

ANNUAL BUSINESS RESPONSIBILITY REPORT 2016 - 2017

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

Commitment to Responsible Growth

People, Planet and Profit. Not just buzz words but an article of faith at HDFC Bank. As a responsible private enterprise, profits are paramount to the Bank but not at the expense of values. This has been articulated further through the long standing five Core Values: Customer Focus, Operational Excellence, Product Leadership, People and Sustainability.

The Bank closed the year ended March 31, 2017 with an 18.3 per cent increase in Net Profit in a challenging business environment. At the same time, it made considerable progress in its CSR vision of 'Creating Sustainable Communities' through a host of activities. This has been explained further in the report.

HDFC Bank aims at improving systems and processes to integrate community development, responsible governance, stakeholder inclusiveness and environmental responsibility into its business practices and operations.

Needless to say, in line with The Companies Act, 2013, the Board level CSR Committee formulates policy and revises it periodically. In 2016-17, HDFC Bank crossed the mandatory CSR spend of 2 per cent through an expenditure of INR 305.42 crore, which was about 2 per cent of the Bank's average profit after tax for the last three financial years. In the earlier years, the Bank was putting the building blocks in place, where the accent was not on meeting a target but ensuring that the groundwork was being laid for sustainable results.

This report captures the main aspects of Business Responsibility at HDFC Bank. These are Ethical Governance, Stakeholder Engagement, Environmental and Social Responsibility. Every aspect has been detailed in the pages that follow under the corresponding head of the nine National Voluntary Guidelines (NVGs).

Reporting Organisation	: HDFC Bank Limited
Corporate Identity Number	: L65920MH1994PLC080618
Registered Address	: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

Website	: www.hdfcbank.com
E-mail Id	: investors.helpdesk@hdfcbank.com
Financial Year Reported	: FY 2016-17

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.

The Director responsible for Business Responsibility at HDFC Bank is:

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

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

Name : Nusrat Pathan
Designation : Head-Corporate Social Responsibility
Tel : 022 30751040
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Awards and Accolades



Barron's World's Top 30 CEOs

Mr. Aditya Puri in Barron's Top 30 Global CEOs for 3rd consecutive year

Business Standard Annual Awards

2016 Banker of the year Mr. Aditya Puri

Institutional Investor All-Asia Executive Team ranking 2016

Mr. Aditya Puri ranked Best CEO

The Financial Express India's Best Banks Awards 2015-16

Lifetime Achievement Award
Mr. Aditya Puri

IBA Banking Technology Awards 2017

Best Bank - IT Risk and Cyber Security Initiatives

Asiamoney India Banking Awards 2017

Best Domestic Bank - India

Finance Asia poll on Asia's Best Companies 2016

Best CEO- Aditya Puri
Best at Investor Relations- Rank 1
Most Committed to Corporate Governance- Rank 1

CNBC-TV18 India Business Leader Awards (IBLA) 2015-16

Outstanding Business Leader of the year - Mr. Aditya Puri

From the Managing Director

It gives me great pleasure to present our fifth Annual Business Responsibility Report. At HDFC Bank, the objective is sustainable growth. Sustainable in terms of creating shareholder value, sustainable in terms of environment and above all it is about 'Creating Sustainable Communities'. This can only be achieved when we grow responsibly while balancing the interests of all stakeholders. Naturally we have adopted the Triple Bottom Line approach which we believe will take us closer to our goals.

This report for the financial year 2016-17 details our performance in the key areas of Ethical Governance, Environment and Community.

The last financial year brought with it many changes that impacted the banking industry and the economy at large, including demonetisation. In the face of these challenges, the bank was able to grow its Net Profit by 18.3 per cent, its Net Interest Income by 20.1 per cent while maintaining the Net Interest Margin at 4.3 per cent.

Using physical and digital distribution networks, backed by Customer Focus, we have created value by our breadth of service and product offerings. Our physical distribution network comprises 4,712 branches and 12,260 ATMs, one of the largest in the country. Our focus on rural and semi urban areas has continued with 52 per cent of our branch network located in these areas.

Over half of India lives in the villages and this has shaped our philosophy of 'Creating Sustainable Communities'. Simply put, it means enabling people to break out of the vicious cycle of poverty by creating long term solutions rather than providing short term relief.

This is epitomised by our Sustainable Livelihood Initiative (SLI), a holistic effort at the bottom of the pyramid that encompasses training, financial literacy, credit counselling, financing and market linkage. It enables people to earn a living by equipping them with skills such as weaving, pottery and goat-rearing to name a few. So far, we have covered 68 lakh households and are well on our way to meet the Board mandated 1 crore target.

Needless to say, our business strategy is executed while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

Aditya Puri

From the Deputy Managing Director

You cannot have a business that can prosper if the communities they operate in fail. Our belief throughout has been that a corporate with strong financial and managerial resources backed by the right intention and focus can certainly bring about social change. This has been the lodestar in our business responsibility journey. Five years ago, we decided to impart a sharper focus to our CSR and Sustainability initiatives by aligning them with the National Voluntary Guidelines.

'Creating Sustainable Communities' is the underlying philosophy that drives our Bank's CSR initiatives. These are focused in the areas of education, healthcare & hygiene, skills training & livelihood enhancement, natural resource management, financial literacy & inclusion. These are elaborated below. I would just like to touch upon the Holistic Rural Development Programme (HRDP) which is the flagship CSR initiative. This programme aims to improve the economic and social conditions of the villages where it operates. Under this programme, the Bank is working in over 500 villages across 14 states in the country. It not only has all the elements of our focus areas in CSR but is also a testimony of our commitment to rural India.

In 2016-17, the Bank crossed the mandatory CSR spend of 2 per cent for the first time. This was an outcome of the efforts when of previous year when the building blocks were put in place. It was also made possible due to the consultative process we followed in addressing issues concerning Sustainability and Business Responsibility with key stakeholders including the Board of Directors, employees, customers, shareholder/investors and the community at large.

Going forward thanks to the solid foundation that exists now, we expect the results to only get better.

Paresh Sukthankar

Principle 1

Ethics, Transparency and Accountability

HDFC Bank lays a strong emphasis on ethical corporate citizenship and establishment of a transparent corporate culture. The Bank has always adopted the highest governance standards to ensure protection of all stakeholder interests. These are backed by processes to create accountability and deter malpractices. Abusive, corrupt, or anti-competitive practices are discouraged by the Bank. It ensures visibility and openness at every level of functioning within, through policies/procedures to guide different stakeholders and ensure compliance with regulatory norms. In many cases, the Bank's standards are far more stringent than those prescribed.

The Board comprises of twelve directors, of which six are classified as Independent, five as non-independent while one is an additional director. Three members of the Board are Executive Directors.

The Bank makes timely financial and statutory disclosures to relevant government and regulatory agencies. It does not engage in policy advocacy, but participates in consultation/discussion forums with the government and other bodies in the banking industry.

HDFC Bank has adopted Corporate Governance Guidelines on Board effectiveness and Board composition based on emerging best practices. These guidelines not only incorporate the requirements prescribed under the Companies Act 2013, Banking Regulations Act 1949, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the listing requirements of other stock exchanges overseas where the securities of the Bank are listed but go well beyond them.

HDFC Bank has put in place a Code of Conduct and Ethics in accordance with the legal and regulatory requirement, applicable to all its employees. The code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold its values. It is also compliant with the Sarbanes-Oxley Act of 2002 and other relevant statutes and regulations in India. The code covers aspects related but not limited to ethics, transparency, bribery, corruption and environment. These guidelines cover only HDFC Bank and do not extend to other group companies/joint ventures/suppliers/contractors/NGOs/others.

HDFC Bank has a lean and decentralised organisational structure across its verticals. The Board has also constituted various committees such as: Audit Committee; Stakeholders' Relationship Committee; Risk Policy and Monitoring Committee; Credit Approval Committee; Premises Committee; Nomination and Remuneration Committee; Fraud Monitoring Committee; Customer Service Committee; Corporate Social Responsibility (CSR) Committee; Review Committee for Wilful Defaulters' Identification; and Review Committee for Non-Co-Operative Borrowers. The committees meet periodically during the year to supervise, review performance and advise on the necessary direction to be taken. The CSR Committee has formulated the CSR policy, and the strategy is in line with the requirements of Section-135 of the Companies Act, 2013.

During the year ended March 31, 2017, the Bank received 3,087 complaints from its shareholders and all of them were attended to. As on March 31, 2017, 8 complaints were pending with 4 complaints not being resolved to the satisfaction of the shareholders.

Principle 2

Sustainable Products and Services

It is the responsibility of the Bank to provide products and services that meet customer requirements. These have been designed in a manner to fulfill such expectations and contribute positively to socio-economic development. Preference is given to local suppliers for specialised products and services. The Bank has a focus on creating value for customers from marginalised sections of India and rural areas.

Classification	Total Number of ATMs as on 31st March 2017	Total no of branches as on 31st March 2017
Metro	5,515	1,330
Urban	3,058	911
Semi-Urban	2,790	1,510
Rural	897	961
Total	12,260	4,712

Digital Banking Technologies

Going digital not only enables customer convenience but also helps reduce carbon footprint by minimising footfalls at branches/ATMs. The Bank's digital journey began with the '*Bank Aapki Mutthi Mein*' campaign in December 2014 and has since then gained momentum. It moved to the next level in 2016-17 with Artificial Intelligence and Analytics gaining significance. Two examples of these are :

- **HDFC Bank's Virtual Assistant 'EVA':** An Artificial Intelligence based chatbot deployed on the Bank's website that responds to customer queries and provides product information.
- **HDFC Bank OnChat:** Represents the Bank's foray into social media banking and outreach to the millenials. At present, customers and non-customers can complete e-commerce transactions on Facebook Messenger.

The other digitisation initiatives that continued to witness significant traction are:

PayZapp

A mobile wallet that enables customers to buy groceries, pay for movie tickets and book flight tickets. Just to cite a few examples. It is a convenient and secure payment solution for customers to access a variety of offers at the click of a button.



10 second Personal Loan

Enables disbursement of personal loans to select customers in just 10 seconds, making it one of the fastest sanctions by any bank. Certain customers, have a pre-approved loan amount available to them 24x7. The entire loan process is completely paperless, with users being able to avail this loan by simply logging into their bank accounts via net banking or mobile banking. The other digital facilities include an insta auto loan using biometric technology, and recently introduced instant loans at ATMs. All these come on top of the Bank's powerful netbanking portal and official mobile app.

PMJDY and Social Security Schemes

The Bank now offers last mile digital access through mobile applications like BHIM/UPI/ USSD/Scan & Pay as well as Aadhaar and RuPay enabled Micro-ATMs.

In another ongoing effort to bring more of the under banked sections of the population into formal financial channels, the Bank has opened over 17 lakh accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and enrolled over 26 lakh customers in social security schemes so far. The Bank now ranks among the leading private sector banks in this regard. Loans to the tune of INR 5,500 crore were extended under the Pradhan Mantri Mudra Yojana (PMMY) and nearly INR 150 crore under the 'Stand Up India' scheme to Scheduled Caste (SC) or Scheduled Tribe (ST) women borrowers.

Under PMMY, HDFC Bank has advanced loans in broadly three distinct categories:

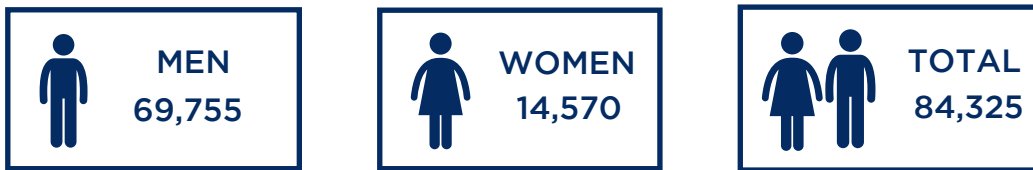
- Shishu (loans up to INR 50 thousand),
- Kishore (INR 50 thousand to INR 5 lakh)
- Tarun (INR 5 lakh to INR 10 lakh)

Principle 3

Employee Well Being

In a rapidly changing environment, innovation from 84,000 plus employees has been the key to staying relevant. Of these, 284 of them form a part of the employee association of the Bank.

Employee Strength



In order to foster a culture of innovation, the Bank invests in not just training employees, but it also helps them stay up to date. Through active learning modules for new hires as well as existing employees, it provides technical and behavioural support which helps in managing customer relationships effectively. During the year 2016-17, the average number of training hours per employee was 29.18.

The Bank organises multiple employee engagement activities through the year to give employees an avenue for self-expression. These activities are conducted across at both local and national levels.

- **Josh Unlimited:** Pan-India sports event conducted in 27 cities. More than 17,000 employees participated in the event this year.
- **Stepathlon:** A 100-day corporate race that saw participation rise by 1,000 to about 3,500.
- **Hunar:** Pan-India in-house talent competition, attended by more than 1,000 employees this year.
- **Corporate Online Library:** A knowledge resource available to all employees for accessing nearly 1.5 lakh books.
- Employees can also participate in the **'HDFC Bank Voice Hunt Contest'** held in association with Shankar Mahadevan Academy and 'Corporate Photography Contest' which is an inter-corporate event.

Employee Health

A healthy, motivated workforce is the key to achieving our business goals. Employee well-being is a focus area for the Bank.

Under the **'HDFC Bank Cares'** initiative, the Bank conveys health-related information and tips through newsletters to all employees. The objective is to encourage them to maintain a healthy lifestyle. This initiative includes maternity care programme, wellness programme (Doc on call), camps for health, eye and metabolic syndrome check-ups and Zumba classes. These are supplemented further by health talks and FHPL Mobile Sparrow (app for mediclaim information). Basic health check-ups are conducted periodically to understand employee health. Nearly 37,000 employees participated in various programmes through personal visits as well as by accessing some of these facilities online. During 2016-17, there was a 27 per cent increase in the participation rate.

HDFC BANK **CARES**

Know Your Health Status Right Here

Blood Test

- ✦ Bilirubin
- ✦ Creatinine
- ✦ Cholesterol
- ✦ Random Blood Sugar

Physicals

- ✦ BMI
- ✦ SpO2
- ✦ Breath Holding
- ✦ Blood Pressure

Venue address:
2nd Floor Training Center, Chandivall,
Mumbai

Time: 9.30 am to 5.30 pm

Click here for Registration:
<https://www.fhpl.net/hdfcappointments/>

FRANCE PAD TEAM **HSPULSE**

HDFC BANK **CARES**

Get Your Answers

Blood Test

- ✦ Bilirubin
- ✦ Creatinine
- ✦ Cholesterol
- ✦ Random Blood Sugar

Physicals

- ✦ BMI
- ✦ SpO2
- ✦ Breath Holding
- ✦ Blood Pressure

Venue address:
2nd Floor Training Center, Chandivall,
Mumbai.

Time: 9.30 am to 5.30 pm

Click here for Registration:
<https://www.fhpl.net/hdfcappointments/>

FRANCE PAD TEAM **HSPULSE**

Workplace Inclusion

HDFC Bank strives to advance diversity and inclusion at the workplace so that women have equal opportunities. As on March 31, 2017, the women employee strength stood at over 14,500. Facilities like extended maternity leave and onsite crèche for young wards (in one of the hub locations) have been made available. Special women focussed workshops and seminars are also conducted.

Women's safety is of utmost importance to the Bank. All cases of harassment are treated with great sensitivity and are escalated in time for resolution. The Internal Complaints Committee (ICC) investigates complaints/instances that are reported and ensures resolution through a fair and transparent process. In 2016-17, 16 cases were investigated by the ICC and successfully resolved.

Principle 4

Valuing Marginalised Stakeholders

The Bank believes, being responsible is a result of creating strong coalitions and trusted partnerships among different stakeholders. It recognises the value of its stakeholders in building reputation and helping it attain a leadership position in the banking industry. Be it internal ones like employees or external ones such as the local community, customers, investors and suppliers.

Our Societal Commitment

‘Creating Sustainable Communities’ is the underlying philosophy that drives HDFC Bank’s CSR initiatives and it springs from one of its Core Values: Sustainability. The objective is to enable families’ break the vicious circle of poverty and draw them into a cycle of growth, development and empowerment without disturbing the ecological balance.

HDFC Bank is committed to identifying and supporting outreach programmes aimed at developing and advancing the community in this manner. It works through partnerships with Non-Governmental Organisations (NGOs) as well as directly through its various businesses to create social value through its products and services.

The Bank’s Holistic Rural Development Programme (HRDP) is its flagship CSR initiative. This programme aims to improve the economic and social conditions of the villages where it operates. The focus areas of HRDP are Promoting Education; Skills Training and Livelihood Enhancement; Natural Resources Management; Healthcare and Hygiene; Financial Literacy and Inclusion. Under the programme, the Bank is working in over 500 villages across 14 states in the country.

Promoting Education

The Bank’s education programmes are structured to create a conducive and effective learning environment in schools. This includes providing basic infrastructure, scholarships, career guidance; enabling teachers training and learning improvements. The programmes are spread across geographies and close to 900 schools are being covered.

The distinctiveness of these programmes is the focus on improving the skills of teachers, which in turn benefits the students. More than 65,000 students have benefitted through these programmes.

Through the Zero Investment Innovation for Educational Initiatives (ZII EI), the Bank has reached out to more than 5.5 lakh school teachers. ZII EI is a unique platform to implement best practices in education across more than 75,000 schools in Uttar Pradesh. The project has been executed jointly with a leading NGO for the state government.



Skills Training and Livelihood Enhancement

To create a sustainable community, people must have a steady source of income which will contribute to a thriving economy. The Bank provides skills training and development opportunities to enable beneficiaries to earn a living with a special focus on women and youth. The Bank addresses this need through multiple projects ranging from competency-based skill-oriented training and placement, capacity building, promoting entrepreneurial activities and upskilling for agricultural and allied practices. These initiatives are tailor-made programmes that focus on addressing the specific needs of a community.

Nearly 16,000 individuals have benefitted through the Bank's efforts in skill training with over 5,000 coming from Uttar Pradesh alone. It has also supported more than 1,100 individuals to become entrepreneurs. The projects are spread across varied geographies from Jammu & Kashmir in the North, Meghalaya in the North East, and Tamil Nadu in the South to Gujarat in the West.



Natural Resource Management

While working on issues such as livelihood and water, the Bank makes a concerted effort towards managing local natural resources. The multi-focussed interventions include the areas of soil and water conservation, water management, construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability, promoting organic fertilisers, and renewable energy, among others.

HDFC Bank has introduced the provision of water wheels in rural communities to enable ease of access to clean water as a part of its holistic approach towards rural development. Water wheels have been deployed and more than 150 villages across 4 states have benefitted. The Bank has planted more than 67,000 trees, with the twin objectives of developing horticulture and ensuring top soil retention for better agriculture yield. A little over 3,800 acres of agricultural land has been treated for enhancing produce. In order to provide proper irrigation support, more than 200 water harvesting structures have been constructed or renovated. Crop diversification has been carried out in nearly 850 acres for improving output as well as enriching soil fertility.



Healthcare & Hygiene

HDFC Bank promotes the cause of good hygiene and sanitation practices in the community. Towards this end, the Bank supports construction of toilets and clean drinking water facilities.

Close to 7,500 households and 900 schools in rural India have been covered under the sanitation programme so far. Repair of hand pumps is among the steps taken to ensure adequate availability of potable water.

A primary healthcare centre was set up in the flood affected regions of Uttarakhand, which benefitted around 50,000 people.



Blood Donation Campaign

The year 2016 was another milestone year for the 'Annual Blood Donation' campaign. One, it was its 10th year. Two, it witnessed record participation in terms of cities, camps and colleges resulting in over 1.7 lakh blood units collected from over 2 lakh people. The tie up with corporate and defence establishments to organise camps at their premises also helped in the unprecedented collection.

Financial Literacy

Financial literacy is the first step towards financial inclusion. With this belief, the Bank conducts financial literacy workshops for communities to enable them to make smart financial decisions and sustain themselves. These workshops are executed through the Bank's business units as well as through NGO partners. Over 40 lakh households have benefitted from this so far.



Dhanchayat, is the Bank's financial literacy programme on wheels and this has been running successfully making more and more people in the rural areas aware of the perils of informal banking. The Bank also disseminates information on general banking, credit counselling and digital banking across a wider society such as schools, colleges, pensioners, and senior citizens.

Principle 5

Human Rights

HDFC Bank adheres to the highest levels of ethical business practices as articulated in the Code of Conduct and Ethics. A strong commitment to human rights is embedded in the Company's Code of Conduct and Ethics Policy which lays down acceptable behaviour on various aspects including human rights. This code is applicable for all employees, associates and business partners.

Principle 6

Environment

As a conscientious Bank, we understand our responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services.

In this regard, we have been estimating the Bank's carbon footprint each year and have been disclosing our environmental performance through Carbon Disclosure Project (CDP). To manage our carbon emissions, we have compiled an inventory of energy-related emissions from our office buildings and retail branches. We have incorporated environment friendly features in our infrastructure. These entail water management, energy conservation, air quality management and others. Some of the energy efficient and environment friendly technologies are illustrated below:

- | | |
|------------------------|---|
| Digital Banking | <ul style="list-style-type: none">• Conversion of statements into e-statements• Numerous other administration focus on paperless exchanges• Carbon footprint calculator |
|------------------------|---|

- | | |
|----------------------------------|--|
| Energy Saving Initiatives | <ul style="list-style-type: none">• Five Star rated and energy efficient ACs and Diesel Gensets• Replacement with LED lights in the office, replacement of old chillers• Introduced Energy Management Module reduced about 10% of electricity consumed |
|----------------------------------|--|

- | | |
|-----------------------|---|
| IT Initiatives | <ul style="list-style-type: none">• Automated server and desktop shutdown to reduce consumption of energy• Video conferencing, video chatting to reduce emissions as a result of air travel• Responsible e-waste disposal methods |
|-----------------------|---|

Renewable Energy

- ATM's powered by solar based UPS for reduction in ATM down time despite power outages
- Lithium ion batteries in off-site ATM's

Waste Management

- Ardent recycling of paper and plastic at all the branches
- Waste water recycling facility at one of the hub locations

Resource Efficiency

- Washrooms installed with proximity sensors
- Usage of reusable cups and plates
- Motion sensors to switch off the lights in unoccupied rooms

Social and Environmental Risk Management System (SEMS)

Environmental aspects are extremely important at HDFC Bank. This is monitored through the Social and Environmental Risk Management System (SEMS). Under this system, all projects for a period of more than five years and INR 10 crore are assessed for risks related to negative social and/or environmental impact before an approval is given.

Principle 7

Policy Advocacy

The Bank does not engage in policy advocacy, but is actively involved in consultation/discussion forums with the government and other bodies in the banking industry. In taking public policy positions, HDFC Bank has not lobbied through any associations.

Principle 8

Inclusive Growth

The Bank comprehends the synergy between business and community to achieve inclusive growth. The CSR policy of the Bank has been formulated keeping this in mind. It aims to integrate the activities of the Bank with community development and social responsibility.

Sustainable Livelihood Initiative (SLI)

HDFC Bank's Sustainable Livelihood Initiative (SLI) epitomises the vision of 'Creating Sustainable Communities'. The objective of this is to empower people, by helping them break the vicious circle of poverty. The Bank takes immense pride in stating that through its Board mandate, SLI has made a difference to the lives of lakhs of women at the bottom of the pyramid by creating long-term sustainable solutions, rather than providing short-term relief.

The basic premise of the SLI model is that empowering women means empowering families. Women participants form Self Help Groups (SHGs) or Joint Liability Groups (JLGs) that are nurtured by the Bank's employees. The approach under SLI covers occupational skills training, financial literacy, credit counselling, livelihood finance and market linkage. Today, SLI is harnessing the collective power of women's groups to make an impact in village communities by implementing health and sanitation programmes.

At the end of the year ended March 31, 2017, 68 lakh households in 25 states were covered through this programme. These include Assam, Bihar, Chhattisgarh, Meghalaya, Madhya Pradesh, Odisha, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand.



Impact of SLI

"I am Anima Sill from Noonmati, Assam. I belong to the Milijuli HBG group and am engaged in the embroidery business. Since, Indian society is male dominated it is difficult for women to find their rightful place. Despite this, they should strive for equality at all times. The Bank gave me an opportunity to stand on my feet through a loan of Rs 20,000. My sincere request to the SLI team to support as many women as they can to improve the overall well-being of their families."



"I am Sudha from Trichy, Tamil Nadu. I belong to the Cauvery Mahali group. Prior to joining the group, I had availed two loans from the Bank which helped me earn an income. Initially, I didn't know how to use an ATM. The Bank officials taught me this and this has helped in upgrading my basic banking skills."

Principle 9

Customer Welfare

The foundation of the Bank's success is the trust of its customers. Its products and services are detailed in HDFC Bank's citizens charter which provides details about the various banking transactions, policy on customer information and a process for grievance redressal. HDFC Bank has in place the following policies to protect customer rights:

- a. Cheque Cancellation Policy
- b. Customer Compensation Policy
- c. Comprehensive Deposit Policy
- d. Grievance Redressal Policy
- e. Customer Acceptance, Customer Care & Customer Severance Policy
- f. Model Policy on Collection of Dues and Repossession of Security
- g. Customer Rights Policy

Banking Ombudsman

Customers with any complaint/grievance about any service rendered by the Bank have a right to place a complaint with the Grievance Committee. The details of the grievance are displayed in the branch premises. Branch officials designate individuals to resolve this. In case a customer does not receive a satisfactory response, they have the right to approach the Banking Ombudsman, appointed by the RBI.

Customer Complaints other than ATM transaction disputes	ATM transaction disputes on HDFC Bank's ATM	ATM transaction disputes on other Bank's ATM	Total Number of Complaints and ATM transaction disputes
Received: 96,454 Redressed: 94,756 Pending: 2,349	Received: 12,703 Redressed: 12,659 Pending: 145	Received: 95,415 Redressed: 95,069 Pending: 1,464	Received: 2,04,572 Redressed: 2,02,484 Pending: 3,958

The Communication and Awareness Committee (CAAC) monitors compliance with RBI guidelines on customer education. The main objective of this committee is to help customers prevent fraud attempts and to strengthen data security. The CAAC is responsible for conducting awareness and training programmes and reaching out to our wide network of customers.

During the year 2016-17, the Bank received 3 cases, where customers alleged unfair trade practices. The total value of probable claims in these cases is around INR 6.81 lakh. The Bank is defending these cases in the courts of law and the same are pending for decisions by the courts as on the date of this report.

HDFC Bank will continue to empower communities through the SLI and HRDP programmes; initiatives in the areas of financial inclusion, community development, education and skilling. To reiterate, our commitment to People, Planet and Profits remains unwavering. And the conviction that is at the heart of the Bank's responsibility efforts: you cannot have a business that can prosper if the communities they operate in fail.

Annexure 1: NVG Principles

Questions	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#	-	Y#	Y#	Y#	Y#	-	Y#	Y#
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 3	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*

- 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. 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 endeavour 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.
- #** 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> (Corporate Commitment)

NOTE 3 http://www.hdfcbank.com/assests/pdf/CSR_Policy.pdf

Annexure 2: SEBI Framework

Question	Reference Section
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Section A: General Information About the Company

<ol style="list-style-type: none"> Corporate Identity Number (CIN) of the Company Name of the Company Registered Address Website E-mail id Financial Year Reported Sector(s) that the Company is engaged in (industrial activity code-wise) 	Commitment to Responsible Growth
<ol style="list-style-type: none"> List three key products/services that the Company manufactures/provides (as in balance sheet) 	Principle 2
<ol style="list-style-type: none"> Total number of locations where business activity is undertaken by the Company <ol style="list-style-type: none"> Number of International Locations (Provide details of major 5) Number of National Locations 	Commitment to Responsible Growth
<ol style="list-style-type: none"> Markets served by the Company - Local/State/National/International 	Commitment to Responsible Growth

Section B: Financial Details of the Company

<ol style="list-style-type: none"> Paid up Capital (INR) Total Turnover (INR) Total profit after taxes (INR) Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) List of activities in which expenditure in 4 above has been incurred 	Annual Report
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Section C: Other Details

<ol style="list-style-type: none"> Does the Company have any Subsidiary Company/Companies? 	Yes
<ol style="list-style-type: none"> 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
<ol style="list-style-type: none"> 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

<ol style="list-style-type: none"> 1. Details of Director/Directors responsible for BR <ol style="list-style-type: none"> a) Details of the Director/Directors responsible for implementation of the BR policy/policies <ul style="list-style-type: none"> • DIN Number • Name • Designation b) Details of the BR head <ul style="list-style-type: none"> • DIN Number (if applicable) • Name • Designation • Telephone number • E-mail ID 	Commitment to Responsible Growth
<p>3. Governance Related to BR</p> <ol style="list-style-type: none"> a) 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 a year b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? 	Commitment to Responsible Growth <i>http://www.hdfcbank.com/assets/pdf/HDFC_Bank_Sustainability_Report_15-16.pdf</i>

Section E: Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

<ol style="list-style-type: none"> 1. Does the policy relating to ethics, bribery and corruption cover only the company? 2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? 3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? 	Principle 1
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Principle 2: Sustainable Products and Services

<ol style="list-style-type: none"> 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. 	Principle 2
<ol style="list-style-type: none"> 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
<ol style="list-style-type: none"> 3. Does the company have procedures in place for sustainable sourcing (including transportation)? 	Not Applicable

Question	Reference Section
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Not Applicable
5. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Not Applicable
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.	Principle 6

Principle 3: Employee Well Being

<ol style="list-style-type: none"> 1. Total number of employees. 2. Total number of employees hired on temporary/contractual/casual basis. 3. Number of permanent women employees. 4. Number of permanent employees with disabilities 5. Do you have an employee association that is recognised by management? 6. What percentage of your permanent employees is members of this recognized employee 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. 8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? 	Principle 3
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Principle 4: Valuing Marginalised Stakeholders

<ol style="list-style-type: none"> 1. Has the company mapped its internal and external stakeholders? 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? 	Principle 4
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Principle 5: Human Rights

<ol style="list-style-type: none"> 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? 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? 	Principle 5
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Principle 6: Environment

1. Does the policy relate to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?	Principle 6
2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.?	Principle 6
3. Does the company identify and assess potential environmental risks?	Principle 6
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.	Principle 6
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.	

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.	Principle 7
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?	

Principle 8: Inclusive Growth

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	Principle 8
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	
3. Have you done any impact assessment of your initiative?	
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	

Principle 9: Customer Welfare

<ol style="list-style-type: none"> 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. 2. Does the company display product information on the product label, over and above what is mandated as per local laws? 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 4. Did your company carry out any consumer survey/consumer satisfaction trends? 	Principle 9
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