



## HDFC Sustainability Policy

### 1. INTRODUCTION.

Corporate Sustainability (CS) considers every dimension of a corporation as to how it could prosper economically, environmentally and socially. CS is a Broad concept that has super several phases of evolution such as corporate social responsibility (CSR) and corporate citizenship. Sustainable management, was first defined by the United Nations in 1987 and more academically, it was further developed as Triple Bottom Line(TBL) management-development that meets the needs of the present, without compromising the ability of future generation to meet their own needs.

The concept of TBL demands that a company's sustainability lies with Stakeholders rather than Shareholders. In this case, "stakeholders" refers to anyone who is influenced, either directly or indirectly, by the actions of the firm. Thus open communication with these stakeholders is crucial for sustainable development of any organization.

At HDFC, the shareholders' contribution to the total assets is only 12% , the balance 88% has entirely been funded by other stakeholders; government, customers, individual and institutional investors, employees, suppliers, environment , society etc. with whom a long lasting relationship is important.

Therefore, an open and honest communication (**social accountability**) as to how HDFC economically, environmentally and socially engages/interacts to safeguard the interest of these stakeholders ( **social responsibility**) is critical to the sustainable growth of the Bank.

These social responsibility and it's communication is the core of the **sustainability development and reporting** which is also known as Triple Bottom Line accounting (TBL). The Global Reporting Initiative (GRI), an UN associated non profit making organization has established a set of internationally accepted guidelines, namely GRI Index, to enable corporations comparably report on this social aspects of business. ACCA, one of the mostly recognized accountancy body in the world, is carrying the flag to promote sustainability reporting internationally.

### 2. POLICY OBJECTIVES.

Objectives of the proposed sustainability development policy are;

- a. to comply with the Subsection 3(1)(i)-d of the CBSL Direction No 11 of 2007; the Board is to ensure that a board approved policy on **stakeholder communication** is placed and implemented.
- b. to develop a policy framework to guide inculcation of sustainability practices as an integral part of the Bank's operation and its reporting.
- c. to enhance bank's commitment towards sustainability implementation and reporting.

- d. to enhance the brand value and reputation of the Bank through structured and organized sustainability reporting.

### **3. SUSTAINABILITY COMMITMENT.**

Sustainable development is a globally accepted approach to sustaining economic growth without harming our planet or exhausting its resources while improving the quality of life for current and future generations. HDFC Bank of Sri Lanka being a responsible corporate citizen is committed to conduct business in a manner consistent with the corporate vision and mission, with the objectives of sustainable development; carefully balancing economic success with environmental stewardship and social progress.

### **4. POLICY DIRECTIVES.**

HDFC's philosophy on sustainability is, incorporating sustainability considerations as an integral part of its business and creating a balanced, long-term benefits for all our stakeholders. HDFC is to conduct business in a best possible way that demonstrates our commitment to continued improvement and the advancement of sustainable development practices and engagement with all our stakeholders, in an open and straightforward manner to balance HDFC Bank's corporate objectives with their interest

HDFC's sustainability line of actions emphasises mainly on the following:.

- Transparency.
- Employee Development,
- Dynamism and Resources Efficiency,
- Strengthen Stakeholder engagements,
- Governance for Sustainability,
- Sustainability Accounting,

HDFC Bank is committed to use the above six Pillars as points of reference, in the process of formulating business strategies, internal policies and procedures, and also for assessing the institutional progress in meeting its objectives.

### **5. TRANSPARENCY.**

Our stakeholders urge to know; what we do? how we do? Therefore HDFC acknowledges, that by having an open and straight forward dialogues with critical stakeholder groups will create a competitive environment that improve resource efficiency, performance, recognition and will inevitably increase profits. Transparency is an open culture that reduces uncertainty, stress and promotes employee involvement with regard to innovation and creative processes. It enhances reaching out to the community that creates a much broader team, and provides evaluation measures from all angles of a corporate behavior.

### **6. EMPLOYEE DEVELOPMENT.**

HDFC acknowledge , the employees are the most important resource and therefore, is the strongest asset to the organization. Staff is the concrete foundation of the Bank and to be thoroughly analyzed and evaluated to tap into their true motivations and desires. We recognize that to HDFC to reach its potential, employees must work towards improvement rather than perfection. In this regard , HDFC is to create a competitive environment with set targets, evaluates and rewards star performers, fosters a creative learning process and provides training, decent work environment through worklife balancing and respects their rights. HDFC also creates a workplace with a supportive culture in which our sustainability efforts are regularly discussed, and opportunities for improvement are sought out, shared and implemented when possible.

## **7. DYNAMISM AND RESOURCE EFFICIENCY.**

HDFC believes that it should adopt to the rapidly changing environment by being prepared to be dynamic and implements new creative ideas to gain competitive advantages. New solutions and improve products and processes can ultimately reduce costs and increase profits. On economic context, efficient and sustainable utilization of natural resources should be a paramount important in our operation.

## **8. STRENGTHENING STAKEHOLDERS' RELATIONS.**

### **Stakeholder Group.**

HDFC Bank recognizes that statutory and financial obligations and equitable partnership as the basic principles used in the process of identifying the stakeholders with whom the Bank is to maintain regular engagement. The prime stakeholder, the Bank is statutorily obliged to engage with, is the government; who is the founder of the Bank by an Act of Parliament and the major shareholder. The secondary priority of the Bank is in its financial and statutory obligation to the shareholders / investors who ensures the existence of the Bank. HDFC also maintains an equitable partnership with the other stakeholders who directly and indirectly interact and are influenced by the bank's operations.

Accordingly HDFC recognizes the government of Sri Lanka, shareholders/investors, customers, employees, suppliers, environment and community as the critical stakeholder groups with whom it should maintain an open and straight forward communication based on the Stakeholder Engagement/Communication Policy.

## **9 SUSTAINABILITY GOVERNANCE.**

The Bank shall implement the following governance structure with a mandate to proactively develop and implement a corporate sustainability strategy of the Bank.

### **(a) Board Sustainability Committee.**

- Objectives - to recommend policies and CSR projects for the approval of the Board.
- Oversee the implementation of sustainability and CSR policies.

- showcase the Bank’s commitment on sustainability.

**(b) Sustainability and CSR Steering committees.**

Objectives - to propose policies and projects to Board sub committee with recommendation.

- Implementation of Sustainability policies and practices.

- reporting to the Board periodically on implimentation of the policy..

Proposed structure of the Committees are as follows.

Officer	Membership	
	Sustainability Steering Committee	CSR Steering Committee.
Chaired by GM	1	1
DGM (Finance)	1	1
AGM(BD &MKT)	1	1
Mgr(BD &MKT)	1	1
AGM( Credit)	1	1
AGM(IT)	1	1
Representative of TU	1	1
	7	7

**( c) Executive Committees:**

Bank shall appoint project-wise executive committees where necessary for implementation of CSR projects.

**10. SUSTAINABILITY ACCOUNTING.**

HDFC shall voluntarily adopts the Sustainability Reporting guidelines of Global Reporting Initiatives (GRI) for reporting on its sustainability activities and report shall be made available to the public via the corporate website and the Annual Reports.

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