED certified Buildings in Mumbai and Bhubaneswar
- The Bank supplements grid power with renewable energy by means of solar panels installed at some of our large offices.
- The Bank has incorporated energy efficiency at our data centres, by reducing server rack space and the Bank is also using Lithium ion batteries in UPS devices and ozone friendly refrigerants for cooling.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Not Applicable

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None

**Principle 7: Policy Advocacy**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Bank is a member of Indian Banks' Association (IBA), but it does not engage in policy advocacy. The Bank is actively involved in consultation/discussion forums with the

government and other bodies in the banking industry in taking public policy positions, but it has not lobbied through any association.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

Not Applicable

**Principle 8: Inclusive Growth**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

Yes. The Bank through Parivartan, endeavors to empower millions of people to be self-reliant and contribute to the growth of the nation. Community development initiatives of the Bank are driven by the ideology of giving back to the society in a meaningful way. Various programmes/initiatives/projects conducted under the gamut of Parivartan related to financial literacy and inclusion, rural development, promoting education, Skill Training, Livelihood Enhancement and Healthcare & Hygiene support inclusive growth.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?**

Projects are undertaken through in-house-team and external NGO's

**3. Have you done any impact assessment of your initiative?**

Yes. The Bank carries out impact assessment for all of its programs. Parivartan aims to inspire people and empower communities at a nation-wide level. The Bank's reach and impact from its social initiatives will be detailed in the Sustainability Report as well as in the Integrated Report.

**4. What is your company's direct contribution to community development projects- amount in INR and the details of the projects undertaken?**

In FY 2019-20 the Bank has spent ₹ 535 Crore (2 percent of the average Net Profit of the preceding three years) on community development initiatives.

The Bank conducts its CSR initiative in alignment with its core areas of focus. For more details kindly refer Annexure 2 in the Directors Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Bank continuously assesses and monitors the impact of its initiatives. The Bank ensures that the projects that it undertakes, have complete participation and support from the community, thus ensuring that they are sustainable and generate the necessary impact.

**Principle 9: Customer Welfare**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

0.64% of the total customer complaints received by the Bank, were pending as on 31<sup>st</sup> March 2020. (There are nil complaints pending beyond TAT).

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

The Bank displays the details of its financial products on the website and also uses the print media to spread awareness (through pamphlets and brochures). It also has presence on various social media platforms such as Facebook and Twitter to display the features of the products and services offered. The Bank ensures customers are empowered 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. The Bank also strives to ensure customer data privacy and security through robust information security systems.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year**

There was a civil suit filed by an actress/ model for using her images, without her consent to promote the Bank's gold loan product in FY 2017-18. The case is being listed on 14<sup>th</sup> July, 2020.

The civil appeals and applications filed by HSBC Ltd Vs Awaz & ors., challenging the order passed by National Commission relating to charges levied on credit cards was last listed in May 2017. The case was last listed on 4th March 2020 @ Item No. 101 in the Court No. 13 but the hearing in the captioned matter was adjourned to the third week of April which could not happen due to lock down. No further date for listing of case is available as of now.

**4. Did your company carry out any consumer survey/consumer satisfaction trends?**

The Bank conducts regular surveys to measure and analyse the satisfaction levels of customers with respect to its products and services. 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. The feedback received from different channels is collated and shared with respective product teams who in turn work to incorporate these suggestions / changes in the newer roll out of product versions.