



Environmental Policy

2019

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1. Policy Statement

“At HDFC Bank, we sincerely aim to reduce our negative impact on the environment. We are committed to measuring and reducing our greenhouse gas emissions as well as material usage. As a responsible financial institution, we are also resolved to assess and monitor our transactions to reduce environmental risk and impact of our portfolio. We shall engage our employees, customers and shareholders to encourage environment-friendly practices across our value chain”

2. Purpose

We are conscious of the direct and indirect impacts of our operations on the environment. Our objective is to better manage these impacts such that, the risks to the environment, our stakeholders and our portfolios are minimized. This policy will serve as a framework for understanding and managing our environmental risks, impacts and opportunities.

3. Scope

This policy covers the operations of HDFC Bank in India only. Subsidiaries and offshore offices may be considered to comply with the requirements of this policy in due course.

4. Our Environmental Performance

4.1 Compliance

The Bank is committed to ensuring adherence to all relevant environmental laws and regulations applicable to its business operations.

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4.2 Procurement Practices

The Bank recognizes the need to work closely with our suppliers to reduce waste, improve efficiency and reduce carbon footprint and thus will continue to work towards greater integration of environmental factors in our procurement practices.

The Bank will make efforts to procure products which are -

- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

4.3 Energy and Emissions Management

The Bank will continue its efforts in reducing greenhouse gas (GHG) emissions each year. The Bank will take on initiatives to monitor and reduce its energy consumption. These initiatives will be aimed at –

- Measuring and reporting energy consumption and emissions
- Promoting products and services that result in less energy consumption and emissions
- Adopting energy efficient operating procedures for facility management and travel

The Bank will strive to reduce its Combined Scope 1 & Scope 2 Emissions Intensity by 10% by FY 2021-2022, by adopting best energy management practices

4.4 Water Management

At the Bank's offices and branches, water is largely used for employee consumption and domestic purposes. To further reduce levels of consumption, the Bank will promote best practices and involve employees in water saving initiatives.

4.5 Waste Management

The Bank shall make efforts to dispose waste in the most responsible manner. Major sources of waste produced by the Bank are IT waste and paper waste, which shall be handed over to authorized recyclers. The Bank will ensure that no hazardous IT waste is sent from the Bank to the landfill.

4.6 Awareness and Employee Engagement

The Bank understands that its employees and customers can play a major role in reducing the Bank's environmental impact. The Bank will engage employees and encourage them to adopt environment friendly practices. The Bank shall also endeavor to create awareness among employees and customers regarding various initiatives, products and services of the Bank which have positive environmental impact.

5. Our Investments

5.1 Risk Assessment / Screening

- For all loans, whether for greenfield projects or for regular capital expenditure, that have a value of more than INR 10 Crore and are for a period more than 5 years, the Credit Appraisal Memorandum (CAM) shall include a Social & Environment Management System (SEMS) annexure. The SEMS annexure shall highlight the environmental & social risks which are likely to impact / affect the project / operations of the Company.
- The annexure shall be prepared by the Relationship Manager (RM) as a part of the CAM, basis representations from the Client and/or technical due diligence of specific project conducted by the Lenders' Independent Engineer (LIE) that may have been appointed by the Bank
- Where an LIE is appointed, the assessment of environment and social risks shall be a part of the scope of work of the LIE. Where an LIE is not appointed, the RM shall obtain the necessary undertakings from the client certifying compliance with environmental norms in force
- Clients / Borrowers will be required, if necessary to prepare an Environmental management plan for formulation, implementation and monitoring of environmental protection measures during and after commissioning of projects, based on the inputs provided by the LIE. The plans would indicate the details as to how various measures for environmental protection have been or are proposed to be taken to mitigate the risks arising from these
- The LIE would visit the project site on regular basis during implementation and report exhaustive and detailed progress of the project, which would include an ongoing assessment of environment risks, status of various approvals and Relocation & Rehabilitation, if involved. A quarterly report highlighting any specific issues shall be provided. The Bank will also conduct regular site inspection to ascertain the project progress and flag off any environment related issues for immediate redressal.
- The Following factors will continue to be reviewed by the Bank before taking any Credit call on long term loans:
 - ✓ **Social Consideration:** Employment generation, Role in economic development of the region, compliance with labour laws, no exploitative / child / forced labour
 - ✓ **Resettlement & Rehabilitation:** Number of families under rehabilitation, impact on livelihood, Facilities provided to families and its acceptability in the community, Number of villages / population affected by the project

- ✓ **CSR Initiatives:** Schools, hospitals, medical facilities, technical institutes, roads, community buildings etc. provided by the company.
 - ✓ **Emissions:** Air, water, noise, waste and comments on its acceptability
 - ✓ **Environmental Consideration:** Air pollution / Water Pollution / Hazardous Waste Management / Ecological impact, Emergency and Disaster management.
- In addition, Bank as a part of its credit policy will not extend finance for:
 - a) Setting up of new units which produce / consume ozone depleting substances (CFC -11, CFC - 12, CFC - 113, Carbon Tetrachloride, Methyl Chloroform, Halons - 1211, 1301, 2402)
 - b) Small & Medium scale units engaged in the manufacture of aerosol units using CFC

5.2 Monitoring

The Bank's representative (The Relationship Manager (RM)) would require to certify that the Borrower complies with Environmental, Health, Safety and Social (EHSS) issues and all national laws on social, health and safety and environmental matters. This certification will be based on information disclosed by the borrower at the time of term loan appraisal / review, annual reports, discussions during quarterly calls, and discussions during plant visits. Further, the RM will, where applicable, record any outstanding EHSS issues in the Credit Assessment Memorandum (CAM) and follow up for the prompt resolution of the same.

6. Governance and Implementation

The accountability for the environment policy will lie with the Board of Directors and the CSR Committee of the Board.

The CSR, Credit Risk, IT, Administration and Infrastructure departments of the Bank will ensure that all directives of this policy are implemented and followed by the Bank.

7. Policy Review

This policy shall be reviewed annually to incorporate changes and further improvements.