

Engagement case study



HDFC Bank Ltd

Background

HDFC Bank is India's leading private sector bank actively engaging with the Reserve Bank of India (RBI) regarding draft framework for climate-related financial risk disclosures. They expect final guidelines by the end of 2025 and plan to align disclosures with RBI requirements. The bank has strengthened board oversight through ESG and CSR Committee meeting three to four times annually, with carbon neutrality as a top priority alongside benchmarking against peers. Currently disclosing Scope 1 and 2 emissions, they find Scope 3 disclosure challenging due to the need for absolute certainty. Financed emissions have grown from 5%-7% of book, with improving data availability but accuracy remaining critical. The bank has made significant strides in financial inclusion with half of branch operations in rural areas and 35% of total book dedicated to private sector lending including retail, joint liability, and micro-lending.

Action

We engaged to understand their climate transition plan, biodiversity mapping, and workforce diversity progress. HDFC has started mapping nature dependencies in loans and investments, with updated materiality analysis showing biodiversity most material within shipping and salmon farming portfolios. The bank developed an ESG agent to collect better customer data on ESG issues from corporate clients. On workforce diversity, attrition reduced by 30% with junior attrition following the same trend. Gender diversity improved, reaching 25% representation one year ahead of schedule, remaining on track for 27% by FY27. Artificial intelligence became central to growth strategy, particularly enhancing customer experience and digital onboarding, while maintaining human oversight to mitigate algorithmic bias risks.

Verdict

HDFC demonstrates a systematic approach to climate risk management while preparing for evolving regulatory requirements. Their comprehensive financial inclusion efforts and improved workforce diversity metrics position them well for sustainable growth. The bank's proactive ESG integration and technology adoption support both operational efficiency and social impact objectives.

Engagement details:

- Sector: Financials

Engagement themes:

- Climate Change, Labour Standards