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Introduction

HDFC was established in 1977, with the objective of increasing homeownership in India. HDFC has been built on the founding principles of kindness, fairness, efficiency and effectiveness. Through the years, these principles have guided us and held us in good stead. We have cumulatively financed over 10 million housing units.

For us at HDFC, the Integrated Report has always been a simple narrative of what we do each day at work. Environmental, Social and Governance (ESG) disclosures have become core for all stakeholders. To our mind, assessing our business through an ESG lens helps us articulate a more holistic view of our organisation.

HDFC's Integrated Report should preferably be read in conjunction with the following reports which are placed on our website, www.hdfc.com

- Report of the Directors on Corporate Governance
- Annual Report on Corporate Social Responsibility (CSR) Activities
- Business Responsibility and Sustainability Report
- Climate Related Financial Disclosures: An Introductory Framework
- Note on GHG Emissions





HDFC at a Glance

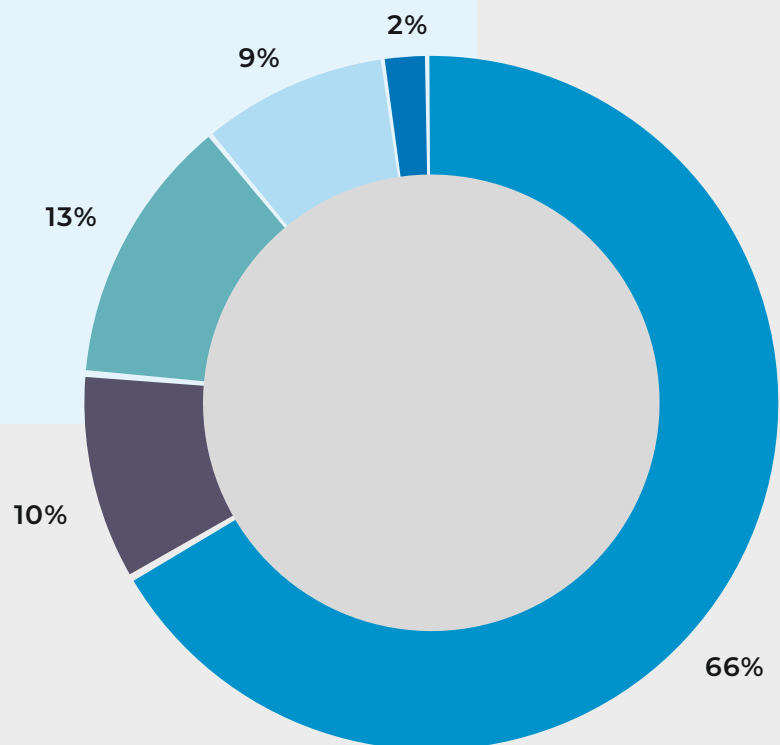
HDFC was incorporated in 1977 as India's first retail mortgage finance company. Over the years, it has evolved as a financial conglomerate with interests beyond mortgages. HDFC has a unique structure of being both, an operating company and a holding company. HDFC is a mortgage finance company and is also the holding company for investments in its subsidiary and associate companies.

As at March 31, 2023, 66% of HDFC's equity shares were held by foreign investors, 22% by domestic institutional investors, 10% by individuals and 2% by companies.

Shareholding Pattern

as at March 31, 2023

- Foreign Shareholders
- Individuals
- Mutual Funds
- Financial Institutions, Banks & Insurance Companies
- Companies



Key Strategies



BUSINESS

- Be a leader in housing finance
- Develop close relationships with individual households and enhance its customer relationships
- Integrate digitalisation strategies in a seamless manner
- Transform ideas for sustainable housing finance into viable and creative solutions
- Grow through diversification by leveraging its client base
- Focus on financing affordable, smart and green homes
- Imbibe responsible lending practices
- Embed ESG practices in all spheres of activity undertaken



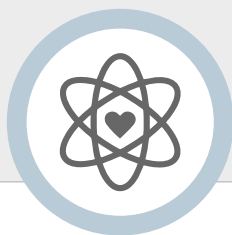
GROWTH

- Set the pace of loan book growth that is prudent and sustainable
- Maintain emphasis on asset quality and prudent provisioning
- Focus on operational efficiency, minimise the cost to income ratio
- Create long-term value for shareholders



ASPIRATIONS

- Be the preferred choice for home loan customers
- Have a more diversified workforce
- Identify core focus sectors where funding is most needed to help uplift the marginalised and most impacted segments of society through Corporate Social Responsibility activities
- Increase the share of financing affordable, smart, green homes and green commercial buildings
- Reduce carbon emissions in all spheres of operations of the organisation
- Work towards alignment to a net zero emissions pathway
- Increase the number of offices with green accreditation and renewable energy



INTANGIBLES

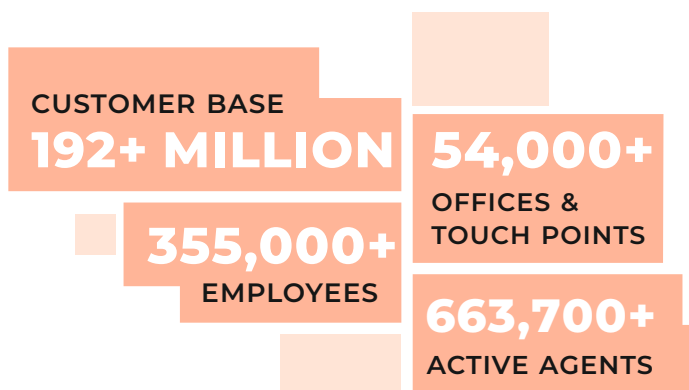
- Adapt to change
- Responsible behaviour
- Work culture based on the principles of kindness, fairness, efficiency and effectiveness
- Build a corporate reputation of trust and quality customer service
- Accord highest priority to governance
- Demonstrate risk management capabilities
- Sensitivity to social causes

Value Creation at the Group Level

While HDFC and its group companies share strong synergies, each entity operates independently with its own employees and independent boards. The key underlying commonality is the sharing of the HDFC brand. It is on the basis of trust and a shared belief of rendering quality customer service that the HDFC brand has been entrusted in the hands of each of our group companies.

Under the HDFC umbrella, we have a combined customer base of over 192 million, served by over 355,000 employees with a reach of over 54,000 offices, outlets, ATMs, digital offices and touch points. There are over 663,700 active agents supporting business growth across the group. Listed companies within the HDFC group had a combined market capitalisation of US\$ 185 billion as at March 31, 2023.

— HDFC GROUP COMPANIES COMBINED —



	Year of Incorporation	HDFC's Shareholding (%)	Shareholders ¹ (Nos)	Market Capitalisation (US\$ bn)	Employees (Nos)	Location (Nos)	Total Assets / AUM (₹ bn)	CSR Spending (₹ mn)
HDFC	1977	-	7,77,676	59	4,017	523	7,240	2,127
HDFC Bank	1994	20.9	22,90,092	109	2,93,221 ²	52,249 ²	24,661	8,638 ²
HDFC Life Insurance	2000	48.7	10,05,702	13	32,448	546	2,388 ³	192
HDFC Asset Management	1999	52.6	5,54,569	4	1,281	228	4,367 ³	315
HDFC ERGO General Insurance	2002	49.9	-	-	10,718	652	48	127
HDFC Credila	2006	100.0	-	-	463	26	164	44
HDFC Capital Advisors	2015	89.0	-	-	19	1	255 ³	6
HDFC Sales	2004	100.0	-	-	13,258	214	4	7

¹ For listed entities

² Includes its subsidiaries

³ Assets Under Management

Exchange rate: US\$1 at ₹ 82.19

Our Strategy to Sustainability

OUR INPUTS



FINANCIAL CAPITAL

- Strong balance sheet
- Shareholders' funds
- Diverse funding profile
- Asset quality
- Prudent lending practices



HUMAN CAPITAL

- Professionally qualified staff
- Skilled and experienced teams
- Focus on training and skill upgradation



SOCIAL & RELATIONSHIP CAPITAL

- Facilitate home ownership across all income segments and geographies
- Customer and community engagement



PHYSICAL & DIGITAL CAPITAL

- 737 offices
- Enhanced delivery of digital services for customers
- Hub and spoke model, processing hubs, call centres, back-office processing units
- Increased reach to deeper geographies
- Endeavour for local sourcing for office requirements



INTELLECTUAL CAPITAL

- Organisational culture and values
- Brand synonymous with trust and quality service
- Building digital ecosystems for the future



NATURAL CAPITAL

- Increase access to larger pools of green financing to on-lend for green housing
- Monitor, measure and disclose the Corporation's carbon footprint in owned operations
- Strive to develop stronger information systems to track financed emissions
- Supporting and encouraging green buildings
- Minimise consumption of natural resources

VALUE CREATION ACROSS STAKEHOLDERS

STRONG FINANCIAL PERFORMANCE

- Shareholders' funds: Rs 1.3 trillion
- Capital Adequacy Ratio: 24.3%
- Low cost to income ratio
- Highest credit rating

EMPLOYEES

- Nurture an ethical work culture
- Offer equal opportunities
- Focus on inclusion and diversity
- Employee engagement, training and development
- Health and safety

CUSTOMERS

- Valued for customer service and transparency
- Reliance on HDFC's due diligence and single-minded focus on housing
- Tailor-made customer experience

Our greatest intangible capital is our corporate culture, built on the principles of fairness, kindness, efficiency and effectiveness. We try to imbibe this in all spheres of our work.

SHAREHOLDERS

- High level of corporate governance
- Long-term value creation
- Consistent payment of dividends

COMMUNITY

- Over 10 million housing units financed since inception
- Specialised product to increase women home ownership
- Rural Housing Loans
- Reach Home Loans: Home loans to all income segments
- Funding construction of affordable housing
- Engaging in CSR activities since the 10th year of operations

ENVIRONMENT

- Responsible lending: Enhanced environment and social due diligence
- Funding for green buildings; ~ 4% of the loan book comprises loans to green rated homes, 3/4th of the lease rental discounting portfolio entail accredited green ratings
- Employee sensitisation on climate change and preservation of natural resources
- Supporting environmental sustainability programmes

Stakeholder Engagement

We have always maintained that constant engagement with our key stakeholders enables the Corporation to better communicate its strategies and performance. A continuous engagement helps align expectations, thereby enabling the Corporation to better serve its stakeholders.

SHAREHOLDERS & INVESTORS

We communicate with shareholders and investors through various ways including quarterly earnings calls, quarterly financial disclosures, investor presentations, annual reports and other disclosures made by the Corporation from time to time.

During the year ended March 31, 2023, the Corporation had interactions with over 980 fund managers and analysts representing 425 institutions/ funds/ brokerage houses. The Corporation participated in 27 domestic and international investor conferences. The Corporation also increased its interactions with various ESG teams of investors. These engagements helped investors understand the Corporation better and stay abreast with key developments. Engaging with investors regularly enables us to get useful feedback, which serves as input for our corporate strategy and governance practices.



EMPLOYEES

Employees remain the most valuable asset of the Corporation. We value feedback from our employees as they are the ones interacting directly with our customers. Hence their inputs are invaluable in designing our products, digital solutions, services and formulating various policies. We believe in an open-door policy for all employees. This enables better communication, teamwork and transparency within the organisation. As per our Code of Conduct, employees are obligated to report any known or suspected violations of the code, corporate policies or regulations.



CUSTOMERS

The best assurance of the quality of our customer service comes from the feedback we receive from both, our deposit and home loan customers. Customer service remains our key differentiator and we are constantly striving to create new products and services to meet the changing requirements and needs of our customers. The positive feedback from our customer surveys undertaken at various process stages has been encouraging for our frontline staff. It also serves as key learning to help us improve and raise our benchmark. Both, our borrowers and depositors have responded well to our enhanced digital initiatives.



STAKEHOLDER ENGAGEMENT



NIIF Annual Investor Conference



HDFC at Agri & Food Technology Fair



Annual DSA Meet



Key Partner Deposits Meeting



Confederation of Real Estate Developers Associations of India (CREDAI) Expo



Green Building Drive



DSAs Meet



Rural Housing Finance training



Participation in Kisan Mela

CHANNEL PARTNERS & KEY PARTNERS

HDFC Sales Private Limited, HDFC Bank and third-party Direct Selling Agents (DSAs) source home loans for us. They are our feet on the street. We invest a great deal of time and effort in training our DSAs to ensure that the application is fit for processing. This helps reduce our turnaround time. While our DSAs source loans for us, all the credit, legal and technical appraisals are done in-house by HDFC. All our DSAs are mandated to follow the Model Code of Conduct as approved by the board and stipulated by regulations. We regularly seek feedback from our DSAs and imbibe to improve our loan sourcing and customer service journey.

Our key partners (i.e. deposit agents) source deposits for us. We have over 24,700 active key partners. Key partners also provide us with feedback which helps us in improving our products and processes to serve our depositors more effectively. Existing key partners are also offered a DSA partnership to source housing loans for HDFC. This lends flexibility to our key partners, enabling them to offer a wider range of financial solutions and further strengthen HDFC's loan sourcing mechanism.

We continued to conduct a series of training workshops for all our channel partners and key partners to train them on our digital platforms and keep them abreast of the latest developments in the organisation.

As at March 31, 2023, 94% of new loan applications were received through digital channels and 66% of deposits were on boarded digitally.



REGULATORS

We engage in various interactions with our regulators and stand committed to providing timely and accurate information as and when required. Our senior management commits significant time to interact with our regulators. This enables us to understand their focus areas and concerns and in turn, our inputs are used to apprise regulators of the market scenario and practices pertaining to our business.

As HDFC is the promoter of its subsidiary and associate companies, our senior management also interacts with other key regulators in the financial sector, especially in the context of financial conglomerate reporting.



RESEARCH ANALYSTS

We interact with a number of members from the investment community. We regularly engage with over 40 research analysts from various brokerage houses that cover HDFC. We provide detailed information on the quarterly financial results in an excel format to enable research analysts to easily analyse the financials and work on their own financial models in a time-bound manner, which in turn helps investors. The same is placed on our website as well.



SUPPLIERS & VENDORS

We work with various suppliers that provide us goods and services which help us run our day-to-day operations and enable us to deliver quality customer service. It is our constant endeavour to engage with responsible third-party entities who provide goods and services to the Corporation.

Sanctions screening is an integral part of the Corporation's anti-money laundering policy framework and ensures that the Corporation does not have any dealings with any sanctioned companies, entities or individuals. The Corporation uses various screening tools for negative list scrubbing prior to on-boarding customers, vendors, agents, employees and other business partners.

We remain selective in our dealings with our key vendors, with over 95% of our vendors being registered entities under the Goods and Services Tax Network. For third parties that work directly with us, we have Codes of Conduct that are required to be adhered to such as the Code of Conduct for Direct Selling Agents. We expect our third-party providers to adhere to responsible business practices similar to what the Corporation upholds for itself. In addition, our IT vendors are green standard compliant and data centres are certified under Environmental Management System ISO 14001:2015. Our IT vendors hold other certifications under Occupational Health and Safety (OH&S) and Quality Management Systems namely ISO 45001:2018 and ISO 9001:2015. We exercise discretion in our dealings with vendors and may choose not to associate ourselves with certain vendors on grounds of their conduct.



COMMUNITIES & NON-GOVERNMENT ORGANISATIONS

We recognise that our role as a responsible corporate citizen entails much more than providing finance for our customers' housing and real estate requirements. While our core focus remains housing, we also believe that communities benefit through high quality, affordable education. Towards this goal, we recognise the importance of education. Currently, we have 'The HDFC School' in three locations -- Gurugram, Pune and Bengaluru with over 3,300 students.

We engage with various non-government organisations (NGOs), focusing on diverse social issues. Our efforts towards Corporate Social Responsibility are largely channelled through the H T Parekh Foundation with focus on healthcare, education, persons with disabilities, heritage restoration and environmental sustainability. We encourage and support investment in reducing carbon emissions and commitments to tackling climate change through various initiatives and products. We encourage our employees to jointly participate with the Corporation in some of its philanthropic partnerships and support various social causes.



ESG Indices

As ESG investing has gathered substantial momentum in the recent years, a growing number of investors are relying on ESG indices and benchmarks to help meet their goal of responsible investing. According to Bloomberg Intelligence, global ESG assets are estimated at US\$ 41 trillion in 2022 and US\$ 50 trillion by 2025, accounting for nearly one-third of global assets under management.

MSCI INDIA ESG LEADERS INDEX

Sr. No.	Companies	Sector
1	Reliance Industries	Energy
2	HDFC Limited	Financials
3	Infosys	Information Technology
4	Tata Consultancy	Information Technology
5	Hindustan Unilever	Consumer Staples
6	Axis Bank	Financials
7	Asian Paints	Materials
8	Kotak Mahindra Bank	Financials
9	Mahindra & Mahindra	Consumer Discretionary
10	State Bank of India	Financials

MSCI AC ASIA EX JAPAN ESG LEADERS INDEX

Sr. No.	Companies	Sector
1	Taiwan Semiconductor Manufacturing	Information Technology
2	Tencent Holdings LI (CN)	Communication Services
3	Alibaba Group Holding (HK)	Consumer Discretionary
4	AIA Group	Financials
5	Reliance Industries	Energy
6	Meituan B	Consumer Discretionary
7	China Construction Bank H	Financials
8	HDFC Limited	Financials
9	Infosys	Information Technology
10	Tata Consultancy	Information Technology

FTSE4GOOD INDEX SERIES

Sr. No.	Companies	Sector
1	Taiwan Semiconductor Manufacturing	Information Technology
2	Reliance Industries	Energy
3	China Construction Bank	Financials
4	HDFC Limited	Financials
5	Infosys	Information Technology
6	Ping An Insurance (H)	Insurance
7	Hon Hai Precision Industry	Information Technology
8	Tata Consultancy Services	Information Technology
9	Naspers	Information Technology
10	Bank Central Asia	Financials

NIFTY100 ENHANCED ESG INDEX

Sr. No.	Companies	Sector
1	Tata Consultancy Services	Information Technology
2	Infosys	Information Technology
3	HDFC Limited	Financials
4	HCL Technologies	Information Technology
5	ICIC Bank	Financials
6	Bharti Airtel	Telecommunication
7	Kotak Mahindra Bank	Financials
8	Titan Company	Gems, Jewellery and Watches
9	Bajaj Finance	Financials
10	Tech Mahindra	Information Technology

S&P BSE CARBONEX

Sr. No.	Companies	Sector
1	HDFC Bank	Financials
2	Reliance Industries	Energy
3	ICIC Bank	Financials
4	HDFC Limited	Financials
5	Infosys	Information Technology
6	ITC	Consumer Staples
7	Tata Consultancy Services	Information Technology
8	Kotak Mahindra Bank	Financials
9	Larsen & Toubro	Industrials
10	Axis Bank	Financials

ESG Ratings

- CDP Score: HDFC received a score of 'B' (Management Band) in the CDP questionnaire on climate change in 2022, which indicates that the Corporation is 'taking co-ordinated action on climate issues'. The Corporation's CDP score is higher than the average performance of financial services sector which stood at B- and the global average of all companies which had a score of C.
- MSCI ESG Controversies Report: HDFC scored 9/10 with no controversies, including no controversies on environmental issues such as biodiversity and land use, energy and climate change, operational waste, toxic emissions, waste and water stress.
- MSCI ESG Ratings: HDFC has been rated 'A'
- Sustainalytics ESG Risk: HDFC's ESG score of 19.1, indicating low ESG risk.
- CRISIL Sustainability Yearbook: HDFC received an ESG score of 72/100 and featured in the 'Leadership' category in 2022.

Awards and Recognitions

- HDFC recognised as India's Top Most Sustainable Company by Business World Magazine in association with Sustain Labs Paris
- Recognised as Best Performing Housing Finance Company under Pradhan Mantri Awas Yojana at the Indian Urban Housing Conclave, 2022
- Awarded as M&A Deal of the Year for the proposed merger of HDFC Limited with HDFC Bank at Mint India Investment Summit, 2023
- Felicitated with 'Jury Special Award for Contribution to Advancing Financial Inclusion' at the 19th Inclusive Finance India Awards
- Awarded as India's Leading Housing Finance Company at the Dun & Bradstreet BFSI & Fintech Summit, 2023
- Felicitated under the 'Leadership' category in the Corporate Governance at the 7th Annual Announcement under a joint initiative by 'IFC-IIAS-BSE Governance Scores'
- Awarded as 'Technology Transformation Leader' at Mint Business Transformation Awards, 2022
- Felicitated with Golden Peacock Award for Excellence in Corporate Governance, 2022 by the Institute of Directors
- Certified as the Best Firm for Data Scientists to work for by Analytics India Magazine, 2023



Embedding ESG: A Collective Responsibility

At HDFC, we believe every person has a role to play on ESG

Role	Key ESG Metrics
Board of Directors + Board Committees	Oversight of the ESG Framework
Executive Directors	Strategy and implementation of the ESG framework
Functional heads	Specific ESG metrics, as identified
Lending Operations: Individual & Non-individual	Increase affordable, smart, green homes, inclusive lending, conduct E&S due diligence, negative screening for E&S, develop and offer lending products that meet identified SDG goals
Resources: Wholesale & Retail	Raise funds for on-lending towards green, smart affordable housing and other identified SDG goals
Human Resources	Human rights, diversity, inclusion, equal opportunity, employee well being
Training & Development	Training and development, skill enhancement, sensitisation on ESG-related issues
Legal	Anti-money laundering, anti-corruption, KYC, data protection, E&S covenants
Information Technology/ IT User Support Group and Business Transformation	Data/cyber security, customer privacy, responsible use of digitalisation in products and processes; Procurement of energy efficient IT equipment and safe disposal of e-waste
Facilities Management	Measuring and reducing GHG emissions, procurement of energy efficient equipment, installations of solar panels, responsible waste disposal mechanisms and facilitating climate conscious practices in office premises
Management Services & Investor Relations	Engage with investors, ESG analysts and ESG rating providers; Report on ESG parameters on a statutory and/or voluntary basis
Customer Engagement	Timely response to all customer queries and grievances
Communications	Internal and external ESG campaigns, brand management
Compliance & Internal Audit	Ensure statutory compliance on ESG reporting; Review implementation of policies pertaining to ESG and efficacy of data being reported on various non-financial parameters
Risk Management	Evaluate the impact of ESG risks, including climate risk on the lending portfolio and identify physical and transitory risks and mitigation measures
ESG Champions	Volunteers who proactively undertake ESG related community service initiatives, champion sustainable practices in their respective offices and engage in knowledge sharing on ESG
H T Parekh Foundation	Corporate Social Responsibility initiatives of the Corporation – with key focus sectors being education, health, livelihoods, persons with disabilities and environmental sustainability

Highlights

FINANCIAL HIGHLIGHTS

₹ crore

Performance for the Year: Consolidated

	FY 2023	FY 2022
Total Assets	10,91,529	9,66,349
Total Equity	2,15,313	1,92,630
Gross Income	1,52,998	1,35,968
Net Profit Attributable to the Corporation	26,161	22,595

Financials: Standalone

	FY 2023	FY 2022
Loans Under Management	7,23,988	6,53,902
Individuals	6,01,567	5,15,433
Non-Individuals	1,22,421	1,38,469
Borrowings	5,68,222	4,99,681
Term Loans	1,59,955	1,39,851
Bonds & Securities	2,56,156	1,98,930
Deposits	1,52,111	1,60,900
Shareholders' Funds	1,33,985	1,20,251
Gross Income	60,224	47,990
Profit Before Sale of Investments, Dividend and Expected Credit Losses	18,890	17,404
Profit After Tax	16,239	13,742

Key Ratios

	FY 2023	FY 2022
Cost to Income (%)	9.2	8.1
Interest Coverage (times)	1.5	1.6
Debt: Equity (times)	4.2	4.2
Capital Adequacy (%)	24.3	22.8
Post Tax Return on Average Assets (%)	2.5	2.3

Investors' Information

	FY 2023	FY 2022
Price Per Share (₹)	2,627	2,390
Market Capitalisation (US\$ bn)	59	57
Dividend Per Share (₹)	44	30
Book Value Per share (₹)	730	663

NON-FINANCIAL HIGHLIGHTS

Human Capital

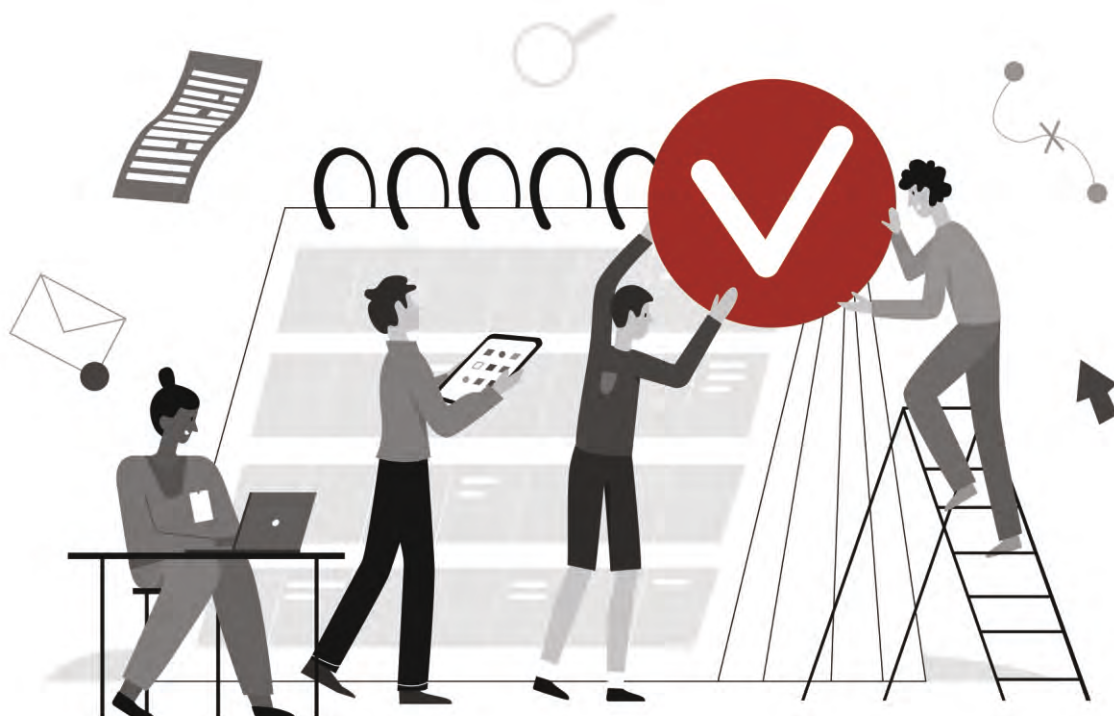
	FY 2023	FY 2022
Number of Permanent Employees	4,017	3,599
Retention Rate (%)	92	95
Average Age of Employees (years)	35	35
Profit Per Employee (₹ cr)	4.0	3.8
Assets Per Employee (₹ cr)	175	173

Social & Relationship Capital

	FY 2023	FY 2022
Cumulative number of housing units financed (mn)	10.2	9.3
Spend on Corporate Social Responsibility (₹ cr)	213	194

Manufactured Capital

	FY 2023	FY 2022
Number of Offices	737	675
Service Delivery Model	Phygital model – a matrix of platforms using a mix of physical and digital for all our customer related services.	
Digital Enablers	Digital on-boarding for loans and deposits.	



Intellectual Capital

HDFC Brand	<p>A brand synonymous with trust.</p> <p>“HDFC: With You, Right Through” helping the customer through the entire home buying journey.</p> <p>Constantly re-imagine and transform the customer journey across the lifecycle to improve customer experience and create market differentiation.</p>
Digital Marketing Principles	<p>Marketing Automation: Use of technology for identifying, targeting and nurturing leads</p> <p>Conversational Marketing: One-to-one interaction on a real-time basis</p> <p>Programmatic Advertising: Use of AI to automate digital ad buying</p> <p>Personalisation: Tailor-made customer experience for every user</p> <p>Geo-Fencing: Location-based digital marketing</p> <p>Video, Voice & Vernacular: Increasing consumption of video, voice and vernacular content</p> <p>Native Advertising: Non-intrusive form of digital advertising</p>

Natural Capital

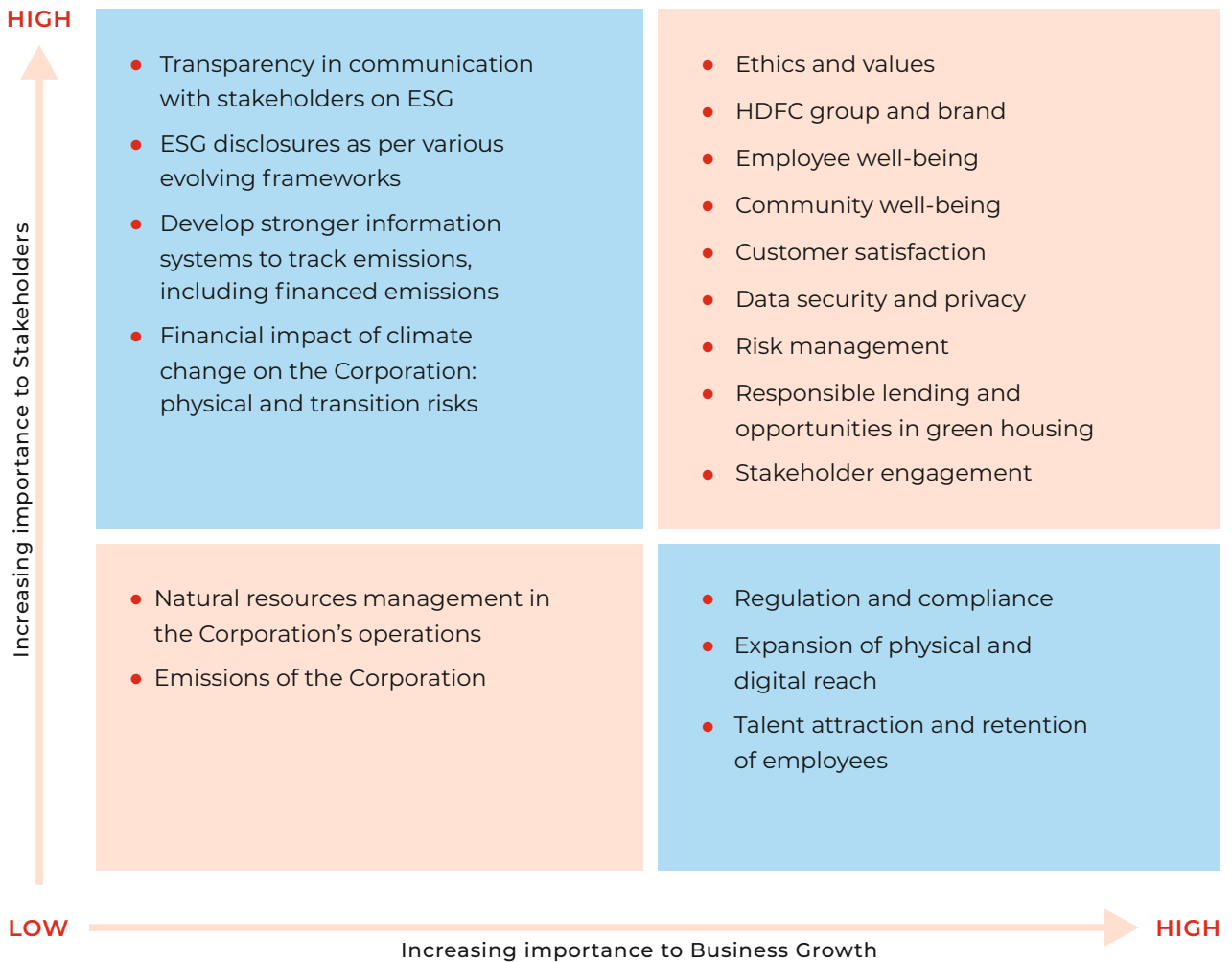
Responsible Lending and Being Climate Conscious	<p>An Environment and Social Policy Framework along with a Social and Environment Management System for screening certain loans for their social and environment risk and impact.</p> <p>Raising resources for deployment towards green and affordable housing.</p> <p>Promotion of green, smart and affordable homes and funding of green commercial buildings.</p> <p>Waste segregation, recycling of e-waste, green procurement of various supplies, installation of solar panels, LED fittings, sensor lighting and taps, water saving devices and other endeavours to minimise the carbon footprint.</p> <p>Published the report, Task Force on Climate-Related Financial Disclosures: An Introductory Framework and reporting to the Carbon Disclosure Project (CDP).</p>
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Emissions Data	FY 2023 (MT CO ₂ e)	FY 2022 (MT CO ₂ e)
Scope 1 Emissions	3,981.44	3,115.38
Scope 2 Emissions	11,903.12	11,700.08
Total Scope 1 and 2 Emissions	15,884.56	14,815.46

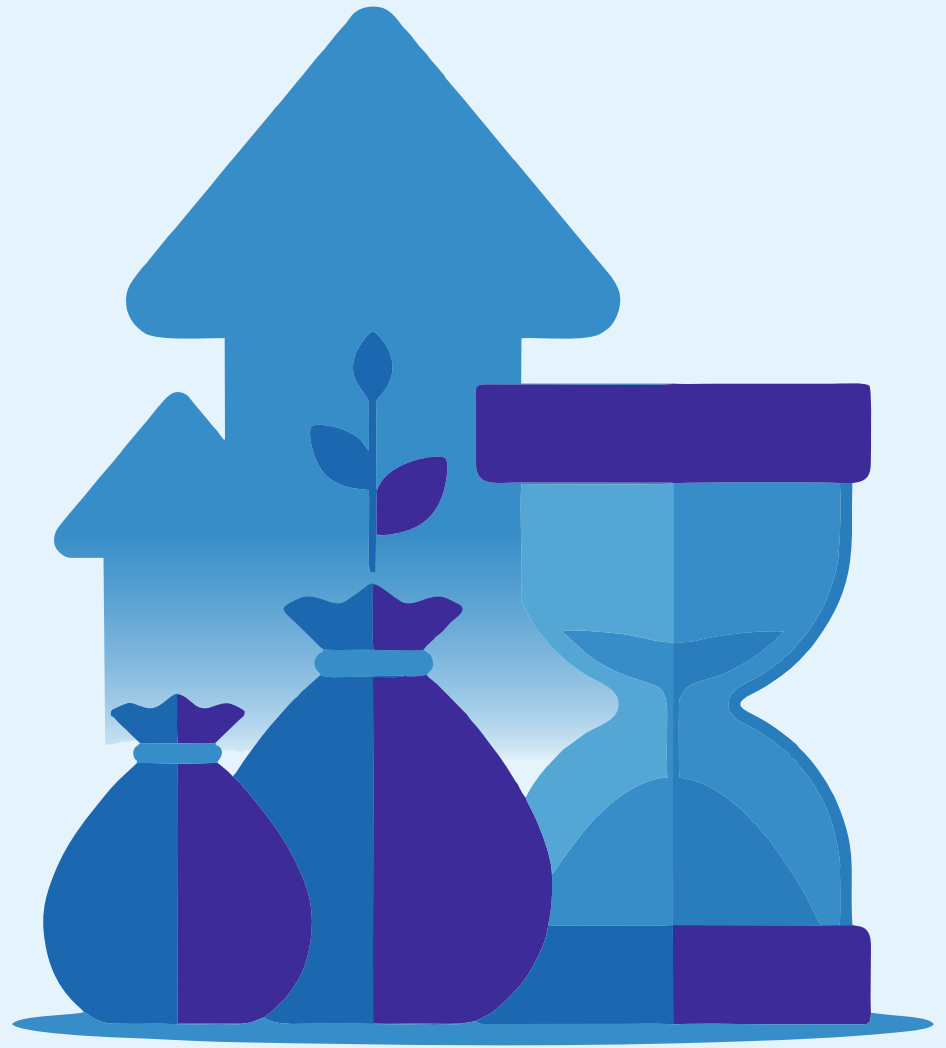
ESG Materiality Map

Materiality Determination: The determination of material matters factored the overall operating, regulatory, legal, risk and macro-economic environment. Factors specific to the housing and finance sector were also considered. The ESG materiality map is illustrative to reflect issues that may have an impact on value creation based on key ESG parameters. This has been determined based on an internal assessment by the Corporation and through the incorporation of feedback from key stakeholders.

ESG MATERIALITY MAP



FINANCIAL CAPITAL



**FINANCIAL
CAPITAL**

Financial Capital

As a housing finance company, financial capital by default ranks amongst the most important capitals. Finance is the equivalent of the 'raw material' for the Corporation.

The quarterly financial disclosures, quarterly earnings call for the financial results and the Annual Report FY23 (Directors' Report and Management and Discussion Analysis Report) have details on the financial performance of the Corporation.

The hyperlinks are:

<https://www.hdfc.com/investor-relations/annual-reports>

<https://www.hdfc.com/investor-relations/financials>

<https://www.hdfc.com/investor-relations/investor-presentations>

KEY FINANCIAL OBJECTIVES

- Set the pace of loan book growth that is prudent and sustainable, keeping in mind the prevailing environment
- Maintain emphasis on asset quality and provisioning
- Have a diversified source of funding
- Focus on operational efficiency in every sphere of activity, so as to minimise the cost to income ratio
- Manage assets and liabilities so as to minimise risks for the Corporation
- Create long-term shareholder value





HUMAN
CAPITAL

HUMAN
CAPITAL

Human Capital

At HDFC, people are our biggest asset and are the key enablers of our business. Since inception, HDFC has emphasised on the importance of inculcating honesty, transparency, integrity and accountability in all spheres of work. These attributes define our work culture.

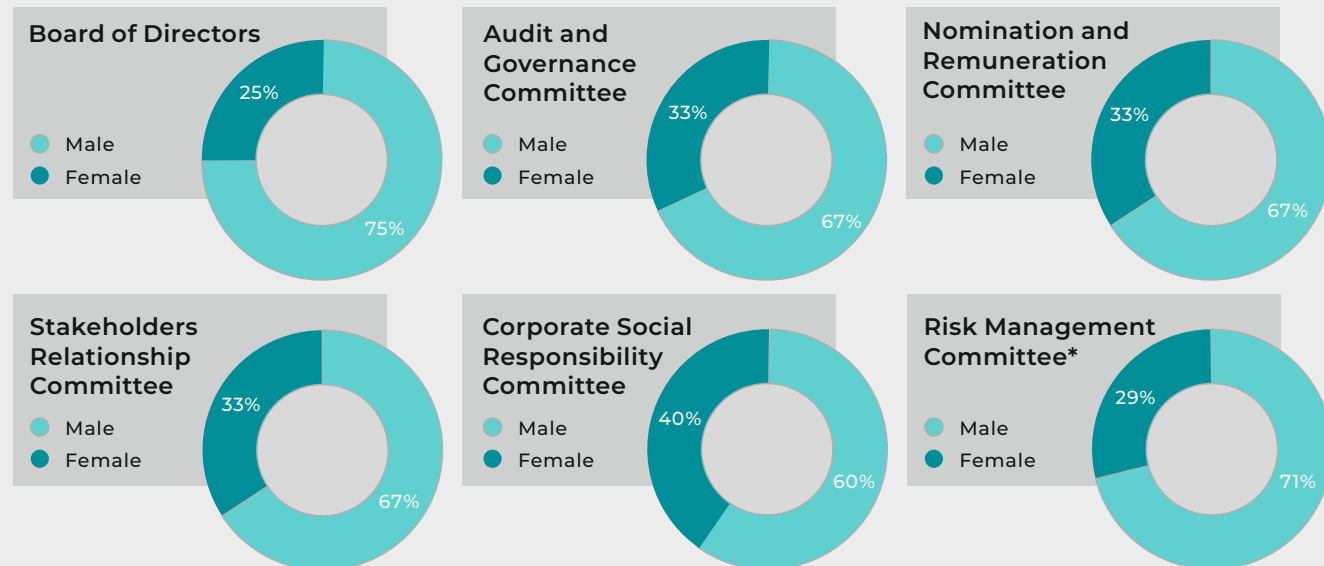
EMPLOYEE WELL-BEING

Financial [^]	Health	Employee Engagement
<p>No retrenchment of employees or salary reductions.</p> <p>Employee stock options have always been granted to each and every employee in the organisation.</p> <p>Education allowance for employees' children</p> <p>Staff loans at concessional rates</p> <p>Digital-based reimbursements</p> <p>Travel and vehicle allowance</p> <p>Relocation allowance</p>	<p>Emphasis on health and safety of employees.</p> <p>Health insurance for employees and immediate family: domiciliary and hospitalisation</p> <p>Maternity/ Paternity leave</p> <p>Sensitisation on work-life balance</p> <p>Wellbeing on the Web (WOW) is an integrated approach towards holistic health and well-being of employees and is delivered through a curated digital platform. This factors physical, emotional, financial and social well-being of employees. Each pillar dives into a specific aspect of health and wellness to assist employees and their families in their journey towards a healthier lifestyle.</p> <p>"We Care": Training for employees for emergencies prior to arrival of emergency medical services.</p>	<p>Employee engagement helps to ensure bonding outside of the workplace.</p> <p>Regular interactions with management through virtual and physical meetings.</p> <p>Friday Club: Entails short-duration recreational and talent-based activities to ensure a congenial and happy work environment. This includes cricket, walkathon, tree plantation drives, voluntary visits to NGOs and festival celebrations, amongst others.</p> <p>Mentoring programme for new recruits. This helps the employee to imbibe the work culture of the Corporation.</p> <p>Engage and sensitise employees to be ecologically conscious and make better sustainable choices.</p>

[^] Allowances are grade related

Human Capital Data Points

BOARD AND BOARD COMMITTEES GENDER REPRESENTATION



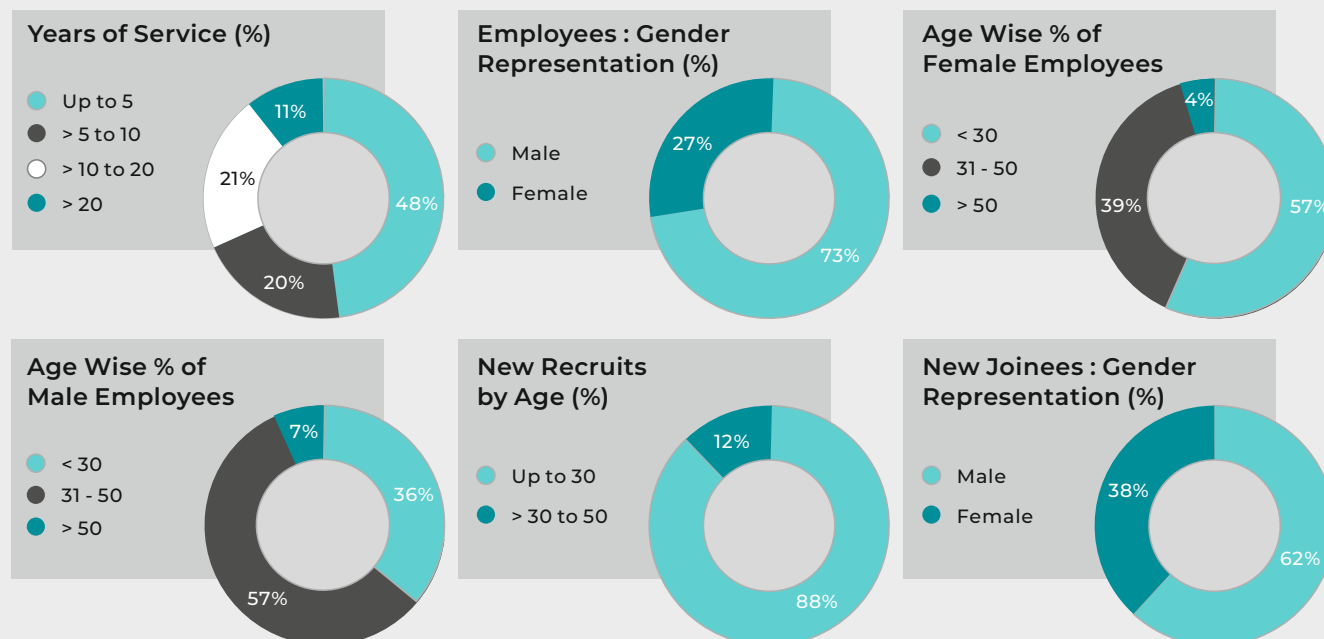
EMPLOYEE STRENGTH

As at March 31, 2023, the Corporation had 4,017 permanent employees. The average age of employees is 35 years.

GEOGRAPHY-WISE EMPLOYEE DISTRIBUTION

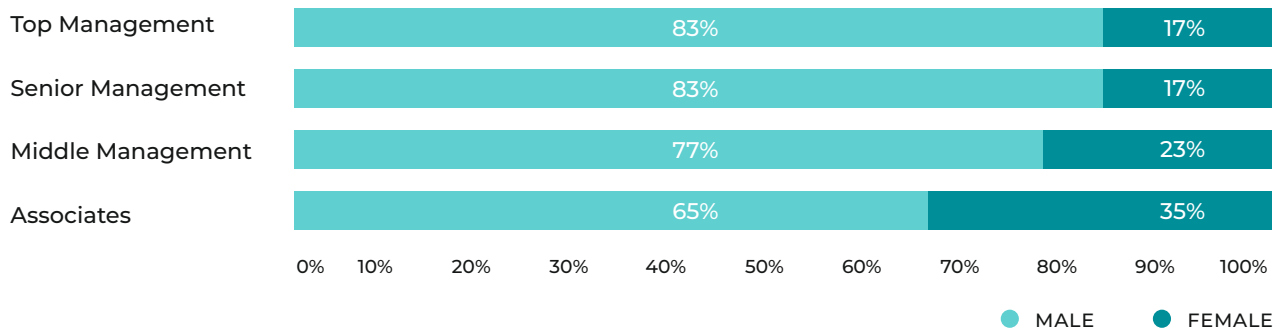
NORTH	SOUTH	EAST	WEST	OVERSEAS	TOTAL
1,143	1,161	181	1,530	2	4,017

OTHER EMPLOYEE DETAILS



*Includes senior executives

ROLE-WISE GENDER REPRESENTATION



DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

HDFC strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential, regardless of their differences and where everyone can feel a sense of belonging.

The objective of HDFC's Diversity and Inclusion Policy is:

- To ensure HDFC is an employer for all diversity groups - gender identity, disability, caste, creed, colour, religion, marital status, age, sexual orientation and expression, medical condition, language and any other aspects as applicable;
- To create and foster an open culture of inclusion for all its stakeholders; and
- To create an environment which has zero tolerance for discrimination.

EMPLOYEE ENGAGEMENT



EMPLOYEE TRAINING

We have a dedicated vertical to ensure that employees are sufficiently trained in functional and behavioural skills to ensure high standards of service to internal and external stakeholders.

Training is based on the identified needs, competency, or job-specific knowledge gaps, skills and attitudes as identified jointly by the employee, department and branch heads and the human resources department. We also use customer feedback which often acts as a base to identify learning and development needs.



In FY23, over 2,000 training programmes were undertaken for employees. This translated into a total of 9.89 man-days per employee. The key objective of these training programmes is to constantly upskill employees and ensure they stay abreast with new developments pertaining to the organisation.

TRAINING PROGRAMMES FOR EMPLOYEES

During the year, trainings were conducted physically and through blended learning modes, which entailed virtual classroom initiatives along with the e-learning modules.

Some of the trainings conducted during the year included:

Skill-Based Training Programmes	
Branch Banking	Skill Up 2 Scale Up - Cross Functional Training
Customer Centricity	Negotiation and Communication Skills
Leadership and Managerial Skills Programme	IT Training Skills Programme
Train the Trainer	Soft Skills Training
Mentoring/ Coaching Programme	Orientation/ Induction Programme
HDFC Aspire: E-Learning Courses	
The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002: Review & Assessment	Information and Cyber Security Awareness
Overview and Concepts under Prohibitions of Insider Trading Regulations	Know Your Customer (KYC)
Code of Conduct & Human Resources Compliance Training	Credit Bureau Data
Green and Sustainable Loans	Credit Risk Management, Loan Accounting, Online Disbursements & Deposits
Overview on Rural Housing Finance	HDFC Reach Loans

External Training Programmes/Workshops	
Affordable Housing Finance – National Housing Bank’s Initiatives	Finacle Corporate Loans Functional and Technical Training
Excel Macros and Visual Basic for Applications (VBA) Training	Bond Mathematics and the Indian Treasury Market
Digital Banking, Financial Services and Insurance	Use of Technology for Managing Ministry of Corporate Affairs Compliances, CSR, Project and Impact Assessment
Credit Appraisal of Loans	Digital Innovation and Transformation
Green Buildings	Metaverse and its Business Application
Green and Sustainable Loans	Mumbai Sustainability Summit, 2023
Prevention of Sexual Harassment at Work Place	ESG: The New Economic Realities for Business, Challenges and Opportunities
Work Life Integration	Health and Wellness
Stress Management	Agility and Emotional Intelligence

TRAINING PROGRAMMES FOR NEW RECRUITS

All new recruits undergo an intensive induction programme to familiarise themselves with the organisation. This entails training and orientation programmes conducted by senior management across all departments.

MENTORING PROGRAMME

HDFC facilitates a mentoring programme for all new recruits. Mentoring is a process wherein a senior person in an organisation can be a role model/ guide/ counsellor to a less experienced person. The purpose of mentoring is to develop a strong two-way learning relationship between the mentor and mentee. This relationship helps the mentee and the mentor to progress towards their personal and professional goals. Mentoring has been a core part of HDFC. Our experience indicates that great benefits have been achieved through mentoring relationships.

The human resources department closely monitors the effectiveness of the mentorship programme through feedback from the mentor and mentee.

ZEST TO SERVE: CUSTOMER SERVICE WORKSHOP

We have a customised programme, ‘Zest to Serve’, to re-ignite the mind-set of serving with a smile and from the heart. This is a customer service workshop designed with the objective of revisiting our roots and reinforcing service standards set at inception as it was felt this could be one of the key differentiators in today’s times.

The emphasis is on creating a connection with a home loan customer, rather than merely a transactional relationship. Customer service has to be viewed as a business need which requires all employees to have a mind-set of serving. Nearly 10 workshops were conducted and more than 300 employees were trained under this programme with the objective of sensitising them to ensure a better tomorrow.

EMPLOYEE PRODUCTIVITY

	FY 2023	FY 2022
Number of Permanent Employees	4,017	3,599
Total Number of Outlets [^]	737	675
Profit Per Employee (₹ cr)	4.0	3.8
Assets Per Employee (₹ cr)	175	173
Spend on Staff Training & Welfare (₹ cr)	38	32
Total Training Man-days per Employee (Days)	9.89	9.21

[^]Includes offices of HDFC Sales

JOB ROTATION AND SUCCESSION PLANNING

The objective of our job rotation policy is to enable our employees to enhance their knowledge, develop new skills and have a broader understanding of various functions across the Corporation. This ensures a well-balanced career development path. Job rotation aids in creating a stronger talent pipeline which in turn helps in succession planning as there is a larger pool of multi-skilled employees.

In the case of the regional business heads, branch heads and department heads, we recognise that succession planning is a continuous process rather than a one-time event. We have in place a systematic mechanism to identify high performers and groom them to take on higher responsibilities thereby mitigating vacancy, readiness and transition risks.

OPEN-DOOR POLICY

We have always believed in the importance of an open-door policy and this helps our employees to address grievances and concerns at an early stage. There are various mechanisms in place for recording and redressing complaints raised by employees.

TRAINING FOR CHANNEL PARTNERS

In order to ensure that the Corporation's digital platforms are well leveraged, a great deal of time and effort was taken to train our channel partners, deposit agents and direct selling agents (DSAs). During the year, over 2,100 third party DSAs underwent training by the Corporation. Similarly, third-party DSAs and deposit agents who source deposits also underwent similar training to optimise the digital platforms. The online platforms have been well received by our channel partners. This helped increase the digital on boarding of both, depositors and borrowers. This proved to be cost-effective, efficient and convenient for customers and also brought in cost efficiencies in overall operations.

TRAINING FOR VALUE CHAIN PARTNERS

Other programmes conducted by the Corporation for some of its value chain partners in facilities management included awareness programmes covering issues like improving service levels, security measures across offices, safety protocols linked to support services and improving health and hygiene measures through effective housekeeping, amongst others. These awareness programmes spanned a majority of the Corporation's value chain partners pertaining to facilities management. These regular interactions have strengthened the Corporation's relationship with some of its key value partners who share similar ESG objectives and assist in areas like waste management and conservation of resources.



HUMAN RIGHTS

HDFC regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed. HDFC believes that every workplace shall be free from violence, harassment, intimidation and/ or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, HDFC has aimed to provide safeguards for all people at its workplace, while having due regard for their privacy and dignity.

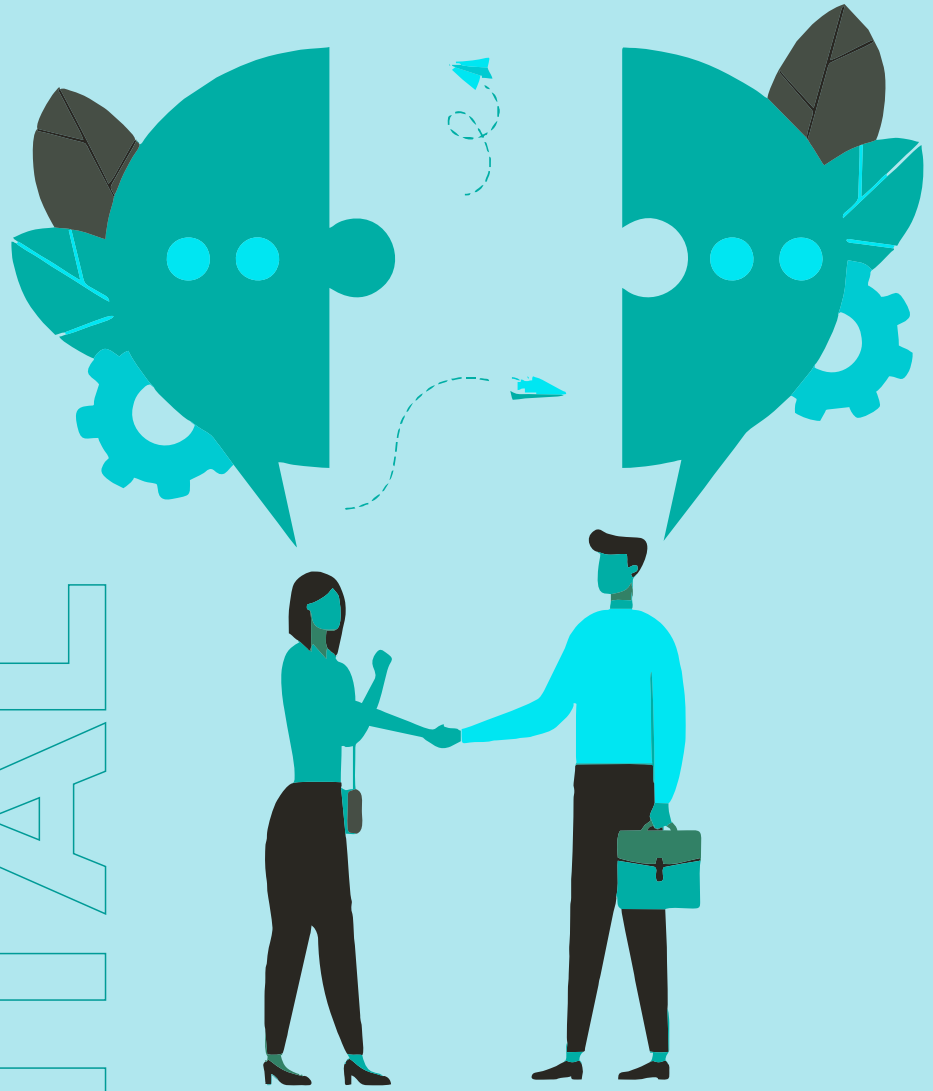
HDFC also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse.

HDFC strives to ensure that its vendors and suppliers uphold human rights and abide by the labour laws and human rights – including the prohibition of child labour, forced labour and trafficked labour.

In FY23, there were no complaints with respect to discrimination at the workplace, child labour, forced labour/ involuntary labour, wages and other human rights-related issues.



SOCIAL & RELATIONAL CAPITAL



**SOCIAL &
RELATIONSHIP
CAPITAL**

Social & Relationship Capital

We strive to engage with our stakeholders on a continuous basis. This enables us to understand their expectations and serve them better. Stakeholder engagement is an important driver for building long-term relations.

CUSTOMER CAPITAL

Given the shortage of housing in India, the demand for housing continued to be strong. Housing also has several multiplier effects on an economy given its strong backward and forward linkages with various industries. The housing and real estate sector in India is also the second largest employment generator in the country. At HDFC, we are bound by a shared purpose of increasing home ownership in India.

Customers form the core of our business. In a competitive housing finance market, the key differentiator is the quality of customer service rendered. We remain driven to constantly find ways to enhance the quality of our customer service.

CUSTOMER PROFILE

As at March 31, 2023, 83% of assets under management were individual loans and 17% were non-individual loans, comprising loans to corporates, construction finance and commercial lease rental discounting.

HDFC strives to maintain a judicious mix of lending to all income segments. We believe in cash-flow-based lending and not asset-backed lending practices. We continue to widen our efforts to reach out to customers across all income segments and expand our reach through rural housing loans, loans to self-employed customers and those belonging to the informal sector.

Individual Loans	FY 2023
Average Loan Size	₹ 36.2 lac
Average Loan to Value Ratio	70% (at origination)
Average Loan Term	12 years
Average Age of Customer	38 years

WORKING TOGETHER WITH THE GOVERNMENT TO PROMOTE HOMEOWNERSHIP

The Honourable Prime Minister of India envisaged 'Housing for All' as a flagship government programme to enable more Indians to become homeowners. To achieve this objective, several initiatives were taken both, at the centre as well as state level to provide housing to citizens of India.

Various incentives were provided to beneficiaries under these schemes to promote the mission. The Credit Linked Subsidy Scheme (CLSS), one of the verticals under the Pradhan Mantri Awas Yojana (PMAY) – Urban, has been the catalyst in deepening affordable housing.

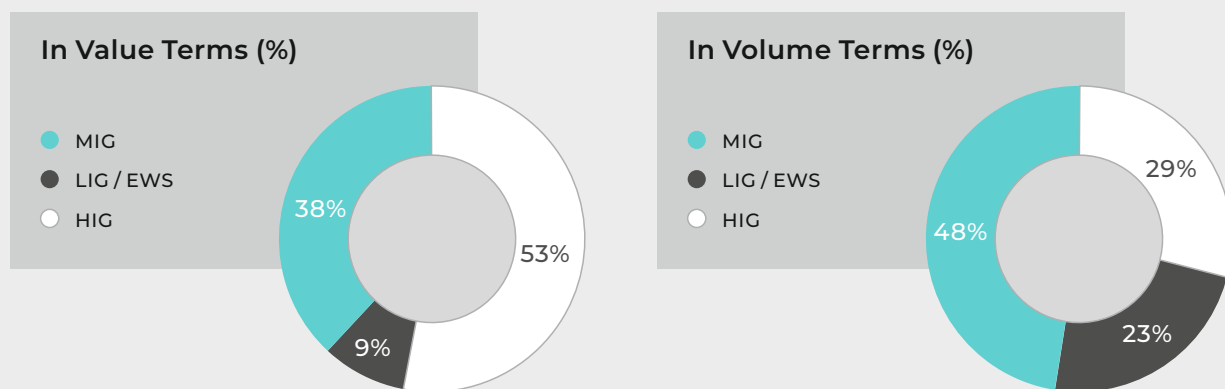
The original CLSS covered Middle-Income Groups (MIG), Economically Weaker Section (EWS) and Lower-Income Groups (LIG) segments. Though the scheme's validity was till March 31, 2022, during FY23, the subsidy amounts continued to be released by the government to the beneficiaries. The Corporation has the largest number of home loan customers – of approximately 3.65 lac who have availed benefits under CLSS. As at March 31, 2023, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 60,427 crore. The cumulative subsidy amount stood at ₹ 8,529 crore, representing a 15% share of the total subsidy amount released by the government under CLSS.

The Corporation remains committed to supporting the government's mission of Housing for All to enable more Indians to become homeowners.

SERVING ALL INCOME SEGMENTS

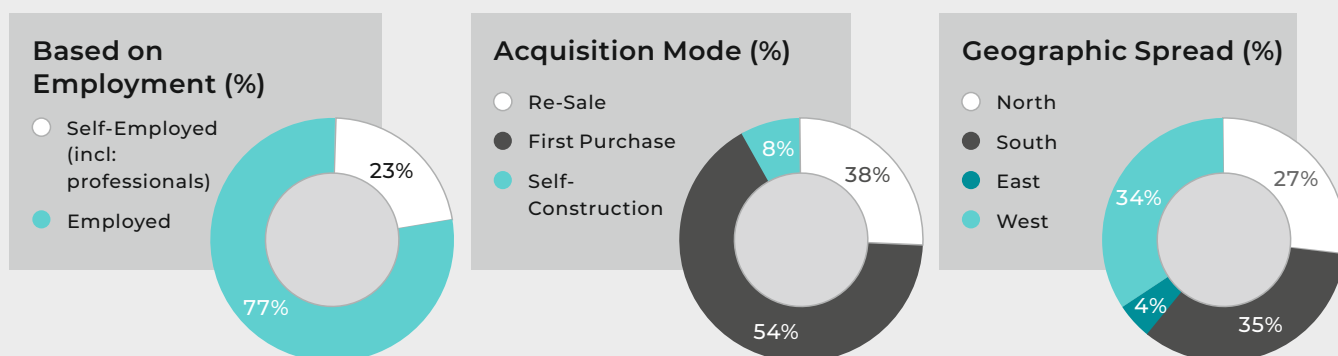
In FY23, in volume terms, 48% of our loans approved were to the middle-income group (MIG), 29% to the high-income group and 23% to the low-income group (LIG) and economically weaker section (EWS).

Housing Loan Approvals to Customers Based on Income Slabs in FY23



Economically Weaker Section (EWS) Up to ₹ 3 lac p.a. Low Income Group (LIG) Above ₹ 3 lac to ₹ 6 lac p.a. Middle Income Group (MIG) Above ₹ 6 lac to ₹ 18 lac p.a. High Income Group (HIG) Above ₹ 18 lac p.a.

INDIVIDUAL LOANS – BASED ON VALUE OF APPROVALS



EFFORTS TOWARDS ENCOURAGING WOMEN HOME OWNERSHIP

HDFC believes in women empowerment. In order to encourage more women to become home owners, the Corporation has a product for women home buyers called 'Women Power'. Under this product, women have to be an owner /co-owner in the property for which the home loan is being availed as well as an applicant /co-applicant in the home loan to avail a concession on the home loan interest rate as applicable.

To help increase women homeownership, we have a partnership with a company focused on encouraging women to become home owners. The objective of this arrangement is 'safe and affordable housing by women, for women'. The company works with select developers and helps women through the process of purchasing a home. Under this business sourcing arrangement, HDFC is able to reach out to more women home loan borrowers.

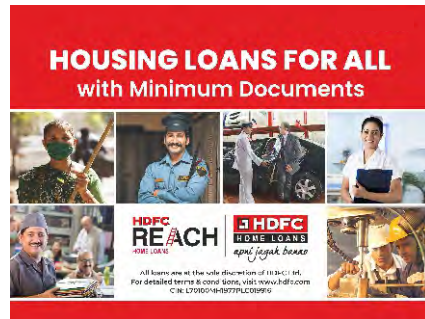
In FY23, of the total loans disbursed, 67% in value terms had women as owners of the property. These loans ensure that women's property rights are recognised and protected as their names are registered on their respective properties.

Further, certain states too have offered concessional stamp duty rates for women home owners.

CUSTOMER INCLUSIVITY

Since inception, HDFC's lending policies do not discriminate on grounds of sex, caste, religion or persons with disabilities, amongst others.

As part of the orientation process for new recruits, sensitisation and training is done to ensure customers and other stakeholders are dealt with understanding and empathy.



Wide range of products, flexible options, guidance & more, to serve your housing needs.

All products, services and facilities are available to all customers without discrimination, including those using their thumb impression.

We adhere to the guidelines on loan facilities to visually impaired persons and persons with disabilities. A copy of the application form is also maintained in Braille, to cater to the special needs of visually impaired customers.

SUPPORTING THE UNDERSERVED AND INCLUSIVITY

We have always believed that we need to support underserved sections of society. We were amongst the early equity investors in microfinance in India. Our support to the microfinance and micro, small and medium enterprises (MSME) sectors has been through a combination of equity investments and funding lines for on-lending to these sectors.

We have also supported social initiative projects such as education buildings, senior citizen housing and hospitals, amongst others.

In terms of inclusivity:

- 23% of loans approved in volume terms and 9% in value terms were to customers from economically weaker section and low income group
- Of the total housing loans disbursed in FY23, 49% were to first-time home buyers
- Under rural housing finance, which accounts for 9% of the individual loan book, we have provided housing finance facilities to farmers, agriculturists, planters and horticulturists
- Our niche housing product, 'HDFC Reach' addresses the housing needs of those in the informal sector
- Our focus is also on identifying deep geographies to expand our reach to customers



RESPONSIBLE LENDING PRACTICES

Our consumer charter is enshrined in our Fair Practices Code and Most Important Terms and Conditions. Further, the Prevention of Money Laundering Policy is also a critical component of product responsibility for the Corporation.

We ensure that our lending policies do not discriminate in extending products and services to any person. We also communicate to customers as to why a new loan application or other existing loan-related request is rejected by the Corporation if it does not meet our lending norms. This ensures transparency and fairness in our dealings.

In our non-individual lending, HDFC ensures that at the time of appraisal of certain loans, environmental and social (E&S) risks are assessed. We have E&S covenants embedded in our legal documents/offer letters for these loans. Enhanced E&S due diligence is done through a combination of internal or external assessments.

As part of our Environment and Social Policy Framework and Environmental and Social Risk Management System, we do not fund controversial activities and/or provide loans where the end use is towards:

- Production and distribution of pornographic materials;
- Manufacturing, marketing, or dealing in banned drugs, narcotics and other chemicals of concern;
- Standalone manufacture and marketing of tobacco;
- Production/ trade in alcoholic beverages (excluding beer and wine);
- Dealing in banned wildlife-related products;
- Production/trade in weapons and ammunitions;
- Production/trade in radioactive materials;
- Production/ trade-in unbonded asbestos fibres;
- Gambling, casinos and equivalent enterprises;
- Polluting industries, unless the unit has explicit clearance from pollution control authorities and has installed effluent treatment plants;
- Any other activity deemed as illegal or construed as being harmful to the environment and/or society.

Note: The above is not exhaustive, but an illustrative list.

GRIEVANCES

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. We have in place a sophisticated centralised team for managing customer grievances called Customer Engagement, headed by the Chief Grievance Redressal Officer (CGRO) to record, monitor and redress grievances/feedback received from customers.

The Corporation has upgraded its grievance redressal mechanism by implementing an omni-channel customer service platform to improve service and reduce customer grievances due to which communication from all the touch points -- website, emails, letters, social media and phone calls amongst others are on a single platform. This provides a holistic view of the customer's interactions and profile to provide better service. This has led to heightened efficiency and ensures a reduction in complaints along with maintaining higher service standards.

CORPORATE WHISTLE BLOWER INITIATIVE

HDFC has in place a Corporate Whistle Blower Initiative (CWI) portal, a third-party web-based reporting initiative. This is an extension of the Code of Conduct formulated with an aim to promote good corporate governance, instil faith and make stakeholders feel confident to voice their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud, financial irregularities, violation of the Corporation's Code of Conduct, instances of leakage of unpublished price sensitive information, breach of any policy, abuse of power and authority by any official of the company or any other act with an intention of unethical personal gain or to cause damage to the Corporation or its employees or public interest without fear of reprisal.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT

It was the belief of HDFC's Founder, Mr. H T Parekh that all successful corporations owe a responsibility to give back to society. This sensitisation since inception was the reason a 'Shelter Assistance Reserve' was created to support worthwhile social projects and communities in 1987 -- the tenth year of operations of the Corporation.

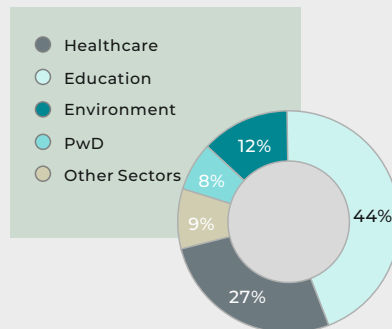
Since then, HDFC has been committed to engage and support the community at large, especially the segments of the population that are not served by the business. The H T Parekh Foundation was set up in 2012 to mark the birth centenary year of HDFC's founder chairperson and is the primary implementing agency of HDFC.

HDFC's CSR projects are undertaken with a conscious effort to have an equitable presence across the country. The Corporation has supported projects, both in rural settlements as well as in urban areas. During the year under review, 23% of the total CSR budget was towards projects in the east and north-east parts of the country. The approach has been to partner with organisations that have a demonstrated track record and strong community presence which enables them to effectively assess the needs on the ground and execute solutions that are contextual to address challenges faced by communities.

The key focus areas in FY23 included:

HEALTHCARE	EDUCATION	ENVIRONMENT	PERSONS WITH DISABILITIES	OTHER SECTORS
Healthcare formed 27% of the total CSR expenditure during the year. The two core areas of focus were cancer support and access to nutrition. Significant infrastructure support was also extended to remote areas of north-east India and the provision of easy-to-use screening tools for high-risk pregnancies in primary healthcare facilities in Manipur.	Education projects constituted 44% of HDFC's CSR expenditure during the year. The Corporation continued with its flagship initiative <i>HDFC Badhte Kadam</i> scholarship to provide financial assistance to high-performing students belonging to low-income families from grade IX up to graduation to ensure their education is not jeopardised due to economic distress. Special categories like children of martyred soldiers and students with disabilities were also supported through scholarships. Further, <i>Project Doorbeen</i> was initiated to support establishments of community and school libraries.	Environment contributed 12% of the CSR expenditure during the year, with a focus on efficient waste management, particularly in urban areas. Investments were made in renewable energy through the installation of solar street lights and solar systems for community, academic and healthcare institutions, as well as the establishment of a waste-to-biogas plant for an institution. Additionally, support for ecological restoration prioritised initiatives that addressed forest degradation, welfare of forest communities and research-based advocacy.	PwDs contributed 8% of the CSR expenditure and were represented by projects that addressed the needs of PwDs for livelihood, healthcare and education. Additionally, initiatives were undertaken to aid para-athletes, conduct research for effective policy advocacy and develop key resource centres catering to the needs of both, children and adults with disabilities.	contributed 9% of the CSR expenditure during the year and included support to skilling and livelihoods projects for women and migrant workers, promotion of arts and community development.

CSR SPEND - SECTOR-WISE SHARE (%)



SUSTAINABLE DEVELOPMENT GOALS

Through our CSR initiatives, we have touched upon 10 Sustainable Development Goals prescribed by the United Nations. Kindly refer to Annex 1 in this report which maps our CSR projects against the Sustainable Development Goals.

COMMUNITY DEVELOPMENT PROJECTS

Education

HDFC, through the H T Parekh Foundation in collaboration with multiple partners initiated the Doorbeen project with the objective of creating vibrant library spaces to support community and school libraries in Madhya Pradesh, Assam, New Delhi, Maharashtra, West Bengal and Sikkim. Under Project Doorbeen, more than 44,800 books in 7 languages were provided through 149 community and school libraries across 109 villages and 5 cities which aided almost 5,600 children. The project also assisted in the translation of children’s books in the local dialect of the tribal population in Assam.



Healthcare

Improving access to treatment

HDFC has provided financial aid to patients undergoing cancer treatment and Bone Marrow Transplant (BMT) treatment, especially children and women from families that are under low socio-economic strata in Mumbai, Cachar, Guwahati and Varanasi. Additionally, programmes that reach out to at-risk populations using medical mobile units, qualified healthcare professionals and awareness tools were also supported with the aim of enabling early identification and prevention.



Strengthening communities for maternal child health and nutrition

To bring improvement in the nutrition status/indicators of children, adolescent girls, pregnant and lactating women, the Corporation implemented several programmes in rural areas and urban slums of India. The gaps in Maternal Child Health and Nutrition (MCHN) services were addressed by undertaking initiatives that strengthened communities through collaborative actions and partnerships between front-line workers like Accredited Social Health Activist (ASHA), Anganwadi workers and Auxiliary Nurses and Midwives (ANMs) amongst others; government functionaries (Integrated Child Development Scheme and Health departments); and community action groups/volunteers.



Healthcare infrastructure for underserved communities

HDFC supported eminent healthcare institutions and organizations in establishing infrastructure to serve underprivileged communities across India. It included strengthening the infrastructure of hospitals and public healthcare centres in the north-eastern states of Assam and Manipur, construction of a dedicated bone marrow treatment facility in a cancer care hospital in Guwahati and solar powering of primary health care centres in Manipur to set up a 100 bedded district hospital in Kakching, Manipur.



Development of urban spaces

Over the past two years, HDFC has undertaken several initiatives at the Chhatrapati Shivaji Maharaj Vastu Sanghralaya (CSMVS -- one of the premier museums in the country) such as supporting the care and upkeep of its landscaped gardens, designed and developed a 5-themed bio-diversity garden, installed an exhibit called the 'Edible Pavilion' and facilitated a gallery dedicated to the past history of the city, titled 'Bombay Gallery'. The various interventions have enhanced the public space for education, experience sharing and interaction for use by the most diverse set of visitors that the museum caters to.

Further, the Corporation assisted in the creation of a digital hub at the National Centre for Performing Arts (NCPA) in Mumbai. The support has assured that NCPA is equipped with the latest technology, physical spaces and expertise in order to ensure that performances are treated with the utmost care for storage and broadcasting to worldwide audiences through digital and live avenues.

Additionally, with the objective of demonstrating an inclusive city planning model by involving locals in designing and adapting identified solutions to improve living conditions in their localities, a project was initiated across 5 slums in Jodhpur. The project enabled improved access to sanitation to over 450 households, sensitisation of women in the community about their rights as citizens, solar cooling for homes and critical solar lights to illuminate corners of the slum which were previously inaccessible due to fear of theft and danger.

Inclusive communities for Persons with Disabilities (PwDs)

During the year, the Corporation supported multiple projects that targeted the need to build more inclusive communities for PwDs. HDFC, through the Foundation facilitated the set-up of a café on the campus of Hansraj College, New Delhi which impacted the lives of the 9 PwDs who are responsible for operating the café. This also had an indirect impact on the mindsets of over 3,000 students of the college who through the initiative experienced how enabling environments can empower PwDs. Additionally, the Corporation supported two research reports pertaining to developing urban cities and mobile applications more inclusive for PwDs.

For further details, kindly refer to Corporate Social Responsibility Activities in the Annual Report 2022-23 and the H T Parekh Foundation website, <http://www.htparekhfoundation.com>.





PHYSICAL
& DIGITAL
CAPITAL

PHYSICAL
& DIGITAL
CAPITAL

Physical & Digital Capital

Physical and digital capital essentially entails our tangible infrastructure like physical assets and also includes information technology-related assets wherein these platforms enable value creation for all our business activities.

PHYSICAL INFRASTRUCTURE

As at March 31, 2023, we had 523 offices of our own and 214 offices of our wholly owned subsidiary, HDFC Sales Private Limited. Thus, we have a physical reach across 737 locations. Some of our offices are owned premises while others are leased premises.

Our offices follow a fairly standardised physical layout and are designed keeping the customer in mind. We try to ensure that our offices are conveniently located for customers and that they are well maintained with energy efficient lighting and equipped with energy saving/energy star devices.



We follow a hub and spoke model to optimise efficiencies. Most of our offices are small format offices, staffed by few individuals who act as the interface for our customers. The loans are processed at their respective processing hubs, spread over 30 locations across India. The hubs in turn have specialised clusters – for instance, salaried, self-employed, non-resident Indian loans, online applications, amongst several others. This hub and spoke model enables faster turnaround time.

Through a combination of digital and physical presence, we are focusing on entering deeper geographies and micro emerging markets across India in order to reach out to more customers in a cost efficient manner.

DIGITAL INFRASTRUCTURE

A large part of our low-cost operating structure is attributable to our strong technology-based platforms, particularly for our home loan and deposit customers. Information Technology (IT) is the backbone of all functions within the Corporation and thus the IT team plays a crucial role in the overall functioning of the organisation. Our team of IT professionals is responsible for delivering and maintaining all applications, networks and IT infrastructure, including IT security and providing end user support.

As per our Corporation's Asset Management Policy, our IT assets are classified into three key components – software assets, hardware assets and information assets. Our software assets are a combination of both, home grown and licensed technologies.

Digital platforms not only enable business continuity, but also helps process larger volumes with greater speed and efficiency. The Corporation has adopted a 'One HDFC' strategy which capitalises on using technology seamlessly and facilitates redeployment of manpower wherever it is most required. Thus, if there is a particular geography where there is an increase in business volumes, the Corporation optimises its use of resources so as to ensure that high customer service standards are maintained. Customers have responded well to the Corporation's online platforms and have appreciated the ease of using such platforms.



Bridging IT and Business Operations

Since inception, it has been our constant endeavour to automate several operating processes which has enabled us to gain scale and efficiency.

We have a core team, referred as the IT-User Support Group (IT-USG), which acts as the bridge between the IT and business operations teams. The members of the IT-USG group have a combination of skills of being technology savvy and a strong understanding of business operations as well.

The IT-USG team tests the systems for logic, processes, ease of usage and data hygiene. Another key role played by the IT-USG is to assist in training the frontline staff to use the systems efficiently. This in turn helps us serve our customers in a more efficient manner.

Business Transformation

The business transformation team works towards future-proofing the business to enable systems and processes to increase scale, speed, efficiency and meet the changing needs of our customers.

The focus is on digital technology integration to attain operational agility and workforce enablement, thereby enhancing the overall customer experience. This team is constantly on the lookout for new technologies and proactively evaluates fintech partners, works with system integrators, assesses the fitment of technology solutions based on business requirements, implements new processes and solutions and works with trainers across the organisation.

Digitalisation Expansion

Accelerated transformation in the home loan segment due to rapid technological adoption combined with customer expectations was brought about primarily due to three factors:

- Increased internet penetration and accessibility to smartphones;
- Increased number of fintech companies showcasing capabilities that help reduce the overall time for processing a home loan; and
- Support by regulators by simplifying processes and issuing policies enabling digital lending.

The Corporation has several digitalisation tools and platforms in place to support the lending business. The digital on-boarding platform is used for direct and website-based applications and by channel partners as well. The Corporation’s mobile app for channel partners facilitates real-time tracking and processing of loan applications. We have more than 25,000 channel partners using our mobile applications. More than 95% of our channel partners are active on mobile apps for sourcing business for HDFC.

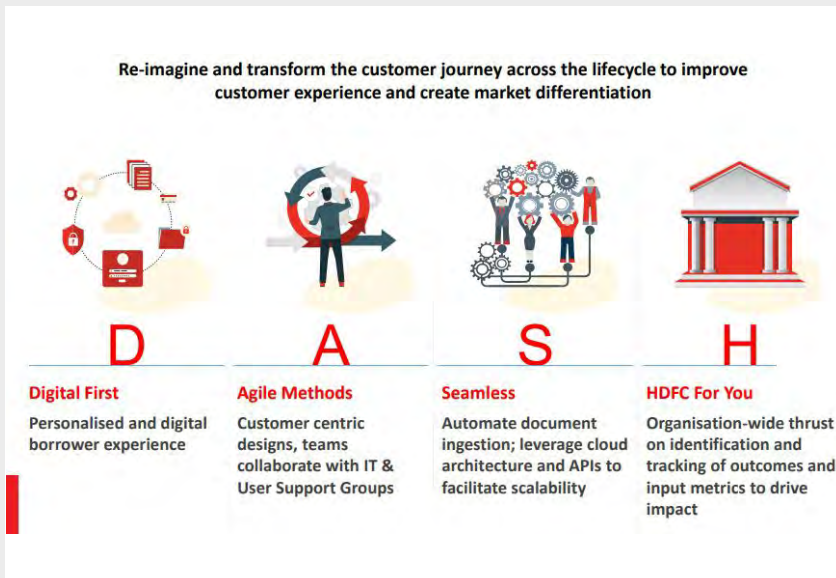
HDFC has devised mobile applications and an online portal for customers for transactional purposes like downloading statements of accounts and income tax certificates amongst others. The Corporation has conversational artificial intelligence (CAI) platforms, enabling customers to have human like interactions during their home loan journey. The CAI platforms facilitates the delivery of smart customer experience (CX) solutions, which helps to improve overall productivity and efficiency.

In FY23, HDFC 94% of loans were on-boarded digitally and 66% of retail deposits used the digital platform. The Corporation also has an end-to-end digitally enabled product, wherein all checks and controls are entirely system driven and loans are auto approved.

Direct fetch information from public portals like the Goods and Services Tax Network, Ministry of Corporate Affairs, Income Tax and tools like bank statement information analysers, which provides real-time, analytical capabilities are integrated into the loan processes, thereby strengthening loan origination and processing controls. Several other loan control checks have been automated. The application programming interface (API) has been facilitated through more than 40 fintech platforms to support digital processing of home loan applications.

DASH Philosophy

The Corporation’s digitalisation objective is to transform the customer’s journey across the lifecycle to improve the customer’s overall experience and create market differentiation. The Corporation has adopted ‘DASH’ philosophy -- Digital first, Agile methods, Seamless architecture and HDFC for You, the platform to track outcomes and input metrics.



D - Digital

Personalised and digital borrower experience

A - Agile

Customer centric designs, teams collaborate with IT & User Support Groups

S - Seamless

Automate document ingestion; leverage cloud architecture and APIs to facilitate scalability

H - HDFC For You

Organisation-wide thrust on identification and tracking of outcomes and input metrics to drive impact

Re-imagine and transform the customer journey across the lifecycle to improve customer experience and create market differentiation

Rural Outreach due to Digitalisation Expansion

With digitalisation expansion, HDFC is able to penetrate efficiently into rural regions as well. The benefits of digitisation to rural areas include:

- Easy access to home loans: Customers can apply for a rural housing loan using a smartphone or a computer with an internet connection. This eliminates time-consuming paperwork.
- Direct fetch of key documents like KYC, bank statements and income documents, amongst others enables an automated process that reduces time, effort and costs.
- For the customer, it means a reduced number of visits to branch offices.

HDFC's rural housing app has been well received by customers.

In addition, for the rural housing portfolio, HDFC has tie-ups with companies that use deep technologies, satellite and drone imagery and geospatial solutions to get real-time, location-specific insights in areas of agriculture, infrastructure and climate change actions.

The government's thrust on Digital India Land Records Modernisation Programme has also helped grow the rural housing portfolio due to digitalisation of cadastrals, land records and geotagging of land parcels.



Data Protection and Customer Privacy

We understand the obligations we have towards the financial and personal information of all our customers. We continue to strengthen our operational risk management framework and ensure the stability and security of our information technology platforms.

Data governance is of paramount importance as is data protection. Data protection is required for both, data at rest (data encryption for customer data) and data in transit (protected by way of secured communication practices). In addition, we have implemented data leakage prevention across the organisation along with document rights management solutions.

We have an information privacy policy that forms a part of the information security policy of the Corporation. For our website users, our privacy policy is published on our website.

During the year, we have had no instances of any breach of customer privacy.

Data Analytics

The Corporation uses data science to enhance operational efficiencies, assist business growth and improve risk management practices in the organisation.

The Corporation has developed a machine learning (ML) based, artificial intelligence-driven credit underwriting engine for individual loans to enable faster credit appraisal decisions and be future-ready to manage increased scale efficiently.

A ML lead scoring model helped improve the productivity of the conversion funnel. ML models are also being built to proactively predict the risk of delinquencies. To better serve customers, an advanced ML model was made to automatically classify queries/requests into coherent categories which facilitates a swifter response to customers.

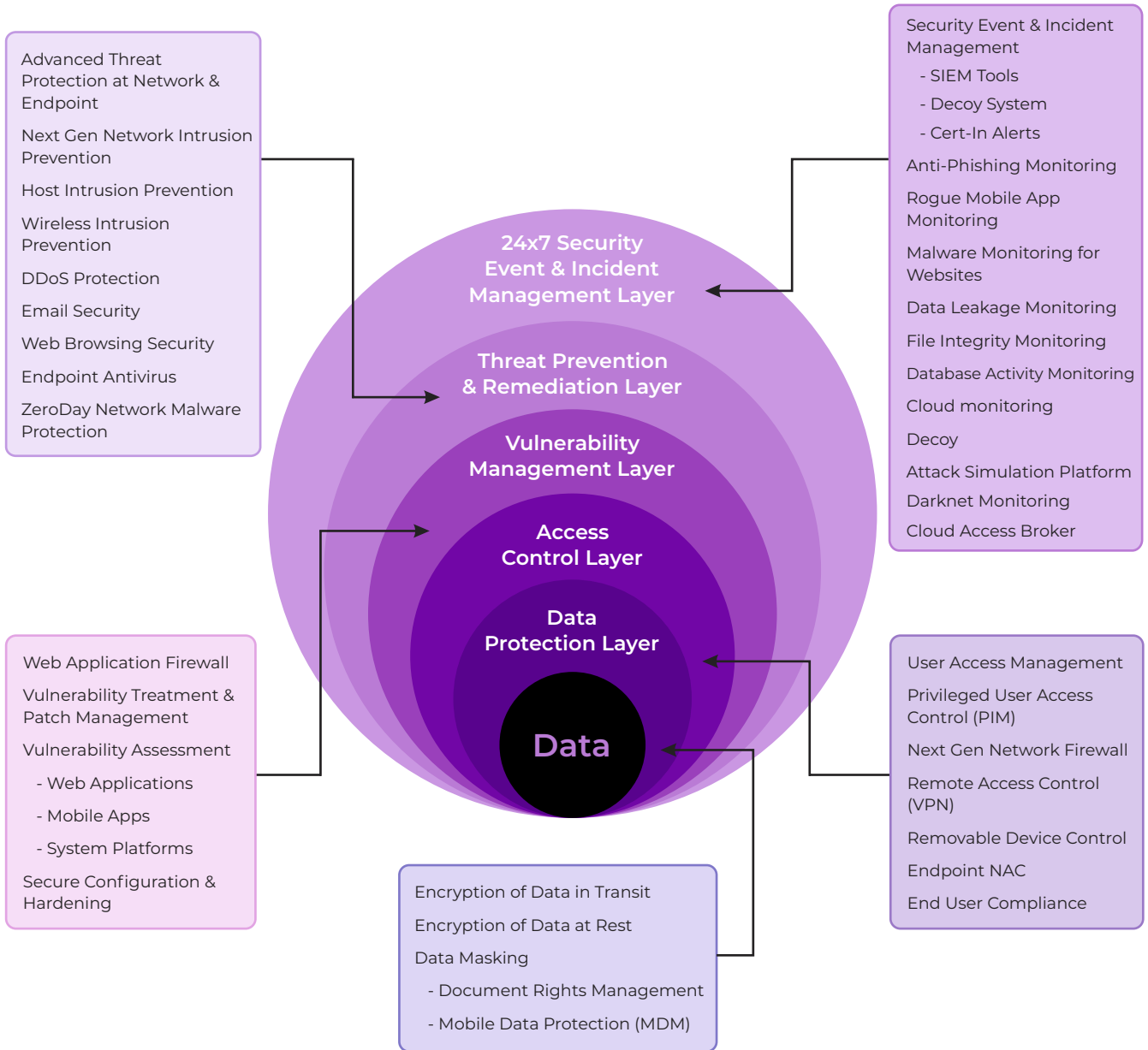
Data analytics also provides insights on market trends, portfolio segments and customer behaviour which in turn helps overall growth in the business.

Cyber Security Framework

Protection of our IT infrastructure from cyber security risks calls for increased vigilance and risk mitigation measures.

We have various board approved policies on information security and cyber security. These are in line with the Reserve Bank of India's directions on Information Technology Framework, ISO 27001 and National Institute of Standards and Technology (NIST) guidelines.

Cyber Security Framework



The Corporation has an IT Strategy Committee, which is a board-level committee. In addition, there is the IT Steering Committee and an Information Security Steering Committee (ISSC). These committees monitor the progress and status of various IT initiatives, information and cyber security on a periodic basis.

The Corporation regularly conducts Vulnerability Assessment and Penetration Testing (VAPT), red teaming (ethical hacking) and e-mail phishing drills at regular intervals. Various cyber security drills are conducted to check the effectiveness of processes defined in the cyber crisis management plan. Training on cyber security awareness is mandatory for all employees.

The Corporation has an 'advance' category BitSight Score. This is an outside view of the Corporation's cyber security posture. The Corporation's cyber security maturity assessment score is above the average score for BFSI companies in India. IT system audits and cyber security audits are also conducted on annual basis.

Our total IT spend for the year ended March 31, 2023 stood at ₹ 177 crore compared to ₹ 135 crore in the previous year.

Business Continuity and Disaster Recovery

The Corporation has a Business Continuity Management (BCM) Committee and has a board approved Business Continuity Plan (BCP).

A detailed Business Impact Analysis (BIA) has been carried out considering various conventional threat vectors and cyber threats. This BIA identifies core business functions and critical business sites that are covered under the resiliency programme. Most of the business functions are supported through automation with the help of technology. Hence IT resiliency forms a critical component of BCP.

Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) are defined for all critical business processes. The IT Disaster Recovery Plan ensures that the defined RTO and RPO are met.

The BCP defines the overall governance and monitoring of the business continuity function, including the setting up of Emergency Response Teams (ERT) and Function Recovery Teams (FRT).

Business continuity spans across people, processes and technology. Requisite training programmes have been conducted for the teams to be prepared to respond to a crisis.

Disaster drills and table top exercises are conducted at regular intervals to test whether the set procedures are working as defined within the pre-defined RTO and RPO and whether people understand and follow them appropriately. Such drills are audited through external CERT-In (Indian Computer Emergency Response Team) certified auditors. Observations received from such audits are considered as a part of continuous improvements.

The plan is reviewed at periodic intervals and the management and board are kept abreast of any developments or changes in the BCP.

INTELLECTUAL

CAPITAL



**INTELLECTUAL
CAPITAL**

Intellectual Capital

VALUES

HDFC was built on the founding values of kindness, fairness, efficiency and effectiveness. Our endeavour is to remain true to these values in every sphere of activity that we undertake. We believe that our value and culture is our strongest capital.

BRAND VALUE

We know that derive immense value as our brand name is perceived as being synonymous with trust and quality customer service. All our group companies have been entrusted with the 'HDFC' brand.

The HDFC group has emerged as a diverse financial conglomerate with a footprint across banking, life insurance, non-life insurance, pension funds, asset management, property funds, education finance and schools.

As an organisation, HDFC is unique -- it is both, a mortgage finance company and the holding company for investments in its subsidiary and associate companies. The impending amalgamation of the Corporation with HDFC Bank augurs well for both organisations.

Home loans are always different from other financial products. It is the single largest investment a person makes in his or her lifetime. Home loans as a financial product evokes a strong emotional quotient.

'HDFC home loans' is an invaluable intangible. Since inception, HDFC has been committed to building a customer centric organisation. We pride ourselves on our deep expertise in understanding real estate markets at the micro level, the relationships we have nurtured with developers and our ability to provide value added services.



IN-HOUSE VALUE-ADDED SERVICES

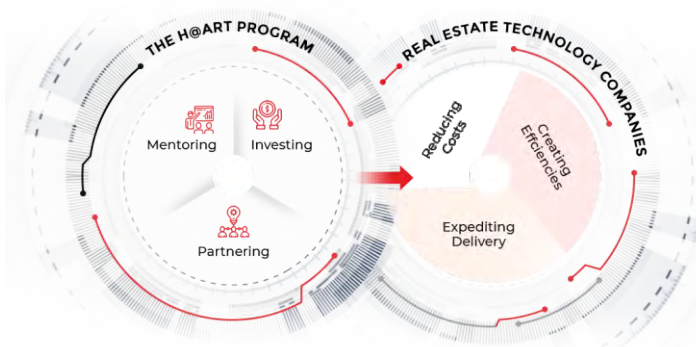
In India, land is a state subject. Each state has different regulations. Real estate markets require local level knowledge and expertise. HDFC is a single product company and this has enabled us to stay focused and deepen our understanding and nuances of local real estate markets.

We have always believed that when a customer comes to us for a home loan, funding is not their only requirement. They derive comfort knowing that a housing project has been pre-approved by HDFC. They seek our advice on the legal title of the property or seek our inputs on technical appraisals to ensure the building structure is sound or turn to us for fair valuations of properties. These value-added services have been our key differentiator. Housing finance products are fairly standardised across the industry and we believe that the only product patent a home financier has is the quality of customer service.



HDFC REAL ESTATE TECH INNOVATORS 2022

The HDFC Real Estate Tech Innovators 2022 is a thought leadership initiative by HDFC Capital Advisors Limited (HCAL), a subsidiary of the Corporation that aims to recognise, showcase and award innovations in construction technology, sales technology, financial technology and sustainability technology verticals that can drive innovation and efficiencies within the affordable housing ecosystem.



Under this initiative, The H@ART (HDFC Affordable Real Estate and Technology) Programme has been developed to foster collaborations between technology companies and the real estate sector. The programme seeks to mentor, partner and invest in real estate technology companies

and several other multiple stakeholders that accelerate breakthrough technological innovations and efficiencies within the affordable housing ecosystem. Under the H@ART initiative programme, HCAL has made investments in various start ups focusing on proptech.

SHARING OF EXPERTISE GLOBALLY

We have been recognised for our deep understanding and knowledge of mortgage finance and this has helped us establish housing finance companies and render consultancy services and technical assistance in countries with nascent mortgage finance markets, especially in Asia and Africa. We also have a large pool of expert trainers and various global institutions reach out to us for consultancy services and training programmes. During the year, we organised a training programme for senior delegates from Indonesia, on various aspects of housing finance.

The Corporation has in the past undertaken various consultancy assignments, organised international training programmes and knowledge sharing sessions to share our deep domain expertise in housing finance.



NATURAL CAPITAL

NATURAL CAPITAL



Natural Capital

India stands committed to combating climate change by making development choices that ensure growth and development of the economy along low carbon pathways. During the 27th Conference of Parties (COP27), India submitted its Long-Term Low Emission Development Strategy (LT-LEDS) to the United Nations Framework Convention on Climate Change (UNFCCC), setting out a broad framework of how it proposes to meet its goal of achieving its net zero carbon emissions target by 2070.

INDIA'S LONG-TERM LOW-EMISSIONS DEVELOPMENT STRATEGIES

- **Low-carbon development of electricity systems**
 - Expand renewables and strengthen the grid
 - Explore and/or support other low carbon technologies consistent with development goals of the country
- **Develop an integrated, efficient and inclusive low-carbon transport systems**
 - Encourage improved fuel efficiency
 - Phased transition to cleaner fuels
- **Promote adaptation in urban design, energy and material efficiency in buildings and sustainable urbanisation**
 - Mainstream adaptation measures in the built environment and urban systems
 - Promote climate responsive and resilient building design, construction and operation in existing and future buildings
- **Promote economy-wide decoupling of growth from emissions and development of an efficient, innovative low-emission industrial system**
 - Enhance material efficiency and recycling, and strengthening the circular economy
 - Promote green hydrogen technology and infrastructure
 - Explore options for sustainable growth of hard-to-abate sectors
- **CO₂ removal and related engineering solutions**
 - Training, capacity building and planning to minimise socio-economic, livelihood and ecosystem impacts
 - Explore public-private partnership frameworks in view of intensive resource requirements
- **Enhance forest and vegetation cover consistent with socio-economic and ecological considerations**
 - Improve protection and restoration of forests and green cover in biodiversity hotspots
- **Economic and financial aspects of low-carbon development**
 - Mobilise, access and delivering climate specific finance
 - Mission LiFE – Lifestyle for Environment

HDFC has articulated that it remains strongly committed to a low carbon emission pathway and towards this has initiated a number of measures and steps to reduce its overall carbon footprint. As a responsible corporate citizen, the Corporation has endeavoured to embed climate change considerations in various spheres of activity and across various functions in the organisation.

- The Corporation has put in place a board-approved Environment, Social and Governance Framework (ESG framework) which *inter alia* encompasses risks and opportunities arising from climate change.

Individual home loan borrowers are encouraged to take both, home loan insurance and home insurance which guards against risks of rising sea levels, floods, water stress, coastal inundation, earthquake, landslides, fires, natural disasters, amongst others. Based on loans disbursed in FY23, a majority of customers have voluntarily opted for some insurance cover.

- HDFC has raised external commercial borrowings from various multilateral agencies with commitments to on-lend for green and affordable housing.
- HDFC has got refinance from National Housing Bank and Agence Française de Développement under the Sustainable Use of Natural Resources and Energy Finance (SUNREF) Programme; and loans from multilateral agencies such as International Finance Corporation, Asian Infrastructure Investment Bank and the syndicated market where the on-lending is towards affordable and/or green housing.
- The Corporation has green and sustainable deposits for retail depositors. These funds are raised from individual depositors and earmarked to on-lend for green housing and sustainability initiatives in line with Sustainable Development Goals. This initiative, though still at an incipient stage was well received by depositors.
- The Corporation encourages home loan borrowers to opt for green housing across all income segments. Currently, ~ 4% of the Corporation's individual loan book comprises loans where the homes have green ratings.
- To help increase the stock of green housing in the country, the Corporation has signed a Memorandum of Understanding (MoU) with the Indian Green Building Council (IGBC) to encourage more energy efficient homes in India and is doing this through leveraging its long-standing relationships with developers. The Corporation has also played a key role in determining the criteria for IGBC's NEST Ecofriendly Self-Development Tenements.
- Three-fourths of our Lease Rental Discounting (LRD) portfolio has green ratings from various accredited green rating institutions such as Leadership in Energy and Environmental Design (LEED), Green Rating for Integrated Habitat Assessment (GRIHA) and IGBC.
- We engage with developers to sensitise them on E&S best practices. Most of the non-individual loans disbursed have been subject to E&S due diligence.
- As at March 31, 2023, HDFC had cumulatively disbursed ₹ 32,795 crore of individual housing loans to home buyers in certified green building projects across the country.
- The Corporation has built expertise to assess rural and agricultural income and has built a sizable rural housing finance portfolio, which is about 9% of the loan book.
- For calendar year 2022, the Corporation received a 'B' score in response to the CDP Questionnaire on Climate Change. As per CDP, this score is higher than the average score of the financial services sector as well as the global average performance. The rating signifies that the Corporation is taking co-ordinated action on climate related issues.
- In January 2023, the Corporation voluntarily published its report 'Climate-related Financial Disclosures: An Introductory Framework', which is broadly mapped on the recommendations of TCFD.

EVALUATION OF ENVIRONMENTAL AND SOCIAL RISKS

Initial Screening: Screening the loan proposal to ensure that there is no funding of controversial activities i.e., exclusion list criteria

Due Diligence: Review and identification of E&S risks pertaining to the loan

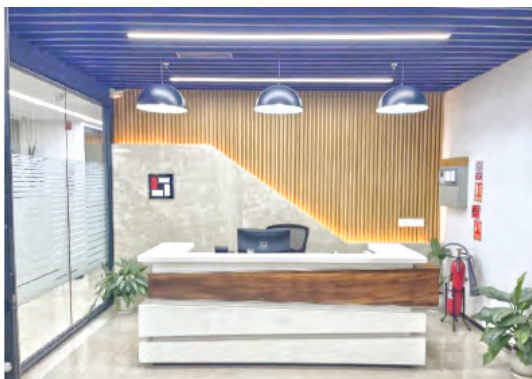
Loan Agreements: Incorporation of E&S covenants in the legal documentation and offer letters

Performance Monitoring: Periodic engagement with borrowers to assess the performance of the loan

Reporting: Where mandated, provide necessary disclosures and reporting on end use of funds

E&S ASSESSMENT – KEY CONSIDERATIONS

Social Impact Assessment	Environment & Climate Assessment	Health & Safety Management	Other Details
<p>Fair wages, equal remuneration, hours of work, PF and insurances</p> <p>Child labour and forceful employment</p> <p>Gender diversity and accessibility for differently abled</p> <p>Employee grievances and prevention of sexual harassment</p>	<p>Vulnerability to natural and climate-related disasters</p> <p>Mapping: Earthquake Hazard Map, Cyclone Occurrence Map, Flood Zone Map</p> <p>Compliances on environment, water, pollution, hazardous wastes, construction and demolition waste management and solid waste management</p> <p>GHG emissions - Scope 1 and Scope 2</p>	<p>Safe work practices, fire emergency infrastructure, incident management, emergency preparedness and response</p> <p>Training of workers, housekeeping and waste management</p> <p>Worker accommodation conditions and community grievance redressal</p>	<p>Layout approvals, building design</p> <p>Green certification or third-party accreditations</p> <p>Insurance: general, environmental liability, group health, contractors' risk</p>





OUR CARBON FOOTPRINT

The Corporation has partnered with a leading environment and research institution, Centre for Environmental Research & Education (CERE) to help measure, monitor and validate HDFC's carbon footprint. CERE provides technical and domain expertise and assists the Corporation in determining its carbon emissions pertaining to its own operations.

The Corporation has measured its carbon footprint across all offices. The carbon footprint is in accordance with the GHG Protocol Corporate Accounting Standard and accounts for the following greenhouse gas emissions: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O) and Hydrofluorocarbons (HFCs, HCFCs).

Scope 1: Direct emissions that resulted from activities and operations under HDFC's control;

Scope 2: Indirect emissions from the external production of energy, consumed by HDFC; and

Scope 3: Indirect emissions that are a result of HDFC's activities, but are not under the direct control of the Corporation.

Break-up of Scope 1, 2 and 3 emissions

Scope	Emission Source	FY23 Emissions (MT CO ₂ e)	Contribution (FY23)	FY22 Emissions (MT CO ₂ e)	Contribution (FY22)
Scope 1	Company Cars	55.04	0.22%	55.96	0.26%
Scope 1	Fuel Allowance (Provided to employees)	2,878.04	11.59%	2,339.97	10.73%
Scope 1	Generator Sets (Diesel)	135.00	0.54%	178.33	0.82%
Scope 1	HVAC (Heating Ventilating and Air Conditioning Systems)	913.36	3.67%	512.00	2.35%
Scope 1	Cooking Fuel (Self -managed)	-	-	29.12	0.13%
Scope 1		3,981.44	16.02%	3,115.38	14.29%
Scope 2	Purchased Electricity	11,386.07	45.81%	11,214.02	51.40%
Scope 2	Electricity for Data Centres	517.05	2.08%	486.06	2.23%
Scope 2		11,903.12	47.89%	11,700.08	53.63%
Scope 3	Business Travel - Air	503.52	2.03%	26.81	0.12%
Scope 3	Business Travel - Road & Rail	194.78	0.78%	117.15	0.54%
Scope 3	Hotel Stays - Business	344.16	1.38%	83.73	0.38%
Scope 3	Paper & Printed Paper Products Consumption	5,421.95	21.81%	4,233.63	19.40%
Scope 3	Waste (Cardboard, Plastic, Food etc.)	161.80	0.65%	42.84	0.20%
Scope 3	Downstream Logistics (Distribution from offices to other locations)	141.10	0.57%	100.54	0.46%
Scope 3	Company Organised Road Transport	23.97	0.10%	93.76	0.43%
Scope 3	Diesel Generator Sets (Rented Spaces)	204.53	0.82%	111.81	0.51%
Scope 3	Employee Commute	1,976.22	7.95%	1,652.30	7.57%
Scope 3	Miscellaneous	-	-	539.48	2.47%
Scope 3		8,972.03	36.09%	7,002.05	32.08%
Total		24,856.59	100.00%	21,817.51	100.00%

Kindly refer to the Business Responsibility and Sustainability Report – Principle 6 for further details on the Corporation's GHG emissions.

FINANCED EMISSIONS

For financial institutions, along with capturing emissions that are a result of their own physical operations, it is also imperative to align the financing of loans and investments to low-carbon pathways.

Financed emissions, also called portfolio emissions are indirect GHG emissions attributable to financial institutions due to their involvement in providing capital or financing the emitter and is categorised as downstream Scope 3 emissions by the GHG Protocol. Globally, some financial institutions have started disclosing their financed emissions.

As global ESG reporting standards mature, it is envisaged that many more jurisdictions will mandate financial institutions to report their financed emissions as a part of their overall disclosures. According to CDP, GHG emissions associated with financial institutions' investing, lending and underwriting activities are on average over 700 times higher than their direct emissions.

The Partnership for Carbon Accounting Financials (PCAF) sets out the accounting methodologies for disclosing GHG emissions associated with lending and investment activities of financial institutions. PCAF collaborates with all financial institutions globally and is open to any financial institution. PCAF covers various asset classes such as equity and corporate bonds, business loans, project finance, vehicle loans, commercial real estate and mortgages, amongst others. The objective of PCAF is the recognition that the financial ecosystem does play an important part in driving change and transitioning to a low-carbon economy.

PCAF METHODOLOGY FOR CALCULATING GHG EMISSIONS FOR MORTGAGES

Financed Emissions

$$\Sigma \text{ Attribution Factor} \times \text{Building Emissions}$$

Attribution factor: The attribution approach entails the owner of the residential property assumes ownership of the building's emissions. The financial institution accounts for a portion of the annual emissions determined by the ratio of the outstanding loan amount (numerator) and the total value of the property financed (denominator).

Attribution Factor

$$\frac{\text{Outstanding loan amount}}{\text{Property value at origination}}$$

Building Emissions

$$\text{Building's energy consumption} \times \text{Emission factor}$$

(Note: An emission factor is a coefficient that describes the rate at which a given activity releases greenhouse gases into the atmosphere.)

ASSESSING BUILDING EMISSIONS

The PCAF guidelines ascribes data quality scores ranging from 1 to 5 (1 being the highest) based on the quality and availability of building emissions. The highest score of 1 is ascribed if actual data on the building emissions is available i.e. primary data based on the actual metered data of each housing unit financed and supplier specific emission factors, specific to each energy source. Recognising that availability of data may be challenging, PCAF also recommends alternatives, wherein building emissions may be derived based on the energy label, floor area, building type or other proxy data, though the data quality scores would be lower. For HDFC's pilot study, CERE estimates the data quality score using the PCAF methodology would be 4. *(Refer Annex 2 for further details)*

SNAPSHOT OF PILOT STUDY OF FINANCED EMISSIONS

	FY23	FY22
Physical locations covered	424	406
Number of individual housing loans assessed	6,25,000	6,00,000
Total area financed (sq. m.)	8,41,88,438	7,89,71,593
Estimated financed emissions (MT CO ₂ e)*	15,37,242	16,16,376

*as determined by CERE

Environmental Sustainability Through CSR

Supporting Environmental Projects

HDFC and the H T Parekh Foundation partnered with various NGOs to implement diverse projects under sub-themes of clean (solar) energy, waste management and ecological restoration. The endeavour is to alleviate environmental degradation through pollution and loss and damage on one hand and propagate conservation and protection of the natural environment on the other. The overall objective is to restore and conserve our natural capital by improving the environment for people and the planet.

Clean Energy (Solar)

In line with national and global commitments to transition to clean energy and understanding the critical need for energy especially for vulnerable and remote populations, HDFC looked closely at the potential of intervening at the intersection of health and education by undertaking comprehensive projects for solar electrification of healthcare centres, schools and community libraries.

In Manipur, the Corporation supported solar electrification of 44 health centres as the state faces challenges in delivering health services due to intermittent power further exacerbated by local challenges like difficult terrain and far-flung locations. In collaboration with the National Health Mission and the Ministry of Health and Family Welfare, the project installed ~384 kW of solar energy capacity.

In Maharashtra, HDFC implemented an 80 kW rooftop solar system for a healthcare centre run by an NGO partner, providing critical diagnostic facilities for the local population.

Similar projects were undertaken in Raigad, Maharashtra and Majuli, Assam, HDFC worked with partners to install rooftop solar for 11 schools and 18 community libraries, providing critical access to uninterrupted power supply for children at school. Additionally, 1,335 solar street lights were installed in urban slums (Ahmedabad and Jodhpur) and rural areas (Raigad and Nainital) benefitting communities, especially for women to stay safe at night.



Waste Management

Following the launch of Swachh Bharat Mission Phase II and the increasing emphasis on cities moving from ODF to ODF++, HDFC has implemented projects across the waste value chain to establish 456 Individual Household Toilets and to enhance the capacity of a 30 KLD faecal sludge treatment plant in Satara.

HDFC's approach to waste management stems from the '3Rs' -- reduce, reuse and recycle. HDFC has recognised waste as a resource to be reused in a circular economy, deliberately moving away from a wasteful linear economy and the culture of use and throw.

In Mumbai, HDFC partnered with 8 beneficiary organisations, including hospitals, NGOs and academic institutions to help them incorporate circularity in waste management on their campuses. Given the large quantum of waste generated daily on site, the Corporation established systems and infrastructure to efficiently process ~665 kgs of wet waste ensuring low amount of waste goes to landfill from the campus. Additionally, staff were trained to improve segregation efficiency and operate the systems to ensure that the waste generated is turned into compost and fertilizer to grow kitchen gardens at the campus.

In Varanasi, Uttar Pradesh, a 1.5 MT per day waste-to-biogas plant was set up for a large kitchen serving mid-day meals to 1,00,000 school children. The food waste is turned into biogas which is then used for cooking, thus demonstrating a 'kitchen-to-kitchen, waste-to-resource cycle', saving operational costs incurred by the NGO while reducing waste and its emissions footprint.



ODF: Open Defecation Free

ODF+: A city, ward or work circle could be declared ODF+ if at any point of the day, not a single person is found defecating and/or urinating in the open and all community and public toilets are functional and well-maintained. The ODF++ protocol adds the condition that faecal sludge/septage and sewage is safely managed and treated, with no discharging and/or dumping of untreated faecal sludge/septage and sewage in drains, water bodies or open areas.

Ecological Restoration

HDFC partnered with leading NGOs to implement projects that aim to restore and conserve forests and other critical ecosystems. Some of the key interventions supported in this domain spanned a nationwide research project, interventions on the peripheral zones of forests and initiatives within the forests.

The Corporation designed and developed a 'Vriksha Valli - An Indigenous Biodiversity Garden' with over 200 native plant species, created in collaboration by the CSMVS, the Centre for Environmental Research & Education and the H T Parekh Foundation to honor India's rich biodiversity. The garden is curated based on thematic areas and aims to promote respect for and protection of the environment.

The Corporation in collaboration with the Wildlife Conservation Trust (WCT) has undertaken a unique 4-year flagship research project titled 'Fiscal Principles: An Impetus for Natural Capital'. After three years of the project cycle, a super dataset and an ecological functionality index have been developed which factors the diverse ecosystems in the country, thereby providing a more just, inclusive and equitable method for the devolution of the funds as opposed to the current approach of considering state's existing forest cover for devolution of funds. Further, the project offers evidence-based and scientifically robust policy recommendations to the Finance Commission, which will improve the ecosystem conservation efforts on a national scale.

The Corporation worked closely with communities across Corbett, Sathyamangalam and Sundarbans Nature Reserves. Several of these projects reinforced the need and means to co-exist within ecosystems, helping communities dependent on natural resources for their livelihoods reduce their impact on the ecosystems. Through the project, more than 170 forest staff in Corbett were provided training on anti-poaching activities, enhancing legal insight and combating illegal wildlife trade. In 35 peripheral villages of Sathyamangalam Reserve, local communities were upskilled to build 1,000 cooking stoves that reduce the use of wood. Continuing reforestation efforts, the project supported engagement with ~3,000 people living in close proximity to the reserve in order to ensure the community earns additional revenue to improve their quality of life.



HDFC's ESG Champions

Several initiatives were voluntarily undertaken by our employees during the year, a few of which are showcased below:



HDFC employees participated in a tree plantation drive at Turbhe village in Navi Mumbai through its partnership with the 102 Battalion of the Rapid Action Force (RAF) -- the specialised wing of the Central Reserve Police Force. The initiative enabled the plantation of more than 4,500 saplings on a plot allotted by the Forest Department, Raigad.

HDFC employees on a pan-India basis supported the beach clean-up drive as part of the International Coastal Clean-Up Day organised by the Ministry of Earth Sciences. Under this initiative, there was a beach clean-up for 75 days, across 75 beaches spread across 7,500 km long coastline to commemorate 75 years of India's independence.



Under the project 'Wise with Waste', HDFC has installed 2 compost stations and conducted an awareness workshop at RAF camp, Mumbai with more than 400 residents and 180 families. The composting unit will enable the processing of more than 500 kgs of waste from 9 sources, including residential buildings and canteens.

In a blood donation camp, HDFC employees from Aurangabad branch donated blood and disturbed saplings to all blood donors



HDFC employees from the Ludhiana branch conducted two sapling distribution events for builders.
























ESG Champions



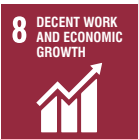

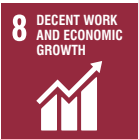








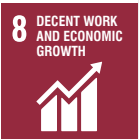

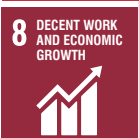
CSR PROJECTS UNDERTAKEN MAPPED AGAINST SUSTAINABLE DEVELOPMENT GOALS

	CSR Project /Activity	Sector	Sustainable Development Goals (SDGs)	Amount Spent in FY23 (₹ Crore)
	1A Early Childhood Education (ECE) Programmes addressing the holistic development of pre-school children to ensure better school readiness	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	5.41
	1B Secondary Education Programmes for girls to complete school, development of youth leadership skills & career readiness	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	0.57
			Goal 5: Achieve gender equality and empower all women and girls	
	1C Higher Educational Institutional Support Programmes targeting institutional support	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	22.51
	1D Higher Education-Scholarships Programmes targeting need-based scholarships	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	36.40
	1E Foundational Learning Programmes focused on systems strengthening, teacher capacity building, school infrastructure support and development of resources to address learning gaps	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	36.40

	CSR Project /Activity	Sector	Sustainable Development Goals (SDGs)	Amount Spent in FY23 (₹ Crore)
	1F Foundational Learning- Library Programmes focused on promoting interest in reading and language development through school & community libraries	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	2.63
	1G Other Education Projects Programmes focused on research and training	Education	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	1.70
	2A Nutrition Programmes for capacity building of frontline workers and access to nutritious food supplements for maternal & child health	Healthcare	Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	17.46
	2B Cancer Support Programme focusing on treatment and care for children and women with cancer	Healthcare	Goal 3: Ensure healthy lives and promote well-being for all at all ages	19.77
	2C Cancer Support Capex/others	Healthcare	Goal 3: Ensure healthy lives and promote well-being for all at all ages	9.09
	2D Paediatric Surgeries Programme to support heart surgeries and related treatment for children	Healthcare	Goal 3: Ensure healthy lives and promote well-being for all at all ages	5.60

	CSR Project /Activity	Sector	Sustainable Development Goals (SDGs)	Amount Spent in FY23 (₹ Crore)
	2E Eye care Programmes to support avoidable blindness	Healthcare	Goal 3: Ensure healthy lives and promote well-being for all at all ages	1.75
	2F Other Healthcare Projects	Healthcare	Goal 3: Ensure healthy lives and promote well-being for all at all ages	4.35
	3A Solid Waste Management Programmes for effective waste management in urban settlements	Environment	Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	7.41
			Goal 12: Ensure sustainable consumption and production patterns	
	3B Solar Energy Programmes focusing on solar solutions for rural communities and spaces	Environment	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	11.85
	3C Ecological Restoration	Environment	Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss	6.32
			Goal 12: Ensure sustainable consumption and production patterns	

	CSR Project /Activity	Sector	Sustainable Development Goals (SDGs)	Amount Spent in FY23 (₹ Crore)
   	4A Enabling services (Health and Education) Programmes focused on special education and health therapies; capacity building for children and persons with disability	Supporting Persons with Disabilities (PwDs)	Goal 3: Ensure healthy lives and promote well-being for all at all ages Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	8.52
 	4B Skilling and Livelihood Programmes focused on skilling and livelihoods to improve the quality of lives of PwDs	Supporting Persons with Disabilities (PwDs)	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	2.18
 	4C Ecosystem Intervention	Supporting Persons with Disabilities (PwDs)	Goal 10: Reduce inequality within and among countries Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	5.22
 	5A Migrants Welfare Programmes for access to social security & entitlements, job link support for migrant workers	Skilling & Livelihoods	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 10: Reduce inequality within and among countries	7.94

CSR Project /Activity	Sector	Sustainable Development Goals (SDGs)	Amount Spent in FY23 (₹ Crore)
 5B Women-focused Livelihoods Programmes for job-linked skilling & livelihood enhancement in rural & urban locations, focusing on women	Skilling & Livelihoods	Goal 5: Achieve gender equality and empower all women and girls Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 10: Reduce inequality within and among countries	3.49
 5C Other Projects Programme for vocational skilling of youths	Skilling & Livelihoods	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	1.45
 6A Art and Culture Programmes to preserve, promote and propagate performing arts, culture and heritage	Arts	Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	4.43
 6B Community Development Community development projects for senior citizens and capacity-building projects	Arts	Goal 3: Ensure healthy lives and promote well-being for all at all ages Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	1.90
Amount spent on Impact Assessment			0.97
Total			212.70

Data Quality Score for Mortgages as per PCAF Guidelines

Data Quality	Options		When to Use
Score 1	Option 1: Actual building emissions	1a	Primary data on actual building energy consumption (i.e., metered data) is available. Emissions are calculated using actual building energy consumption and supplier-specific emission factors specific to the respective energy source.
Score 2		1b	Primary data on actual building energy consumption (i.e., metered data) is available. Emissions are calculated using actual building energy consumption and average emission factors specific to the respective energy source.
Score 3	Option 2: Estimated building emissions based on floor area	2a	Estimated building energy consumption per floor area based on official building energy labels and the floor area are available. Emissions calculated using estimated building energy consumption and average emission factors specific to the respective energy source.
Score 4		2b	Estimated building energy consumption per floor area based on building type and location-specific statistical data and the floor area are available. Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source.
Score 5	Option 3: Estimated building emissions based on number of buildings	3	Estimated building energy consumption per building based on building type and location-specific statistical data and the number of buildings is available. Emissions calculated using estimated building energy consumption and average emission factors specific to the respective energy source.

For further details, refer to the our report on the following link: [TCFD Report](#)



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