

# Annual Business Responsibility Report 2012-2013

In line with the National Voluntary Guidelines on  
Social, Environmental and Economic Responsibilities of Business



We understand your world

## Introduction: Business Responsibility and HDFC Bank

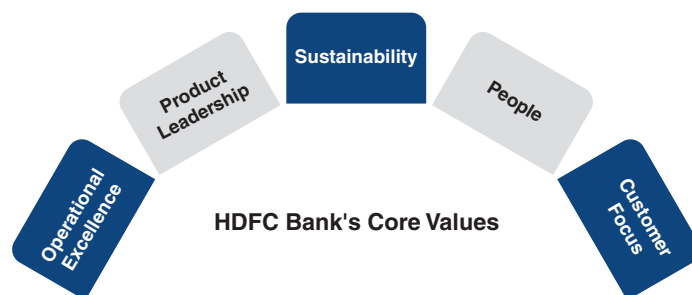
Businesses today operate in a complex and constantly evolving ecosystem. One of the key factors shaping this ecosystem is the increasing demand for businesses to show greater responsibility in their decisions and actions, ensuring that they safeguard the interests of all their stakeholders while generating profits for their shareholders.

This demand for greater responsibility from businesses is the fundamental tenet of Sustainability. At HDFC Bank, we understand our responsibility towards the ecosystem we operate in, and acknowledge the impact of our operations, products and services on this ecosystem. As a large intermediary of capital in the country, we recognise the opportunity we have to influence positive social and environmental change in the communities we engage with.

Over the last few years, we have been incorporating elements of sustainability into our functioning, with individual business units taking up varied initiatives of their own. A key aspect of the sustainability program has been our contribution to society through our Corporate Social Responsibility (CSR) projects, which are guided by our CSR policy. Recent developments in the Indian regulatory scenario have provided further impetus to our sustainability journey. Earlier this year, detailed interactions with the

Board, Senior Management and other key stakeholders were carried out to understand their perception on sustainability. In response to the recognition from all quarters that it should form an integral part of our business going forward, we have established Sustainability as one of the core values of HDFC Bank (the other core values being Customer Focus, Operational Excellence, Product Leadership and People). We have also constituted a Board Level Committee on Corporate Social Responsibility (CSR) which will govern all the Sustainability and CSR-related activities of the Bank and further develop our CSR policy.

In this first Business Responsibility Report, we have showcased the four main aspects of business responsibility at HDFC Bank, which are Corporate Governance, Environmental Responsibility, Social Responsibility and Stakeholder Relationships.



Reporting Organisation	: HDFC Bank Limited
Corporate Identity Number	: L65920MH1994PLC080618
Registered Address	: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013
Website	: <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
E-mail ID	: <a href="mailto:investors.helpdesk@hdfcbank.com">investors.helpdesk@hdfcbank.com</a>
Financial Year Reported	: FY 2012-13

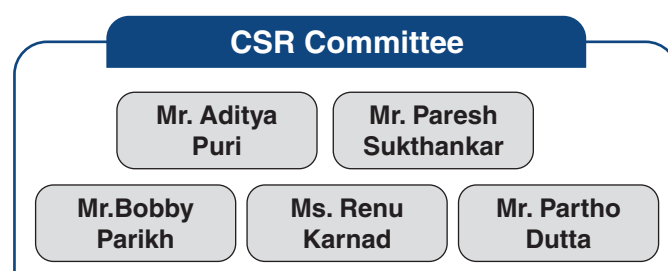
HDFC Bank Limited is a publicly held banking company (industrial activity code: 64191) engaged in providing a range of banking and financial services including commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949.

## Chapter 1: Corporate Governance

Our corporate governance framework has been developed in compliance with the Companies Act, the regulations and guidelines of the Securities and Exchange Board of India (SEBI) and the requirements of the listing agreements entered into with the Indian stock exchanges. We also comply with certain standards of corporate governance set forth in section 303A of the NYSE's Listed Company Manual.

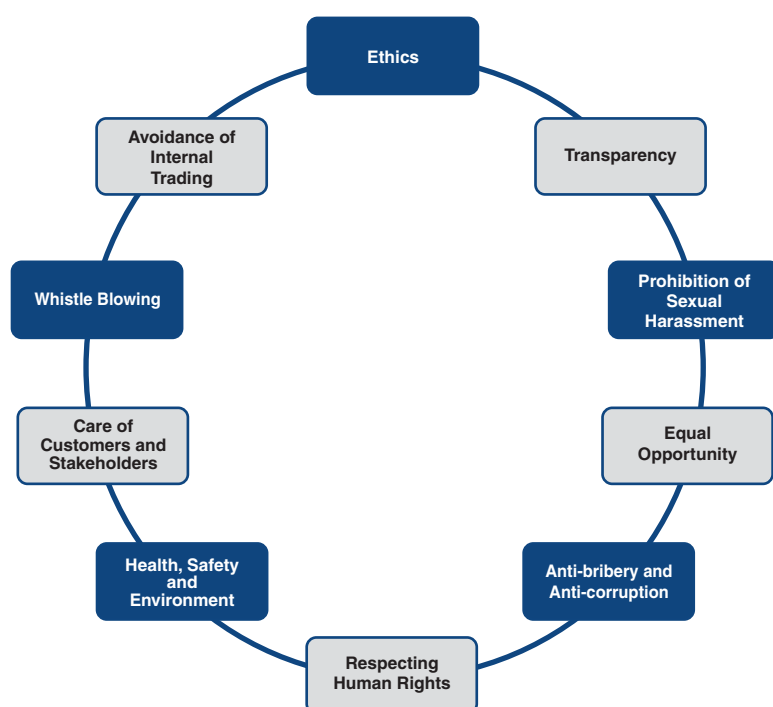
We have a strong and independent Board composed of six independent Directors and five non-independent Directors. With the exception of three Directors, all the others are non-executive Directors. The Board has also constituted various committees to take informed decisions in the best interests of the Bank and that of our customers. These committees include the Audit and Compliance Committee, Compensation Committee, Investor Grievance Committee, Risk Policy and Monitoring Committee, Credit Approval Committee, Premises Committee, Nomination Committee, Fraud Monitoring Committee and Customer Service Committee.

Earlier this year, we instituted a Board-level Corporate Social Responsibility (CSR) Committee, in line with the requirements of Clause 135 of The Companies Bill 2012. The CSR Committee will spearhead our agenda of building our efforts in the realms of CSR, Sustainability and Business Responsibility. This committee will meet at least every six months to review policies, discuss the strategy and set the direction for our journey towards sustainability.



Our Code of Conduct and Ethics Manual is a Board-approved guideline, detailing the principles that require and enable employees to maintain the highest levels of corporate governance and, in particular, to help avoid situations in which personal interest may conflict or appear to conflict with either the interest of the Bank or that of our stakeholders. Every year, the Code of Conduct and Ethics Manual is sent to all employees via email and they are required to confirm their understanding and commitment to these guidelines<sup>1</sup>. The guiding principles in the manual are in tandem with some of the key principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG), as prescribed by the Ministry of Corporate Affairs.

### Code of Conduct and Ethics Manual



Another important tool in enhancing the corporate governance standards at HDFC Bank is our comprehensive Audit Policy, which is approved by the Audit Committee of the Board. The Audit standards of the bank are based on regulatory guidelines issued by the Reserve Bank of India (RBI), the recommendations of the Basel Committee on Banking Supervision, and professional best practices.

<sup>1</sup>The policies on Human Rights, Ethics, Corruption, Bribery, Transparency and Environment cover only HDFC Bank and do not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others.

## Chapter 2: Our Environmental Responsibility

We are aware of our responsibility towards the environment and are undertaking various initiatives to reduce the environmental impact of our operations<sup>2</sup>.

### A. Managing Environmental Impact through Internal Initiatives

We have been measuring our carbon footprint since 2010 and have been disclosing the same to the Carbon Disclosure Project (CDP). We were one amongst 16 companies in India to make it to the Carbon Disclosure Leadership Index (CDLI)<sup>3</sup> in 2012 with a score of 71. We have estimated our footprint<sup>4</sup> for FY 2012-13 to be 299,150 MT CO<sub>2</sub>-e.

Over the last few years, we have succeeded in reducing our emissions through a number of initiatives. The measures we have put in place to reduce our operational carbon footprint are focused on areas of paper use, waste management and energy efficiency, with some forays into exploring renewable energy for our ATMs. Some of these measures include:

#### **Reducing the Use of Paper:**

- Issuing electronic transaction advices for corporate customers
- Communicating with High Net Worth customers primarily through electronic media
- Encouraging retail customers to convert to e-statements instead of physical print outs

#### **Energy Conservation:**

- Phase-out policy: Replacing conventional lighting options with Compact Fluorescent Lamps (CFLs)
- Switching off signage lights past 11:00 pm at our branches
- Green Data Centers with state-of-the-art technologies

#### **Exploring Renewable Energy:**

- Project of 20 Solar ATMs with the pilot ATM set up in Bihar
- Replacing batteries in ATMs with Lithium-ion batteries wherever economically viable

#### **Managing Waste:**

- Tying up with vendors for recycling of paper and plastic
- IT policy to dispose IT assets due for retirement in a controlled manner

#### **Green Procurement:**

- Purchasing diesel gensets and air conditioners that are compliant with the norms of the Central Pollution Control Board (CPCB)
- Purchasing Energy Star rated electronic gadgets

<sup>2</sup>Subsidiary companies of HDFC Bank and other entities that we do business with do not participate in our Business Responsibility initiatives.

<sup>3</sup>Each year, the responses of companies disclosing to CDP are reviewed, analysed and scored for the quality of disclosure. The companies that score the highest enter the CDLI.

<sup>4</sup>Since the data collection for calculating the carbon footprint of FY 2012-13 is ongoing, we have estimated the carbon footprint based on the values for FY 2011-12, with the necessary adjustments.

## B. Managing Environmental Impact through our Products and Services

In addition to operational initiatives, we have incorporated elements of environmental risks and opportunities into the design of some of our products and services<sup>5</sup>.

Our Corporate Credit Risk Policy details a Social and Environmental Risk Management System (SEMS) which assesses the social and environmental risks and impacts of the projects that we finance, in addition to their financial viability. All projects financed by our Corporate Banking Group (for amounts greater than INR 10 crores and for a period of more than 5 years) are put through the rigours of the SEMS before they are approved.

On the retail credit side, we have undertaken the initiative to make more services available on our Direct Banking channels, such as ATMs, internet banking and phone banking. We also have a campaign to actively encourage customers to use the Direct Banking channels for their transactions instead of visiting a branch.

Apart from a large number of customers in urban areas, we also have a vast customer base in the towns and villages of the country. Farmers form an important part of our rural and semi-urban customer base. We offer special schemes for farmers who take up organic farming projects and educate them on environmentally friendly methods of cultivation.

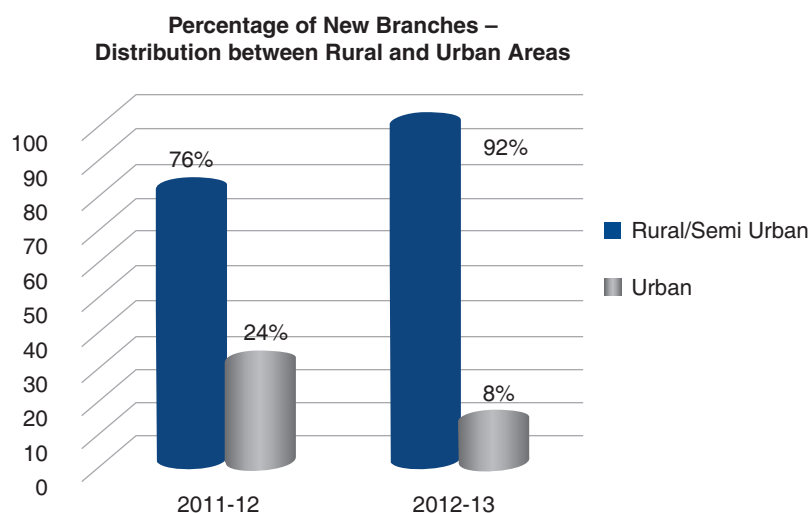


## Chapter 3: Our Social Responsibility

Financial inclusion through differentiated products and services forms the basis of our socially-focused initiatives. In addition, we also support local communities by providing them with employment opportunities and by conducting social awareness campaigns.

We are also actively working on taking banking to the un-banked regions of the country by increasing our network of branches and by introducing banking products and services to cater to the needs of customers in those regions.

In the last two years, we have added on a greater number of branches in rural and semi-urban areas than in the urban areas, as illustrated in the figure.



<sup>5</sup>HDFC Bank does not have any projects related to Clean Development Mechanism.

## A. Sustainable Livelihood Initiative

Sustainable Livelihood Initiative (SLI) is one of our key products aimed at equitable development. Through SLI, we aim to further our financial inclusion objective by empowering livelihoods in the under-banked and unbanked segments of the population. SLI provides financial services such as loans, savings accounts, micro-recurring deposits (RD) and micro-insurance products that can support the income-generating activities of these sections of the population. In addition, SLI also undertakes initiatives such as credit counseling, livelihood trainings and provision of market linkages to augment the financial services offered and to ensure holistic support of the livelihoods of these small entrepreneurs. Through this initiative, we engage with our rural customers in ways beyond business by trying to understand their needs and by helping them channelise their income and expenditure effectively.

Apart from financing the above activities, we also support them with a need-based micro-entrepreneurial skill-building programme both in the farm and non-farm based sectors. Our micro-recurring deposit (RD) scheme helps our SLI clients regularly save surplus money to meet the non-income-generating expenses of the family such as school fees, festival celebrations and family functions. With a minimum monthly investment amount of INR 100, and no upper limit, micro RD empowers and instills confidence particularly in women-folk in rural areas, enabling them to create a better future for themselves and their families.

In the last year, SLI has taken its micro-finance lending to more than 5,174 villages in 20 states. We have covered more than 17 lakh households under this initiative.

We have been named the *Organisation of the Year* at the Skoch Financial Inclusion Awards 2013, in recognition of our efforts towards building inclusive growth and bringing banking services to the unbanked regions. We have been recognised for using technology as a common thread in all our initiatives in micro-credit, micro-savings, micro-insurance, capacity building, financial literacy and Self Help Group (SHG) Linkage.

### Snapshot of Sustainable Livelihood Initiative

71,536 live Micro Recurring Deposit accounts as of 31 March 2013

Credit counseling for more than 3.7 lakh members

89,000 SHGs provided with credit

600,000 low-income microfinance clients supported with life insurance coverage

17.69 lakh households covered with loan disbursements of INR 2,119 crores

## B. Specialised Products

In order to make basic banking facilities available in a more uniform manner across the banking system, we have launched the Basic Savings Bank Deposit Account (BSBDA). The BSBDA offers customised solutions addressing the needs of different kinds of customers. Farmers have the option of opening BSBDA without paying an initial deposit amount and are not required to maintain a specific average monthly balance. They can also avail free ATM Cards and unlimited cash deposits.

We have introduced products, services and initiatives aimed at the economically vulnerable and marginalised groups of society. These products and initiatives have not only helped in the financial inclusion of these sections of society, but have also kept these groups from falling prey to the risks associated with other financial products and lenders.

Apart from the Sustainable Livelihood Initiative, we also have the following products which have gone a long way in aiding farmers and middle and lower-income families.

### • Kisan Gold Card

The Kisan Gold Card allows farmers to bank without hassles of traditional time-bound banking at parent branches. The card, which comes with a credit limit that is set for renewal every year, was devised to serve as a tool to cover all crop production requirements including provision of funds required for agricultural inputs, equipment and the expenses related to post-harvest



processes. Our Kisan Gold Card comes with the convenience of anytime, anywhere banking and can be used at any bank's ATM like the other VISA credit or debit cards offered by HDFC Bank, with the ATM debit card being backed by a line of credit. Through this product, farmers can apply for a variety of loans to purchase agricultural implements, fulfil irrigation requirements, construct farm buildings and invest in agriculture-related activities such as dairy, piggery, poultry and beekeeping. The Kisan Gold Card also provides farmers with Personal Accident Insurance cover of INR 2 lakhs. Our Kisan Gold Card has helped many of our farmer customers across the country in alleviating their cash-flow problems.

#### • Grameen Loans

As a growing financial intermediary in the country, we endeavour to make a difference to the lives of people living in rural areas by offering them the benefits of organised bank finance. The Grameen Loan Mahotsavas or loan fairs were launched as a part of our 'Viable Finance' initiative to expand our penetration to rural customers. At a Mahotsava, we offer a variety of loans including agricultural loans and financing for tractors, auto, two-wheelers and commercial vehicles. These loans support the productive activities of our rural customers and enable them to be self-dependent. We also provide a 'Credit Shield' with these loans that provides insurance cover for accidental death or permanent total disability of our rural customers.

### C. Community Engagement

At HDFC Bank, we are keen to engage positively with the communities in our areas of operation, to understand their needs and to develop initiatives to address them wherever possible. Through these initiatives, we aim to add value to the communities we operate in.

As far as possible, we look to employ local talent at our branches. As part of our rural BPO initiative at Puttaparthi, we provide training and employment to the youth in this area. In addition to this, we also employ people from local communities for the implementation of programmes such as SLI, for conducting the Grameen Loan Mahotsavas and for our communication and publicity campaigns.

At HDFC Bank, we also undertake a number of projects and activities to promote awareness on social issues. Some of the social awareness activities that were conducted in the last year include promotion of inclusive banking through loan mahotsavas and traders meets, highway / social messages / directions and government office boards, 'Live Healthy' health check-up camps and activities in branches, schools / societies on Independence Day.

Apart from these initiatives, philanthropic activities and community development projects are also an important part of our engagement with the community. The focus areas of our community initiatives are in the fields of education and livelihood training. Some of these programs are executed in association with NGOs, while others are driven solely by in-house teams. One such program is the Educational Crisis Scholarship Support (ECSS) Program which provides financial aid to students of standards 6-12, diploma and degree courses. Any engagement with NGOs to implement community programs entails a thorough due-diligence process for screening the NGOs, followed by a close monitoring by the Corporate Social Responsibility team to ensure that the objectives of the intervention are achieved within the specified timelines. Any grants made are renewed annually on the basis of year-end impact assessment reports. Each community intervention is time-bound and the strategy defines a phase-out plan to ensure empowerment of the community at the end of the project period in order to ensure sustainability of the project. In order to take these initiatives forward in a more strategic way, we are developing systems for assessing the overall impact of our projects.

## Chapter 4: Valuing Stakeholder Relationships

We have undertaken an extensive exercise to identify and understand our key stakeholders. We have also developed engagement modules to understand their perception on sustainability, both in general and at HDFC Bank. These interactions have enabled us to determine the material issues and concerns with respect to the environmental, social and governance aspects of our business. Our sustainability strategy is being developed to address these issues and concerns.

### A. Effective Communication with Stakeholders

We recognise the importance of effective communication to maintain a strong relationship with all our stakeholders. We have clearly defined channels for communication in order to ensure transparency and accuracy.

To safeguard the interests of our customers and enable them to make an informed choice, we provide them with relevant and complete information regarding our products and services. We also ensure that all terms and conditions governing the products are explained by the customer-facing teams.

Our Corporate Communication activities are conducted in line with the Corporate Communications Policy which ensures uniformity and consistency in all our communication to external stakeholders including the media.

### B. Employee Well-Being

Employees are our greatest assets. We take great pride in our robust and diverse employee community that has contributed significantly to our success over the years. Our total employee strength reached 69,065 as of 31st March 2013, out of which 12,295 are women. We follow a non-discrimination policy with regards to employment and have employees with varied degrees of disabilities in certain functions of the bank. We do not engage in any form of child labour, forced labour or involuntary labour. The only Employee Association in the bank comprises 350 (0.73%) of our employees, who were part of the erstwhile Lord Krishna Bank Trust.

We have several systems and initiatives in place to protect the interests of our employees and to keep them connected and empowered. Key highlights of the initiatives for employees are:

#### Employee Portal

- For employees to connect on a common platform

#### Employee Training

- Continual training support for technical and behavioural / soft skills
- Need-based external trainings

#### Equality

- Uniformity in salaries for all employees, completely based on merit

#### Rewards and Recognitions

- To keep top performers motivated

#### Whistle Blower Policy

- Protection of people who intimate authorities about alleged dishonest or illegal activities in the organisation

#### Sexual Harassment Policy

- Non-tolerance towards any kind of sexual harassment in the workplace
- Women's committee to settle and resolve all complaints

#### Safety

- Drills to ensure employees are prepared for emergencies
- Crisis committee to handle epidemics
- On-site medical consultations at select corporate locations

In the reporting period, 48% of our employees<sup>6</sup> have been trained in technical skills, while 27% have been trained in soft skills. Among our women employees, 50% have been trained in technical skills, while 31% have been trained in soft skills.

<sup>6</sup>Active employees as of 31<sup>st</sup> March 2013



## • Gender Inclusion

At HDFC Bank, we aim to provide a gender-inclusive environment in which women have the opportunity to develop, participate and contribute fairly and equitably in the organisation. Ensuring their safety and wellbeing as well as providing equal opportunity to them is high on our list of priorities. The initiatives we have in place to ensure the welfare of our women employees include:

- Extended maternity leave
- Internal e-portal for women
- Onsite creche
- Special workshops
- Awards to recognise achievements of women employees

We have a special committee that looks into addressing sexual harassment complaints. All complaints formally received by this committee have been resolved.

## C. Customers

At HDFC Bank, we not only design products and services tailored to meet the varied needs of our customers, but also strive to ensure that our customers are satisfied with our service quality. Through various modes of communication, we ensure that we create awareness on various aspects of our products and services. We have articulated a Citizen's Charter that offers our customers relevant information about our products, facilities and services. The Charter also provides information about the turnaround time for various banking transactions, our policy on protection of customer information, and the Grievance Redressal process. In order to have a 360-degree approach towards customer service, we have a well defined Customer Acceptance, Customer Care and Customer Severance Policy to ensure prompt and inclusive services to all customers within the prescribed regulatory framework as well as defined processes of the Bank. In addition, we have a robust system to address customer complaints and to handle feedback.

## • Engaging Marginalised Customers

At HDFC Bank, we take measures to engage with our rural and marginalised customers through initiatives such as SLI. In our interactions with customers through activities such as Credit Counseling and Training in various livelihood aspects, we help them progress and benefit from engaging with us.

Apart from offering loans, savings accounts and other financial products and services, we ensure that we help them understand how best to utilise our products and get maximum sustainable benefits out of them.

## • Communication and Awareness Committee (CAAC)

The Communication and Awareness Committee was formed to ensure compliance with RBI guidelines on Customer Education. Key stakeholders were identified in decision-making, planning, implementation and evaluation of the CAAC. The CAAC provides a focal point and a driving force for a range of awareness, training and educational activities for customers. All NetBanking, Credit Card and Debit Card customers were reached out to through this committee in the reporting period.

The committee provides general and specific information about fraud risk trends, types or controls to people who are most vulnerable to these risks. The aim of this committee is to help customers identify areas that are vulnerable to fraud attempts and make them aware of their responsibilities in relation to fraud prevention. The committee encourages the adoption of recommended guidelines or practices which help to minimise the number and extent of the frauds. This reduces both the direct costs involved in fraud losses and the indirect costs of investigating the cause of wrongdoings.

## • Addressing customer complaints and feedback

Offering high levels of service to our customers is a key priority at the bank. We have a documented policy and procedure for handling complaints, which covers all the aspects relating to recording, resolution and escalation of complaints. We also have a Grievance Redressal Policy duly approved by the Board that allows for a formal four-level Grievance Redressal Mechanism, so that our customers do not feel the need to approach the Banking Ombudsman. Through use of appropriate systems, we ensure that complaints received are not only recorded and tracked till they are resolved, but are also escalated through effective monitoring /escalation mechanism to the senior functionary responsible. This ensures timely resolution of the complaints and also process improvements, where required, to prevent recurrence of complaints. Of the 1,436 complaints outstanding at the beginning of the year and 135,145 complaints received during the year, 134,277 (98.3%) have been resolved.

Along with addressing customer complaints, we also have in place a detailed Customer Compensation Policy, for the events that, for reasons beyond our control or inadvertently, we are unable to meet the service levels committed to our customers. Through this policy, we have established a system to compensate customers for financial losses they might have incurred due to deficiency in the services offered such as unauthorised debiting of account and payment of cheques after acknowledgement of stop payment instructions. While we make every effort to address customer complaints on deficiency of services, these may occasionally translate into customer cases against the bank which require legal resolution.

The Quality Initiative Group (QIG) conducts surveys to gauge customer satisfaction on our products and services. The channels for feedback collection range from daily internal checks to quarterly call evaluations and service quality assessments. We also measure the effectiveness of our complaint-handling mechanism through these surveys and a number of other customer feedback channels. The feedback channels drive us to focus on continuous improvement in products and customer experience.

#### D. The Regulator and the Government

At HDFC Bank, one of our top priorities is to ensure complete compliance with the rules and regulations laid down by the Reserve Bank of India and other regulatory authorities. Any compliance issue that may arise owing to procedural lapses or lack of proper understanding / interpretation of a guideline are immediately addressed; not only in terms of remediation, but also to ensure that such errors do not occur in the future. While we actively participate in consultation and dialogue sessions with the government and regulator on various areas of banking, we do not actively take up policy advocacy<sup>7</sup>.

### Chapter 5: The Way Ahead

We have expressed our strong commitment to Sustainability by making it one of the core values of our business philosophy. We envision that Sustainability will become an integral part of our business, both in our operations and in our products and services.

We believe in empowering the community by creating opportunities for education and livelihood. This includes our Sustainable Livelihood Initiative, other Financial Inclusion initiatives as well as our community development initiatives such as donations and grants towards educational and livelihood training. In FY 2012-2013, we have spent 0.58% of our profit after tax (for the year ending 31st March 2013) towards these initiatives and approximately 0.74% of our average profit after tax for the last three financial years.

In order to ensure that the spirit of sustainability is instilled in every employee, training and orientation programs are being devised to ensure that employees understand the social and environmental impact of the Bank, the fundamentals of sustainability and how HDFC Bank can move towards becoming a more sustainable organisation.

We are currently working on our first Sustainability Report, based on the Global Reporting Initiative (GRI) framework, which will provide a more in-depth look at our ESG (Environmental, Social and Governance) performance. As part of our commitment to embedding sustainability into our business, we intend to compile our Sustainability performance on an annual basis. Over the next few years, we stand committed to bringing about a sustainable change in the organisation in line with our strategy.

The Director Responsible for Business Responsibility at HDFC Bank is:

Name: Paresh Sukthankar  
Designation: Executive Director, HDFC Bank  
DIN No.: 1843099

For any clarifications regarding this report or Business Responsibility at HDFC Bank, you may contact the BR head:

Name: Nusrat Pathan  
Designation: Head, Corporate Social Responsibility  
Tel: 022 30751040  
Email ID: nusrat.pathan@hdfcbank.com

<sup>7</sup>HDFC Bank is not a member of any trade and chamber or associations and we do not take part in any advocacy or lobbying through such associations.

## Annexure 1: Mapping of Policies

Questions	Principles of the NVG								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have policies for	Y	N	Y	Y	Y	Y	N	Y	Y
Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	Y	-	Y	Y
Does the policy conform to any national /international standards? If yes, specify?	Y <sup>#</sup>	-	Y <sup>#</sup>	Y <sup>#</sup>	Y <sup>#</sup>	Y <sup>#</sup>	-	Y <sup>#</sup>	Y <sup>#</sup>
Is it a board approved policy?	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
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
Indicate the link for the policy to be viewed online.	Note 1	-	Note 1	Note 1	Note 1	Note 1	-	Note 1	Note 2
Has the policy been formally communicated to all relevant internal and external stakeholders?	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
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*

# 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: <http://www.hdfcbank.com/personal/customer-centre> (Our Corporate Commitment)

P1	We have a Whistle Blower policy and guidelines on anti -bribery and anti -corruption, transparency and ethical behaviour. These form part of our Code of Conduct and Ethics Manual.
P2	We have internal guidelines on procurement of energy efficient equipment. Considering the nature of our business, this principle has limited applicability for us.
P3	Our Code of Conduct and Ethics Manual details policies for Equal Opportunity and Prohibition of Sexual Harassment in the workplace.
P4	We adhere to the RBI guidelines on Priority Sector Lending and Financial Inclusion, which are aimed at marginalised and vulnerable stakeholders. We do not have a specific policy to address this principle.
P5	Our 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	Considering the nature of our business, this principle has limited applicability for us. Segments of our business are guided by policies which incorporate elements of environmental risk and opportunities in them (these policies cover only HDFC Bank and do not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others). For example, our Wholesale Credit Risk Policy details a Social and Environmental Management System (SEMS) for screening and monitoring social and environmental risks associated with projects. As part of our Code of Conduct and Ethics Manual, we encourage employees to prevent any wasteful use of natural resources and to be committed to improving the environment, particularly with regard to the emission of greenhouse gases, and to offset the effect of climate change in all spheres of activities.
P7	We do not take part in any lobbying or policy advocacy.
P8	We have a CSR policy which guides all our CSR activities and includes activities we undertake for marginalised and vulnerable stakeholders. While there is no formal policy in place specifically for equitable growth and development, we have a comprehensive Sustainable Livelihood Initiative (SLI) aimed at achieving this objective.
P9	Our 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, to provide reliable and meaningful information and not make exaggerated claims about our products and services. Some of the policies addressing customer welfare include the Customer Compensation Policy, Grievance Redressal Policy, and the Customer Acceptance, Customer Care and Customer Severance Policy.

## Annexure 2: Mapping to the SEBI Framework

Question	Reference	
	Section	Page Number
Section A: General Information About the Company		
1. Corporate Identity Number (CIN) of the Company	BRR	1
2. Name of the Company		
3. Registered Address		
4. Website		
5. Email id		
6. Financial Year Reported		
7. Sector(s) that the Company is engaged in (industrial activity code-wise)		
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	AR	41
9. Total number of locations where business activity is undertaken by the Company	AR	18
i. Number of International Locations (Provide details of major 5)	AR	19
ii. Number of National Locations	AR	18
10. Markets served by the Company – Local/State/National/International	AR	18,48–49
Section B: Financial Details of the Company		
1. Paid up Capital (INR)	AR	34
2. Total Turnover (INR)	AR	10
3. Total profit after taxes (INR)		
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	BRR	9
5. List of activities in which expenditure in 4 above has been incurred: -	BRR AR	5-6 22-24
Section C : Other Details		
1. Does the Company have any Subsidiary Company/ Companies?	AR	16
2. Do the Subsidiary Company/Companies participate in the BRInitiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	BRR	3
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? [Lessthan 30%, 30-60%, More than 60%]		
Section D: BR Information		
1. Details of Director/Directors responsible for BR	BRR	9
a) Details of the Director/Director responsible for implementation of the BR policy/policies		
• DIN Number		
• Name		
• Designation		
b) Details of the BR head		
• DIN Number (if applicable)		
• Name		

<ul style="list-style-type: none"><li>• Designation</li><li>• Telephone number</li><li>• email ID</li></ul>	BRR	9
3. Governance Related to BR		
Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	BRR	2
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BRR	9
Section E : Principle-wise Performance		
Principle 1: Ethics, Transparency and Accountability		
Does the policy relating to ethics, bribery and corruption cover only the company?	BRR	2
Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?		
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	BRR AR	8 85
Principle 2 : Sustainable Products and Services		
List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	BRR	3-6
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*	
Does the company have procedures in place for sustainable sourcing (including transportation)?	Not Applicable*	
Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	BRR	6
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Not Applicable*	
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.	Not Applicable*	
Principle 3: Employee Well Being		
Total number of employees.	BRR	7
Total number of employees hired on temporary/contractual/casual basis.		
Number of permanent women employees.		
Number of permanent employees with disabilities		
Do you have an employee association that is recognised by management? What percentage of your permanent employees is members of this recognized employee association?		
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.	BRR	7
What percentage of your under mentioned employees were given safety and skill up gradation training in the last year?	BRR	7

Principle 4: Valuing Marginalised Stakeholders		
Has the company mapped its internal and external stakeholders?	BRR	7
Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.	BRR	5-6,8
Principle 5: Human Rights		
Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	BRR	2
How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	BRR AR	8 85
Principle 6: Environment		
Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	BRR	10
Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?	BRR AR	3 2, 22
Does the company identify and assess potential environmental risks?	BRR	4
Does the company have any project related to Clean Development Mechanism?	BRR AR	4 2, 22
Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.	BRR	3
Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? 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.	Not Applicable*	
Principle 7: Policy Advocacy		
Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: Have you advocated/lobbied through above associations for the advancement or improvement of public good?	BRR	9
Principle 8: Inclusive Growth		
Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	BRR AR	5-6 2-5, 22
Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	BRR ARR	6 22-23
Have you done any impact assessment of your initiative?	BRR	6
What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.	AR	22-23
Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	BRR AR	6 22-23
Principle 9: Customer Welfare		
What percentage of customer complaints/consumer cases are pending as on the end of financial year .	BRR ARR	8 85



Does the company display product information on the product label, over and above what is mandated as per local laws?	BRR	7-8
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	BRR	9
Did your company carry out any consumer survey/ consumer satisfaction trends?		

In the table above, AR refers to our Annual Report FY 2012-13 and BRR refers to our Business Responsibility Report FY 2012-13 (this report).

\* Considering the nature of our business, this question is not very relevant for our activities.



We understand your world