

Social Value Creation

Sustaining Our Community

Management Approach

The community is an important stakeholder of HDFC. The ethos of our Bank is focused on sustaining the community given that our core business is fulfilling a primary need of the community which is shelter. Over the past two and half decades we have made a significant contribution to improve the physical quality of life of the low and middle income segment of our nation by facilitating affordable housing finance in order to fulfill their dream of owning a home which itself creates a sustainable environment for them to built their future upon. We also acknowledge our responsibility to involve ourselves with the community which enables us to build deep relationships with customers and promote the reputation and image of the Bank. Investment in the community is most effective when it is built on a foundation of mutual benefit and a long term partnership.

Strategic Directions

Our community investment strategy focuses mainly on the following six strategic directives;

- Sustainable housing and living
- Financial inclusion
- Clean water and health
- Education and Sports
- Donation and sponsorships
- Volunteerism in disaster management

HDFC Community policy is available at www.hdfc.lk for public reference. During the year the Bank has invested over LKR 4.4 Mn in the process of policy implementation representing 1% of cash earnings before tax.

Highlights 2011

+ LKR 4.4Mn

Community Investment

Policy and Governance

Our community participation responsibilities are governed by the CSR Steering Committee headed by the Chief Executive Officer/ General Manager represented by DGM (Finance), AGM (Business Development & Marketing), AGM (IT), Manager Technical, Manager Treasury and a representative of the Trade Union. CSR projects and activities are proposed, identified, screened and evaluated based on social cost benefits and are submitted for Board approval. Project implementation is assigned to the CSR Project Committee represented by a member from each functional department. The outcome of each project is reported to the Board on the completion of a project.

HDFC Community Policy

1. POLICY OBJECTIVES

- (a) To be used as a guideline in identifying and implementing CSR projects.
- (b) To communicate the level of the Bank's commitment to community participation and to different stakeholder groups.
- (c) To use as a measure in sustainability reporting.

2. POLICY DIRECTIVES

- (a) For direct participation in the drive of achieving the Millennium Development Goals in poverty eradication, improvement of physical quality of lives and education etc.
- (b) To assist people in the event of natural disasters and health and medication needs.
- (c) Popularizing the HDFC brand among the public.

3. POLICY

- 3.1. *Promotion of clean water and healthcare:* - HDFC recognizes that enhanced accessibility to clean water and healthcare facilities are important factors in improving the quality of lives of people. Hence the Bank is committed to contribute to the community, directly or indirectly, in its capacity, to achieve the above.

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3.2. Education: - Since 1943, education in Sri Lanka has been considered a basic right and the country is focusing on achieving the goal of Universal Primary Education by the year 2015. HDFC recognizes the importance of its contribution, involvement and participation in the society in its capacity to achieve this goal, where every child is enrolled and completes primary education in full.

3.3. Promotion of sports: - HDFC recognizes that sports are an important activity in enhancing capacity, unity and personality of our children. The Bank therefore, is committed to participate in promotion of sports in schools and the society.

3.4. Donations, sponsorships and participation in community projects:-

HDFC also recognizes the importance of interaction with community organizations such as societies, associations etc for the wellbeing of the people and therefore is committed to support in its capacity financially or by other means. The Bank recognizes its responsibility to support the democratic process, law and order and ensure the Government is well informed of its activities in the society. The Bank, therefore is committed to ensure that any donations and sponsorships extended are:

- Solely for the purpose of supporting the democratic process
- Lawfully and properly recorded and disclosed in our accounts
- Not made, where there can be any misrepresentation of purpose

HDFC is also committed to support the society in the event of natural disasters financially or by other means and encourages staff to volunteer in their local communities. The Bank also helps individuals in the society in need of sponsorships for medication, sports and education and is extensively involved in the community projects within its capacity while encouraging the staff in voluntary participation.

3.5. Promotion of banking habits and empowerment

HDFC is dedicated on providing banking facilities to the non banking community and proliferating banking and savings habits among them. Since a majority of customers are from this segment, the Bank is committed to direct strategies towards this community, extend banking advice and support services and develop products and services tailored for that purpose.

3.6. Promotion of sustainable and economical housing technologies

The Bank recognizes that it has an inbound responsibility for sustainable development of the industry, hence is committed to promote innovative housing technologies that are economical to the common man and equitable to the country and environment.

Community Performance - 2011

Children Savings with Bank's Sponsorships

To inculcate savings habits among school children, HDFC launched the "THILINA" minor savings accounts in schools and preschools with an initial deposit of LKR 100/- from the Bank. HDFC opened THILINA minor savings accounts for 5,500 children, throughout the island via the branch network and mobile banking operations.

Promoting Education School Development Project, Buththala

This project which commenced construction in October 2010 was completed and handed over in March 2011.

Sri Suboda Vidyalaya is a school situated in Buththala, facing the Katharagama road, providing education up to grade 10. There are approximately 100 students who have undergone many hardships due to lack of adequate building space, study material, library facilities, sports, sanitary and water facilities. The lack of teachers and the threat of wild elephants were the other issues faced by the school. When we initiated the rehabilitation project the school was virtually neglected with a steady decline in the number of students majority of whom were from the low income families whose main source of income was seasonal cultivation.

HDFC sports club selected to rehabilitate Suboda Vidyalaya as a CSR project and Board approval was obtained to implement the project in conjunction with the Monaragala Integrated Rural Development Project organized under the Dayata Kirula exhibition which was held in February 2011 in Monaragala. The development program organized by the Sport Club includes the construction of two 20x50 school buildings. Total estimated cost was LKR 4.5 million and was planned to be implemented in three stages as a participative project by the Bank and staff with substantial assistance from villages in terms of labour and materials. Construction of two school buildings, planting of trees and doing up of the garden were completed in 2011 and handed over to the school at a ceremony which was held in March 2011, with the participation of Chairperson of the Bank, Mrs. Siromi Wickramasinghe, General Manager, staff members, principal and teachers of the school and the villagers.

The building was furnished with the required number of chairs and tables by a donor organized by a member of the staff.



School Building before the development



Facilities before the renovation



The first parent's meeting to discuss the projects



*Laying of the foundation stone
– November 2010*



*Laying of the foundation stone
– November 2010*



*After the completion of two buildings
– March 2011*



Building opening by the Chairperson



Handing over the key to the Principal



Project Team - Staff, villages and teachers

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Granting Educational Material

This project was initiated by the sport club, in 2010, as an annual event, to assist rural children of less privileged families with educational materials. During the year we granted school bags, sport materials and books to 85 children at Sri Suboda Primary School, Buththala.

Cricketer, Nuwan Kulasekara participated in the function as the chief guest and as a donor. Part of the cost was incurred by the staff and the amount spent by the Bank was LKR 140,000/=



Cricketer, Nuwan Kulasekara gifting school bags at Suboda School, Buththala.

Computer Training

Providing computer education to children in rural and less privileged families was another project initiated by the Bank as an annual event. During the year, the Bank donated three computers to the Computer Training Center at the Sri Suboda Vidyalaya, Buththala, which was built by the Bank as the main CSR project in 2011. Bank conducted three follow up training programs to the teachers and students in March, July and November 2011. The IT knowledge and competence gained by the children was admirable.

The Bank also conducted a computer training camp for three months, to children from less privileged families around Dematagoda at Maha Visuddharamaya temple using out sourced, resource personnel. Total cost of this training project was LKR 200,000 in 2011.



Donation and Sponsorships

During the year, the Bank has spent LKR 674,500 as donations and sponsorships for social events organized by various organizations, societies and schools, for the wellbeing of the society and the industry. Some of the significant donations and sponsorships are as follows:

- * Sponsorship of the Samurdhi staff welfare society's annual events - LKR 140,000
- * Sponsorship of the event organized by the Ministry of Housing in tandem with World Habitat day 2011- LKR 100,000
- * Donation for a self employment project - LKR 202,000.

Social Value Creation contd.



School children at building opening ceremony

Community Responsible Banking

The operations of HDFC Bank are statutorily limited to housing finance and allied services. Therefore, our business strategies have to be focused to the larger segment of the households - low and middle income groups, that represents around 60 percent to 70 percent of the population. Approximately 35 percent of these households hardly have access to housing finance, even though they have the capacity and willingness to pay for low cost housing. A part of our community policy is empowering

these people to access for formal housing finance which would in turn improve the quality of life of these people and render enormous socioeconomic benefits the country. Our social responsibility in this direction is conducted by promoting financial inclusion through the Mobile Banking Operations which is described under our performance towards economic responsibility.

Volunteer Contribution of Staff

Volunteer Labour

As a part of the Community Policy, HDFC encourages voluntary staff participation in community projects and in the event of natural disasters and other community needs. Voluntary participation in community projects is imbued to HDFC employees, by creating a platform for them to actively participate in CSR projects and community development initiatives organized by the

