



WITH YOU, RIGHT THROUGH

Housing Development Finance Corporation Limited



Eighth Business Responsibility Report 2019-20

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

BUSINESS RESPONSIBILITY REPORT 2019-20

[Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

INTRODUCTION

This Business Responsibility Reporting (BRR) is in accordance with the requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India.



SECTION A :

GENERAL INFORMATION ABOUT THE COMPANY

- 1** Corporate Identity Number (CIN) of the Company | L70100MH1977PLC019916
- 2** Name of the Company | Housing Development Finance Corporation Limited (HDFC and Corporation)
- 3** Registered office address | Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020
India

Corporate office address | HDFC House,
H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020
India
- 4** Website | www.hdfc.com
- 5** E-mail id | investorcare@hdfc.com
- 6** Financial Year Reported | April 1, 2019 to March 31, 2020
- 7** Sector(s) that the Company is engaged in | HDFC is a housing finance company regulated by the Reserve Bank of India and supervised by the National Housing Bank (NIC Code - 64192).
- 8** List key products/services that the Company provides | The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business.
- 9** Total number of locations where business activity is undertaken by the Company | As per the applicable regulations all lending activities are done only in India.
(i) Number of International Locations | To cater to non-resident Indians and persons of Indian origin, the Corporation has overseas offices in London, Singapore and Dubai. The Dubai office caters to customers across the Middle-East through its service associates.
(ii) Number of National Locations | The Corporation has a pan-India presence. As at March 31, 2020, the Corporation had 585 offices in India including outlets of HDFC Sales Private Limited (HDFC Sales), a wholly owned subsidiary of the Corporation.
- 10** Markets served by the Company | The Corporation has a pan-India presence. Refer to list of offices, which forms part of the annual report for details.



SECTION B :

FINANCIAL DETAILS OF THE COMPANY

- | | | |
|---|---|--|
| 1 | Paid-up capital | Rs. 346.41 crore |
| 2 | Total turnover | Rs. 58,763.34 crore |
| 3 | Total profit after taxes | Rs. 17,769.65 crore |
| 4 | Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax | <p>Rs. 211.77 crore which was more than 2% of the average net profits of the Corporation during the last 3 financial years, computed as per Section 198 of the Companies Act, 2013.</p> <p>Key areas of CSR activities in FY20 were healthcare and water, sanitation and hygiene (WASH), education and skilling & livelihoods.</p> <p>Further details are provided in the Annual Report on Corporate Social Responsibility Activities 2019-20.</p> |
| 5 | List of activities in which expenditure in Sr. No. 4 above has been incurred | <p>The Corporation undertakes various CSR activities in accordance with its policy on Corporate Social Responsibility.</p> <p>Further details are provided in the Annual Report on Corporate Social Responsibility Activities 2019-20.</p> |



SECTION C :

OTHER DETAILS

- Does the Company have any subsidiary company/companies?**

Yes. As at March 31, 2020, the Corporation had 18 subsidiary companies and 4 associate companies.
- Do the subsidiary company/companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

Although the major subsidiary/associate companies have their own BR initiatives and generally do not participate in the BR initiatives of the Corporation, the HDFC Group made a joint commitment to support the Government of India's relief and rehabilitation efforts in managing the health crisis caused by the COVID-19 pandemic. The pandemic has resulted in unprecedented disruption of lives and livelihoods. In this connection, the HDFC Group committed ₹ 150 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) in March 2020.
- 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%]**

The Corporation has processes in place to identify suppliers and standards of conduct which need to be followed by the suppliers. The Corporation recognises that having a diverse supplier base with focus on sustainability strengthens its supply chain which contributes to increased efficiency and innovation to provide an enhanced experience for its customers.

At present, the number of entities who directly participate in the BR initiatives would be less than 30%. The Corporation plans to increase the participation during the course of the next financial year.



SECTION D :

BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy

- | | | |
|----------------|--|-------------------------|
| 1. DIN Number | | 00030248 |
| 2. Name | | Mr. V. Srinivasa Rangan |
| 3. Designation | | Executive Director |

b) Details of the BR Head

- | | | |
|---------------------|--|--|
| 1. Name | | Ms. Anjalee Tarapore |
| 2. Designation | | General Manager – Management Services and Investor Relations |
| 3. Telephone number | | +91-22-66316516 |
| 4. E-mail id | | anjalee@hdfc.com |

2. Principle-wise as per National Voluntary Guidelines (NVGs) Business Responsibility Policies

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

- P1** | Businesses should conduct and govern themselves with ethics, transparency and accountability
- P2** | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3** | Businesses should promote the well-being of all employees
- P4** | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
- P5** | Businesses should respect and promote human rights
- P6** | Businesses should respect, protect and make efforts to restore the environment
- P7** | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8** | Businesses should support inclusive growth and equitable development
- P9** | Businesses should engage with and provide value to their customers and consumers in a responsible manner

Details on each of the principles are provided in Section E.

Principle-wise Business Responsibility Policies (Yes/No)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics & Transparency	Product Responsibility	Human Resources	Corporate Social Responsibility	Respect for Human Rights	Responsible lending norms	Public Policy Advocacy	Inclusive Growth	Customer Engagement
1	Is there a policy for	Y	Y	Y	Y	Y	Y	N*	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	-	Y (Refer Note a)	Y (Refer Note a)
3	Does the policy conform to any national/ international standards? If yes, specify?	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	-	Y (Refer Note a)	Y (Refer Note a)
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	N	N
5	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
6	Indicate the link for the policy to be viewed online	Y (Refer Note b)	Y (Refer Note b)	- (Refer Note c)	Y (Refer Note b)	- (Refer Note c)	- (Refer Note c)	-	Y (Refer Note b)	- (Refer Note c)
7	Has the policy been formally communicated to all the relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy?	Y	Y	Y	-	Y	-	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	-	Y (Refer Note d)	Y (Refer Note d)

*While there is no specific policy outlined for this principle the Corporation, along with its subsidiaries works closely with collective trade and industry associations.

Principle-wise policies

P1 Ethics & Transparency

The Corporation's Code of Conduct for Employees, Executive Directors & Senior Management, Non-Executive Directors, Direct Selling Agents and Deposit Agents, Code of Conduct for Recovery Agents, Fair Practices Code, Whistle Blower Policy, Policy on Conflict of Interest, Anti-Bribery and Anti-Corruption Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and other internal policies elucidate ethical behaviour, transparency and accountability.

P2 Product Responsibility

The Corporation's Fair Practices Code and Most Important Terms and Conditions are based on ethical principles of integrity and transparency and guide this principle. The objective of setting such standards and practices is to foster confidence in the housing finance system.

P3 Human Resources	The Corporation has various policies to support employee well-being. The important ones include the policy on protection of women against sexual harassment at the workplace, policy on health and safety of employees, comprehensive employee health insurance policy, personal accident policy, policy on maternity benefits for female employees, equal opportunity policy, policy on self-education for employees, policy on providing soft loans to employees for purchasing of house, furniture & fixtures, vehicles, sponsoring employees for training & development, leadership development programmes, amongst others.
P4 Corporate Social Responsibility	The Corporation's CSR Policy guides this principle.
P5 Respect for Human Rights	The Code of Conduct details the respect for human rights and supports the principles of the United Nations' Universal Declaration of Human Rights.
P6 Responsible lending norms	The Corporation evaluates environmental and social risks in its lending policies and abstains from lending to environmentally irresponsible projects. In addition, employees are sensitised to prevent wasteful usage of natural resources and conserve energy.
P7 Public Policy Advocacy	While the Corporation may share its expertise to help in the formulation of public policy, it does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose.
P8 Inclusive Growth	The CSR policy encompasses activities focused on the marginalised and vulnerable sections of society. In its effort towards inclusiveness, the Corporation also offers specialised housing finance products that cater to the vulnerable and low income segments. These policies are part of the Corporation's lending business.
P9 Customer Engagement	The Code of Conduct, internal policies, benchmarks on customer service and policies as stipulated by the regulators encompass this principle.

Notes:

- a. The policies have been developed based on the best practices or as per the regulatory requirements and through appropriate consultation with relevant stakeholders.
- b. May include a combination of internal policies of the Corporation which are accessible to all internal stakeholders and policies placed on the Corporation's website.
The hyperlink is <https://www.hdfc.com/investor-services#codes-policies>.
- c. The policies of the Corporation are internal documents.
- d. The policies are internally evaluated by various department heads, business heads and the management.

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year

The executive directors and senior management of the Corporation monitor various aspects of social, environmental, governance and economic responsibilities of the Corporation on a continuous basis.

The Corporation's business responsibility performance is reviewed by the Board of Directors on an annual basis.

The BR performance of the Corporation is assessed by the following committees: (i) the Audit and Governance Committee, (ii) the Corporate Social Responsibility Committee and (iii) the Stakeholders Relationship Committee.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Corporation publishes a Business Responsibility Report (BRR) on an annual basis. The BR reports are placed on the Corporation's website. The hyperlink is: <https://www.hdfc.com/investor-relations#annual-reports>.

The Corporation publishes an Integrated Report based on the guiding principles of the International Integrated Reporting Council.



SECTION E :

PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1 | BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1 Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/joint ventures/suppliers/contractors/NGOs/others?

Yes. HDFC's governance practices are administered by the Board of Directors and committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all its daily operations are conducted in a transparent and accountable manner. HDFC's zero tolerance in the matters relating to unethical practices, bribery and corruption has helped it to gain confidence and trust of its stakeholders.

HDFC has formulated and adopted various codes and policies including the Policy on Management of Conflict of Interest and Anti-Bribery and Anti-Corruption Policy in order to prevent any employee of the Corporation to be involved in activities relating to bribery or corruption. These policies facilitate ethical decision making, reinforce HDFC's culture of transparency in business and are continuously updated in line with the dynamic business environment and regulatory norms. These codes and policies are designed to cover employees in all functional areas by adhering to the laws applicable to the Corporation's business including anti-bribery and anti-corruption practices, ethical handling of conflict of interest and prevention of fraudulent practices/transactions against the Corporation. The Corporation's philosophy on ethical values and zero tolerance to bribery and corruption and violations of the principles of fair competition are imbibed by all group companies of the Corporation.

To address the potential conflict of interest that may arise at the time of recommending/approving proposals for investments/granting loans, the Corporation strengthened its guidance mechanism for the directors/senior management. These steps are in line to ensure the highest ethical standards in managing the affairs of the Corporation.

HDFC through its policy on related party transactions along with its pricing policy, aims to ensure that all dealings with related parties are carried out on an arm's length basis, thereby ensuring zero bias.

HDFC ensures compliance of ethical standards by its employees, but also by its vendors and contractors through appropriate clauses in the work contracts signed with them. This includes the code of conduct formulated for its direct selling agents, recovery agents and deposit agents.

Similar to the Corporation, its key subsidiaries also have formulated and adopted their individual codes of conduct for their employees and directors.

2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

HDFC categorises its stakeholders to include borrowers, agents, depositors, shareholders, debenture holders and staff amongst others. There are various mechanisms in place for recording and redressing complaints raised by each of these stakeholders.

HDFC believes that customers are one of the most important stakeholders and hence it is essential to engage with them, understand their expectations and accordingly, provide the desired service standards. Grievance redressal is considered of paramount importance and the Corporation undertakes adequate measures to redress the grievances. Towards the same, the Corporation upgraded the complaints management technology platform during the year which is equipped to record, monitor and redress grievances/feedback received from the customers and help in maintaining high service standards.

Following are the salient features of HDFC's complaint management system:

1. Easy upload and creation of complaints

All complaints received from the website, emails and social media are auto uploaded on the complaint management platform. Complaint letters are scanned and uploaded by the central team and branch employees. Complaints received from the regulator, National Consumer Helpline and the Government of India are downloaded from their respective platforms and assigned by the central team.

2. Verification of customer credentials, customer information security

The customer credentials are verified before complaints are posted from the website. This is done using one time password (OTP) which is sent to the customer's email or mobile number. On social media, customer's credentials are verified using direct message and then sending a communication to the registered email for verification. This ensures only genuine customers post complaints. Response to customer complaints is sent to the registered email to ensure customer information security.

3. Complaint ID acknowledgement mail and advisory to customers

When complaints are uploaded on the complaint management platform, an acknowledgement email is sent immediately to the customer informing the customer about the complaint ID and communicating that the customer should expect first response within 3 working days.

4. Assignment of Complaints

Complaints are internally assigned depending on the category of the complaint. HDFC has an assignment matrix that helps reducing turnaround time (TAT) for resolution of complaints as it directly gets assigned to employees who needs to address the same.

5. Monitoring and Analysing Complaints

The central team monitors pendency and quality of responses to complaints. MIS and analysis of complaints are sent to appropriate authorities giving feedback to facilitate corrective action and suggestions of process and policy improvement.

6. Customer feedback

Feedback on satisfaction of complaint resolution is taken to ensure improvement in quality of response and complaint management.

Further, HDFC has in place a Corporate Whistle blower Initiative (CWI) portal, a third party web-based reporting initiative which provides a secure and confidential platform to report genuine concerns including concerns about unethical behaviour, actual or suspected fraud or violation of HDFC's Code of Conduct or ethics policy. CWI portal can be accessed by all stakeholders by logging onto the portal www.cwiportal.com. Each concern lodged will generate a unique tracking number through which the concerned whistle blower can track/view the feedback/response against his/her concern raised.

Details of the stakeholder complaints received during the FY20 and pending as on March 31, 2020 are as under:

Sr. No.	Nature of complaints	No. of complaints received during the year	Pending
1	Complaints received from home loan customers and depositors	25,446 ** (0.61% of the customer and depositor base)	24*
2	Investor complaints	4	0
3	Complaints received under CWI Mechanism	34	5

*The number of complaints are not comparable with that of the previous year owing to the national lockdown announced in March 2020 to prevent the spread of COVID-19.

** Requests pertaining to moratorium and Credit Linked Subsidy Scheme are excluded.

PRINCIPLE 2 | BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

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

- The Corporation is a pioneer in retail housing finance in India. It is the first Indian financial institution to fund individuals to enable them to become homeowners. The Corporation has cumulatively financed 7.7 million housing units in the country. HDFC seeks to work with real estate developers that promote the use of innovative technologies such as green buildings and other energy efficient measures for construction of their projects. HDFC has always emphasised on exploring opportunities of collaboration with partners in ensuring conservation of energy and resources. HDFC encourages the usage of environmentally friendly building materials from the local building centres as a part of its low-income housing initiatives.
- HDFC continues to be committed to inclusive housing finance and also facilitating the 'Housing for All' initiative of the Government of India. HDFC provides a range of home loan products to cater to all segments of society. For instance, HDFC Reach loans aim at addressing the housing finance needs of customers belonging to the unorganised sector having sufficient income, but having limited documentation such as shopkeepers, carpenters, drivers and contractors. Apart from home loans, HDFC also extends small funding lines to upcoming ventures and self-employed customers.
- The Corporation has remained steadfast in its continued efforts towards lending to the Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Segments (MIG). The Corporation has the largest number of home loan customers. Approximately 1.73 lac beneficiaries availed benefits under the Credit Linked Subsidy Scheme (CLSS) – a component of the Pradhan Mantri Awas Yojana, the government's flagship 'Housing for All' scheme. Further, the Corporation offers lower interest rates to women seeking loans with a view to empower them and encourage them to be financially independent. As at March 31, 2020, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 29,026 crore.
- Towards facilitation of rural housing, HDFC provides housing finance facilities to farmers, agriculturists, planters and horticulturists. HDFC has also played an important role in establishing housing finance companies in nascent housing finance markets in Africa and Asia.

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

I. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

As per regulatory norms, housing finance companies are restricted from directly undertaking any construction activity. However, a vigorous technical assessment of properties and projects financed by HDFC is a critical part of its approval and disbursement procedures. The Corporation's lending is based on its Responsible Lending Policy.

Given that the Corporation is a financial services provider, one of the major resources consumed by the Corporation is paper. HDFC promotes the use of electronic means of communication with its stakeholders. It encourages the use of electronic mode of payment to and from all its stakeholders. Soft copies of the Annual Report 2018-19 alongwith the notice convening the 42nd Annual General Meeting and the dividend e-payment advice were sent to over 2.47 lac shareholders so as to minimise the usage of paper. HDFC also has an online portal to provide a user-friendly and frictionless approach to the home loan approval process.

HDFC uses kiosks at trade fairs and property exhibitions. These kiosks facilitate electronic filing of loan application forms and directly links the data of potential customers to its loan processing system.

II. Reduction during usage by consumers (energy, water) has been achieved since the previous year.

HDFC regards climate change mitigation and environmental conservation as essential elements of a sustainable business and has taken several initiatives towards digital loan processing, renewable energy, waste management and energy reduction. Hence, the focus is to limit the dangers attributable to growing effects of climate change.

Special efforts had been made during the design stage of HDFC's corporate office to ensure abundant natural light across the work area, thereby reducing electricity consumption. HDFC promotes the use of energy star equipment and uses systems that conserve power.

The interiors of the corporate office building are based on guidelines from the Leadership in Energy and Environmental Design Council (LEED). HDFC's corporate office building achieved LEED Gold Certification under the LEED for Commercial Interiors Rating System. All parameters are maintained to continue LEED Gold Certification.

HDFC has also undertaken other initiatives and energy efficient measures at its office premises such as use of occupancy sensors, reduction of light power density by using LED light fittings and provision of centralised waste collection. At most of its offices across India, there are LED light fittings to conserve energy.

For certain premises, HDFC has installed solar power roof panels to save grid power as a green initiative. These solar power panels consist of Solar PV modules which generate DC electricity on sunny days. The installed system is capable of recording the number of units of solar power generated and also facilitates the storage of data for future reference. The system has been examined and certified by an inspector from the Ministry of New & Renewable Energy, Government of India. This initiative has resulted in saving ~ 4,000 KWH every month and the system is maintained to get the same output in future. Additionally, HDFC has also adopted the practice of switching off lights at workstations, when not in use.

HDFC has also installed Automatic Power Factor Control panels in junction/distribution boards to reduce power distribution losses. Sensors are installed in office washrooms to economise power and water consumption only when these facilities are being used. Employees of HDFC are encouraged to save electricity by using the staircase instead of elevators.

While the Corporation sensitises its employees and customers to conserve energy and water, it does not specifically capture data on such reduction.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

Yes. The Corporation endeavours to use environmentally friendly materials with higher recycle content, such as green guard rated furniture and gives regional priority to material purchases of such recycled products.

The Corporation has also provided transport facility/car-pooling viz. bus/jeep facility in some of its offices which helps in cutting down the number of cars and vehicles on the road. These efforts contribute to ensuring a more sustainable environment by way of minimising the carbon emission and air pollution.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Given that the Corporation has a pan-India presence, the offices generally procure office utilities and other items required in the normal course of operations from local vendors. However, as per the Corporation's policies, standard procurement norms and procedures have to be adhered to.

5. 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.

The Corporation is a housing finance company. The key waste products of the Corporation primarily entail paper and electronic waste. Aligning with the United Nations Sustainable Development Goal of achieving sustainable management and efficient use of natural resources, the Corporation is constantly on the look-out for opportunities to recycle waste. The wastes generated through the Corporation's operations are e-waste, dry waste (primarily paper waste) and wet waste (primarily from the cafeteria).

HDFC has embraced an e-waste management system. The waste generated at the Corporation's offices is managed as per the waste disposal process. HDFC engages with certified e-waste handlers for disposal of e-waste and uses local vendors for disposal of paper for recycling. HDFC ensures that the domestic waste (sewage) from offices and branches are not let into water bodies. HDFC's computer systems and electronic wastes are gathered at the branch level. HDFC has tied up with an e-waste recycling vendor who picks up the e-waste and disseminates various parts using CRT cutters, cable strippers and plastic shredders at their facility. They then segregate them on the type of materials and send for recycling or safe disposal as per the green norms.

The Corporation also ensures that any equipment and material which are redundant at certain offices are diverted to locations where the same would be brought to use.

During the year, the Corporation put in place mechanisms at its offices to recycle paper, plastic and other solid waste. The sale value of the paper scrap is donated to Cancer Patients Aid Association.

PRINCIPLE 3 | BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

As at March 31, 2020

1	Total number of permanent employees	3,095
2	Number of employees on temporary/contractual/casual basis	2,194
3	Number of permanent women employees	791 The female:male ratio stood at 26:74. The Corporation maintains a gender inclusive environment and believes in equal opportunities at the workplace.
4	Permanent employees with disabilities	The Corporation upholds the importance of being an equal opportunity employer and hence makes no distinction between employees based on disabilities. HDFC has also framed an "Equal Opportunity Policy" in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and the rules framed thereunder and provide a framework which is committed towards the empowerment of persons with disabilities.
5	Is there an employee association that is recognised by management?	No. However, HDFC recognises the right to freedom of association and does not discourage collective bargaining.
6	Percentage of permanent employees that are members of this recognised employee association	Not applicable

1. 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.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of the financial year
1	Child labour/forced labour, involuntary labour	Nil	Nil
2	Sexual harassment	2	Nil
3	Discriminatory employment practices	Nil	Nil

2. What percentage of employees were given safety and skill up-gradation training in the last year?

HDFC has always believed that its employees are its most valued resource and hence, has always ensured their all-round development through regular training and leadership programmes. The human resources development department ensures that employees are sufficiently trained in functional and behavioural skills to ensure high standards of service to internal and external stakeholders.

These training programmes are based on the needs identified, competency or job specific knowledge, skills and attitude gaps identified during the performance appraisal process and through discussions. At times, customer feedback also acts as a base to identify learning and development needs.

HDFC nominates staff for self-development and leadership programmes to enhance their effectiveness. On-the-job training, job rotation or internal, external or international trainings are offered to employees to upgrade their competencies. HDFC has a training centre in Lonavala, Maharashtra 'Centre for Housing Finance' where newly inducted employees are given training about various products, services, functions of the Corporation.

Leveraging technology, many of the classroom programmes have been delivered online through an e-learning platform called "HDFC Aspire" which allows employees to enhance their knowledge on products, policies and processes. Various knowledge enhancing courses were launched during the year on functional areas like overview on Rural Housing Finance, Overview on Technical Appraisal, Information and Cyber Security Awareness, Email Security and Code of Conduct which were very well received by the participants. Virtual classroom initiatives have also been undertaken to blend and enhance the learning processes. Other programmes conducted during the year include those on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, leadership, mentoring, train the trainer and soft skills like negotiation, communication, amongst others.

Given below are the details of training imparted during the year:

1	Permanent employees to whom training has been imparted	3,150*
2	Total training man days per employee	7.75
3	Permanent women employees to whom training has been imparted	821

**Includes training given to employees who have resigned/retired during the year.*

For HDFC, safety of its employees is of paramount importance and as a good corporate citizen, it is committed to ensuring safety of all its employees at the workplace. The Corporation has in place a policy on health and safety of employees. Periodic communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Employees including those at branches were given periodic training on basic and advanced fire safety including evacuation drills. HDFC has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment. HDFC has also conducted a workshop on Cardio Pulmonary Resuscitation (CPR) where participants were trained to attend to emergencies in case of heart attack, cardiac arrest and stroke. During the year, there were no accidents of any employee of the Corporation while on duty.

The Corporation has always prioritised the safety of its employees and in view of the recent COVID-19 pandemic, the Corporation took necessary precautions at all the offices, which included sanitisation of the office premises, removal of biometric scanners, installation of thermal scanners, daily communication updates, restricted movements in common areas, closure of recreational facilities and avoidance of large gatherings. The Corporation also adhered to all the government directives and issued travel and health advisories to its employees and advised all its employees to work from home to ensure employee safety and business continuity.

Sensing the growing unease of COVID-19 pandemic the Corporation much prior to the national lockdown arranged for a group talk by a renowned doctor wherein the speaker offered valuable insights on precautions to be taken to prevent the spread of COVID-19 pandemic and how to protect oneself. The video recording of the same was made available to all employees across the country.

The Corporation has also prepared a handbook "Back to Office" providing tips on the Do's and Don'ts to equip and protect employees when they resume work in office, in accordance with directives issued by the central and respective state governments in India. The office infrastructure and set-up was adjusted to meet social distancing norms and a database is maintained on the branches opened, staff attendance and record of visitors and the purpose of the visit. A daily report on these developments is shared with the senior management.

PRINCIPLE 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. For more details on the internal and external stakeholders of the Corporation, refer to the Integrated Report which is available on the Corporation's website, www.hdfc.com.

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

The Corporation fully endorses and supports the government's endeavour towards its flagship scheme, "Affordable Housing for All." Towards this goal, the Corporation has given housing loans to customers categorised as 'economically weaker section' and 'low income group', under various schemes of the government. Additionally, HDFC is undertaking a project by partnering with an experienced NGO to supply safe and clean drinking water to slum communities at affordable rates, thereby assisting them to alleviate water borne diseases and reduce health costs.

The Corporation's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society.

For more details on HDFC's work with the disadvantaged, vulnerable and marginalised stakeholders, refer to the Report on Corporate Social Responsibility Activities which forms part of the Annual Report.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof.

Yes. The Corporation continues to support a range of social interventions and development initiatives (irrespective of the size of the implementing agency) to facilitate a deep and long-term impact for a developed and inclusive society.

HDFC has supported and funded social initiative projects like premises for educational purpose, hostel blocks and senior citizen housing. Senior citizen projects provide an opportunity to people aged 60 and above to live with dignity in their own home, in a community of like-minded people and are provided with all amenities and medical support.

In May 2019, 440 employees of HDFC and its group companies volunteered for "Shramdaan" in 4 drought prone villages in Maharashtra. The employees dug and ploughed using pickaxes and spades to create reservoirs, creating farm ponds, building bunds, trenches, check dams and soak pits. Further, another 84 employees from the Nagpur branch of the Corporation participated in the "Mahashramdaan" in association with the H T Parekh Foundation (a Section 8 registered charitable institution set up by HDFC in 2012) and Paani Foundation and contributed towards the cause of 'Save Water-Save Life' wherein they made small reservoirs in order to harvest rainwater.

The Corporation along with ResponseNet, a not for profit organisation had organised a food donation drive to fight hunger where the employees of the Corporation collected 1,789 kgs of food to feed about 10,000 meals to children.

A blood donation drive was conducted at the offices of the Corporation during the year where employees of the Corporation participated wholeheartedly to support the noble cause.

HDFC also has in place a crèche facility at its head office and branches for children of its female employees up to the age of three years.

PRINCIPLE 5

BUSINESSES SHOULD RESPECT AND PROMOTE 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?

HDFC upholds the principles of being an organisation that respects human rights, is non-discriminatory amongst employees and provides for a redressal mechanism to the key constituents that it deals with. HDFC's Code of Conduct respects and promotes human rights.

HDFC complies and adheres to all the human rights laws and guidelines of the Constitution of India, national laws and policies and treats all its stakeholders and customers with dignity, respect and due understanding. HDFC strives to be just, patient and understanding while dealing with delinquent customers who have availed housing loans. HDFC has also put in place an internal culture and work ethics where delinquent customers are treated with fairness.

While the key subsidiary and associate companies of the Corporation have their own independent policies, they all respect and promote human rights.

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

During the year under review, the Corporation did not receive any complaint in the nature of human rights violation from any stakeholder.

1. Does the policy related to Principle 6 cover only the company or extends to the group/joint ventures/suppliers/contractors/NGOs/others?

HDFC promotes ecological sustainability and green initiatives such as recycling paper and other waste material by having eco-recycle bins for electronic waste. Besides adopting energy saving mechanisms, employees are sensitised towards making efforts to reduce the carbon footprint of the Corporation.

Employees are encouraged to use electronic medium of communication as far as possible to reduce usage of paper. During the year, HDFC employees participated in a tree plantation drive, upholding the spirit that everyone's footprint matters and everyone can help and play a part in protecting the environment.

While the key subsidiary and associate companies of the Corporation have their own independent policies, they all respect, protect and make efforts to restore the environment.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Yes/No. If yes, please give hyperlink for webpage etc.

HDFC recognises the risks arising from climate change such as extreme weather conditions and its impact on housing and therefore the ability of borrowers to service the loans.

Further, on rural housing, HDFC does not allow use of asbestos sheets and encourages usage of corrugated galvanised iron sheets. For low cost housing, HDFC encourages the NGOs to procure environment friendly building materials from the local building centres. HDFC as a policy, finances only self-contained tenements which provide for toilets/sanitation within the housing unit. This leads to a cleaner environment and reduces health hazards in villages.

During the year, HDFC supported "The Plastic Recycloth" campaign which in order to extend support to the campaign initiated by the Honourable Prime Minister of India to eliminate single use plastic by 2022.

In order to catalyse the efforts in this initiative of reducing plastic waste, the Corporation discontinued the usage of bottled mineral water at the offices to create a more plastic free environment and a greener planet for the future generations.

During the year, HDFC intensified its efforts towards monitoring its carbon footprint and is working with an external environmental agency on the same.

3. Does the company identify and assess potential environmental risks? Yes/No

Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Not applicable.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

In line with the corporate strategy of conservation of the valuable resources and green initiatives, HDFC makes an effort to support developers undertaking energy efficient real estate projects. Till date, three-fourths of HDFC's lease rental discounting portfolio have been certified as green buildings by either the Indian Green Building Council or Leadership in Energy and Environmental Design.

The Corporation encourages its retail customers to use digital services thereby reducing paper prints and branch visits for availing services.

HDFC has extended finance to gated community projects that promote the walk-to-work concept and help to achieve work-life balance for the residents.

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

The Corporation complies with requisite environmental regulations in respect of its premises and operations.

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.

There were no show cause/legal notices received from CPCB/SPCB during the FY20.

PRINCIPLE 7

BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Whether the company is a member of any trade and chamber or association? If Yes, name only those major ones that the business deals with:

HDFC is a member of *inter alia* the following chambers and associations:

- Bombay Chambers of Commerce and Industry
- Confederation of Indian Industry
- Federation of Indian Chambers of Commerce and Industry
- Bombay Management Association
- Indo-German Chamber of Commerce
- Indian Merchants' Chamber
- International Union for Housing Finance
- National Real Estate Development Council
- Association of Financial Professionals in India

Representatives of HDFC are members of the committees of these industry bodies. HDFC regularly offers its inputs to these associations for the advancement and improvement of housing finance in India.

HDFC will continue to support and advocate for the further development of housing industry, as its primary objective is to enhance residential housing stock in the country.

2. Has the Company advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

HDFC executives have, over the years, played a key role in formulating national housing policies and strategies at a national level. Recognising HDFC's expertise, regulators, industrial bodies and governments have invited HDFC's executives to join a number of committees and task forces related to financial sector reforms, housing finance, infrastructure development, capital markets and corporate governance. Members of the senior management of HDFC are associated with various committees constituted by the government, regulators and industry bodies from time to time including for the purpose of legislating regulations related to capital markets and corporate governance.

The above, however, has been in the nature of using expertise to help shape public policy, primarily in the areas of corporate governance, economic reforms, inclusive development, housing and housing finance. As such, the Corporation does not take part in any lobbying.

HDFC makes various recommendations/representations before regulators and associations regarding the new enactments that impact the Corporation, housing finance industry and other related areas.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

HDFC undertakes a significant portion of its development and welfare activities through the H T Parekh Foundation. During FY20, HDFC and the H T Parekh Foundation continued their commitment towards creating positive societal impact by partnering with and supporting institutions and projects that nurture inclusive growth and equitable development. This has resulted in the Corporation, deepening its ties further in the focus areas of healthcare and WASH, education and skilling & livelihoods. Additionally, support for disability cuts across all the 3 focus sectors.

In healthcare, the main interventions have been towards providing quality and affordable healthcare to the most marginalised by (i) improving access to nutrition for undernourished children and lactating mothers (ii) enhance and support cancer preventive programmes (iii) early detection and treatment for all forms of avoidable blindness (iv) support for paediatric surgeries for critical illnesses and (v) access to sanitation in urban slum communities, schools and public areas.

HDFC's education partnerships have focused on collaborating with institutions at various levels that foster overall development of children through (i) early childhood education interventions (ii) capacity building of government school teachers and foundational learning programmes for children (iii) training in life and vocational skills for youth to make them work ready (iv) inclusive education for children with disabilities and (v) supporting the development of model institutions that are inclusive and serve as a benchmark for other educational institutes across India.

Under skill development, the support focused on thematic areas to include women, persons with disabilities and vulnerable migrants through (i) promoting employable skill programmes for the economic empowerment of women (ii) training and skilling of construction workers and (iii) training and inclusion of persons with disabilities into the economic workforce.

Other interventions taken up during the year include support for senior citizen homes, support for Olympic athletes including para-athletes and environmental programmes supporting solid waste management, plastic recycling and ecological restoration for urban and rural communities.

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

HDFC undertakes a majority of its social welfare activities through the H T Parekh Foundation, which is a grant making Foundation. The Foundation supports non-profit organisations in the medium to long term, across all its focus sectors.

3. Has the company done any impact assessment of its initiative?

Monitoring and evaluation of projects is undertaken by the Foundation team internally, which includes physical site visits, receipt of quarterly/half yearly reports from the implementation partners on the progress of the projects and evaluation against planned project objectives. In select projects, depending on size and the number of years that the project has been in progress, third party evaluators have been appointed by the implementing partners to undertake impact assessment. The reports and findings of the third-party evaluators have been discussed and shared with HDFC.

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

Please refer to the Corporation's Annual Report on Corporate Social Responsibility Activities FY20. During FY20, HDFC supported several community development projects which include:

1. Support for flood relief and rehabilitation towards the devastating floods in Kerala in August 2018. HDFC partnered with two community-based organisations in late 2018 towards the rebuilding efforts of homes in severely affected areas of Kerala. HDFC has supported the construction of 75 disaster resilient houses for families belonging to the lower socio-economic groups, in the worst affected villages of Kanayannur and Paravoor blocks of Ernakulam district and Kuttanad block of Alleppey District. The project was started in January 2019 and was completed and houses handed over to the families in December 2019. Additionally, HDFC also contributed to the Prime Minister's National Relief fund, as a measure of solidarity to support the central government for disaster relief, flood across various states in July and August 2019.

2. HDFC continued its support for community-led and public sanitation programmes with a focus on urban areas. The projects included constructing individual household toilets as well as refurbishment of public toilet facilities. With the increase in the number of toilets in cities over the last few years, treatment of faecal waste has emerged as a major need. In FY20, HDFC started working in this area to set up faecal sludge treatment plants in Hyderabad (Telangana), Kolhapur and Satara (Maharashtra) in partnership with the local urban bodies and technical institutes like Centre for Environmental Planning and Technology (CEPT) and Administrative Staff College of India (ASCI).
3. HDFC worked across communities through partner organisations to promote environmental sustainability by focusing on waste management and recycling in the tourist hotspot of Dharamshala, Himachal Pradesh, a plastic recyclothon project carried out across Mumbai and an afforestation-based livelihood project with communities in the Balipara forest reserve of Assam.
4. HDFC also supported a unique project in Ahmedabad, Gujarat for the improvement and redevelopment of the public realm area called '*Dhal ni Pol*', one of the oldest heritage precincts, which marks the genesis of the city of Ahmedabad (a UNESCO World Heritage site). The pilot project will be carried out over 2 years with HDFC's partner Gujarat Mahila Housing SEWA Trust (a part of the SEWA Group), for civic infrastructure improvement and heritage restoration within the Pol, which houses over 200 families. With the civic infrastructure upgrade, approximately 1,000 households in the neighbourhood will additionally get benefitted.

5. Has the company taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes. The community for which the development initiatives are implemented are at the centre of the planning and execution strategy. HDFC's implementation partners, community leaders, volunteers are all a part of the on-ground implementation of these initiatives, right from the need assessment stage. Stakeholder discussions, training and sensitisation workshops for members of the community are critical components across all community development projects and similar practices are followed in our projects as well. Regular feedback from all stakeholders is taken and monitoring of the community development initiatives helps in making further modifications, plans to the initiatives as per the emerging needs and patterns.

As mentioned above, HDFC supported a project in Ahmedabad for the restoration of '*Dhal ni Pol*'. Community members and local residents were involved in the project from the beginning and played a crucial role in its implementation. Upon completion, the women from the community will be leading guided tours within the heritage precincts to explain their culture and heritage and thereby enhance their family income.

In Trichy, Tamil Nadu, where HDFC has supported the refurbishment of public/community toilets, the local community volunteers have come forward to take responsibility of sensitisation and behaviour change workshops for all the users of the slum community. HDFC's implementation partner Gramalaya, will be training the volunteers on conducting such awareness workshops.

PRINCIPLE 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

The Corporation has resolved 99.4% of complaints received from customers and 100% of investor complaints received during the year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks

HDFC has always believed in being transparent with its customers by providing all the relevant details. HDFC also has documents such as 'Most Important Terms and Conditions' (MITC) which is displayed prominently in each office and on the website of the Corporation with information on service charges, interest rates, product information, service standards for various transactions and grievance redressal mechanisms for its home loan customers. All potential customers are required to read and sign-off the same along with their application forms. MITC is also available in braille to cater to needs of visually impaired customers.

Further, whenever the Retail Prime Lending Rate is changed by the Corporation, communication on the same is sent to all retail loan customers via email or SMS alerts. An intimation to the stock exchanges is also made regarding the same.

Interest rates on deposits are published on the website of the Corporation for various deposit schemes.

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 on end of financial year? If so, provide details thereof.

No.

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

HDFC is committed to providing effective and prompt service to its customers. HDFC provides for a feedback mechanism on its website to allow stakeholders to leave their comments/queries. Similarly, a response mechanism has been put in place for prompt response to the queries, complaints and service requests of customers received through the social media platforms.

In addition to this, customer's feedback regarding their experience and service standard is being taken at various stages of their loan. The Corporation also takes the feedback after resolution of the complaints to understand customer's satisfaction with the service recovery.



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