



HDFCLIFE INSURANCE COMPANY LIMITED

CIN-L65110MH2000PLC128245

CORPORATE GOVERNANCE POLICY

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PART A**I) INTRODUCTION**

The Corporate Governance Policy ('Policy') provides the framework under which the Board of Directors operates. It includes Company's corporate structure, culture, policies and the manner in which it deals with various stakeholders. The Policy also addresses the responsibilities, authority and administration of the Board of Directors. .

The timely and accurate disclosure of information regarding the financial situation, performance, board constitution, ownership of the company etc. is an important part of Corporate Governance. Corporate Governance arrangements are those through which an organisation directs and controls itself and the people associated with it.

The Policy is normally reviewed at least once a year and modified, when deemed necessary, to ensure proper alignment with best practices in Corporate Governance.

This Policy shall be read in conjunction with the Insurance Regulatory and Development Authority of India ("IRDAI") Master Circular on Corporate Governance ("CG regulations"), as amended from time to time. Further, the provisions of this Policy shall also be aligned with the applicable requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing regulations") and any guidelines, circulars, or notifications issued by IRDAI and SEBI from time to time.

In the event of any ambiguity, omission, or subject matter not expressly covered under this Policy, the relevant provisions of the IRDAI Master Circular on Corporate Governance and SEBI Listing Regulations, along with applicable regulatory guidelines, shall prevail and be deemed to form an integral part of this Policy.

II) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a process that aims to meet Stakeholder's aspirations and societal expectations. It is not a discipline imposed by a Regulator, but is a culture that guides the Board, Management and Employees to function towards best interest of Stakeholders.

At HDFC Life Insurance Company Limited ('the Company/HDFCL'), the Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. Accordingly, the Corporate Governance philosophy has been scripted as under: "As a good corporate citizen, the Company is committed to sound corporate practices based on its vision, values & principles in building confidence of its various stakeholders, thereby paving the way for its long term success and sustenance."

At the core of its Corporate Governance practice is the Board, which oversees

how the management serves and protects the long-term interests of all the stakeholders of the Company. The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The Company's Corporate Governance practices are aimed at meeting the Corporate Governance requirements as per the Act, Listing Regulations and IRDAI CG Regulations, besides good practices either recommended by professional bodies or practiced by leading companies in India.

The Policy has been adopted by the Board of Directors to assist them in the exercise of its responsibilities. This Policy is subject to future amendments or changes, as may be necessary, in the light of the amendments in various rules/regulations in force for governance requirements.

III) OUR VISION AND VALUES

HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity, and Health..

A) Our Vision

'One of the most successful and admired life insurance company, which means that we are the most trusted company, the easiest to deal with, offer the best value for money, and set the standards in the industry'.

In short, 'The most obvious choice for all'.

B) Our Values

Values that define how we work:

- Excellence
- People Engagement
- Integrity
- Customer Centricity
- Collaboration

Besides the above (which provides an insight into the Corporate Structure of the Company), the Committees formed by the Board focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters within their areas of purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval.

IV) COMMITTEES OF THE BOARD OF DIRECTORS

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Risk Management Committee
5. Corporate Social Responsibility & ESG Committee
6. Investment Committee
7. Policyholder Protection Grievance Redressal and Claims Monitoring Committee
8. With Profits Committee
9. Capital Raising Committee

PART B**1. BOARD OF DIRECTORS**

The Board is responsible to act in the best interests of the Company and its shareholders. In discharging their duties the Directors shall comply with the Code of Conduct as adopted by the Board.

The Directors are expected to attend and actively participate in Board Meetings and Meetings of Committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

The Board is responsible for overall compliance with the Corporate Governance Policy . It oversees and directs the management of the Company's business and affairs. In doing so, it must act honestly, in good faith and in the best interests of the Company.

A) Board Composition

As per the Articles of Association , the maximum number of Directors which the Company can appoint is 15 (excluding Alternate Director(s)).

HDFC Bank Ltd. shall have the right to nominate directors on the Board of the Company, subject to maintaining shareholding in the Company as indicated below-

- a. right to nominate 1 (one) Director on the Board if the shareholding of HDFC Bank Ltd. , in the Company is 10% or more (but less than 20%) of the paid up equity share capital of the Company.
- b. right to nominate up to 2 (two) Directors on the Board if the shareholding of HDFC Bank Ltd. , in the Company is 20% or more of the paid up equity share capital of the Company.

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors, and not less than fifty per cent of the Board of Directors shall comprise of Non-executive Directors, and should have at least one Independent Woman Director as required by the applicable laws/ rules and regulations.

B) Board Responsibilities*

- i. The Board would ensure that the Governance principles set for the insurer comply with all relevant laws, regulations and other applicable codes of conduct.
- ii. The Board would define and set the following standards:-
 - a) Define the standards of business conduct and ethical behaviour for directors and senior management;

- b) Define the standards to be maintained in policyholder servicing and in redressal of grievances of policyholders.
- iii. The Board would be responsible to provide guidance for implementation of business strategy and review the same periodically.
- iv. As an integral part of the proper implementation of the business strategy, the Board should take action as under:
 - a. Establish appropriate systems to regulate the risk appetite and risk profile of the Company. It will also enable identification and measurement of significant risks to which the company is exposed in order to develop an effective risk management system;
 - b. Ensure that all directions of IRDAI or any other regulatory authority are being communicated to the Board and the recommendations, if any, are implemented as per Board philosophy;
 - c. Ensure that the IT systems in the company are appropriate and have built-in checks and balances to produce data with integrity and put in place a business continuity and disaster recovery plan;
 - d. Ensure that the company has in place a robust compliance system for all applicable laws and regulations; and
 - e. Prescribe requirements and frequency of reporting in respect of each of the above areas of responsibility as may be decided by the Board.
- v. In the discharge of the above and other Governance functions, the Board may delegate the responsibilities to mandated/ other recommended empowered committees of Directors while retaining its primary accountability.
- vi. In addition to the above the Board shall also be responsible for matters prescribed under various regulations/ guidelines, etc. including SEBI Listing Regulations.
 - vii. The Board would ensure that the insurer is compliant with its directions and all statutory provisions and regulations framed there underthrough:
 - c) A system of internal controls and audit in respect of all aspects of the insurer's activities and accounts, including financial, operational and compliance controls and such systems should be annually reviewed by the Board for their effectiveness.
 - d) The Internal Audit function should perform in an objective, independent and risk oriented manner, with timely feedback to the Board.

C) Independent Director:

The definition of 'Independent Director' would be as per the applicable provisions including the provisions under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

D) Appointment of Directors:

The Nomination & Remuneration Committee of Directors has formulated the process document for "Appointment of Directors" in terms of provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and IRDAI (Corporate Governance for Insurer) Regulations, 2024 and circular, guidelines issued thereunder and as amended from time to time.

E) Tenure of Director(s)

The tenure of Executive Directors shall not exceed a period of 5 years or as may be decided in line with the regulatory requirements on each occasion. Non-Executive/ Executive Directors shall be required to retire by rotation as well as reappointment, as decided by the Board. Independent Directors shall not be required to retire by rotation.

Subject to the Board's decision or any Shareholders' resolution, an Independent Director shall be eligible to hold office for a term of five consecutive years on the Board of the Company. Further, he/she shall be eligible for re-appointment for a further term of five consecutive years on passing of a special resolution .

F) Compensation/ Sitting fees:

i) Executive Directors:

Executive Directors shall be paid remuneration within the limits as approved by the Board, the shareholders and IRDAI. As per the Company policy, no sitting fees shall be payable to Executive Directors.

ii) Non-Executive/ Independent Directors:

Non-Executive Directors/ Independent Directors are paid sitting fees for attending the Board and Committee meetings. The sitting fees to be paid shall be within limits prescribed under the Companies Act, 2013 and the Rules made there under as also other applicable rules/ regulations issued by the IRDAI from time to time, SEBI Listing Regulations and further as decided by the Board.

All remuneration/ compensation paid to Non-Executive/ Independent Directors, including Commission, if any, shall be decided by the Board of Directors, and shall be approved by shareholders in general meeting, as may be applicable or required..

An Independent Director shall not be entitled to stock options, and/ or be entitled to any remuneration other than sitting fee such as reimbursement of expenses for participation in the Board or Committee meetings and profit related commission, as approved by the Shareholders', as may be required.

G) Board Meetings

Board Meetings of the Company shall be held at least four times a year, once every quarter and not more than one hundred and twenty days shall elapse between two successive meetings. The quorum for the meetings of the Board shall meet the prescribed regulatory requirements applicable to the Company. The meetings of the Board will be normally held at the Company's registered office or through video conferencing, if permitted, unless otherwise decided by the Board of Directors.

H) General information to be placed before the Board of Directors

The information to be placed before the Board of Directors shall include but not be limited to the following:

- (i) Annual business plans and budgets and updates on the same every quarter.
- (ii) Capital budgets and any updates and periodic reviews of performance of the Insurance Company.
- (iii) Quarterly / half yearly / Annual annual financial results, as the case may be, for the company and its operating divisions or business segments.
- (iv) Minutes of meetings of Audit Committee and other committees of the Board.
- (v) The information on recruitment and remuneration of senior management personnel i.e. officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary / Compliance Officer, Head – Audit & Risk.
- (vi) Show cause, demand, prosecution notices and penalty notices which are materially important.
- (vii) Fatal or serious accidents, dangerous occurrences affecting business continuity.
- (viii) Any material default in financial obligations to and by the Company.
- (ix) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order

which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

- (x) Details of any joint venture or collaboration agreement.
- (xi) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- (xii) Significant labour problems and their proposed solutions. Any significant development in Human Resources front like change in compensation structure, implementation of Voluntary Retirement Scheme etc.
- (xiii) Sale of a material nature; e.g. investments, subsidiaries, assets, which is not in normal course of business.
- (xiv) Non-compliance of any regulatory, statutory nature or listing requirements (when applicable) and shareholders service such as non-payment of dividend etc.
- (xv) organizational structure of the Insurance Company and delegation of authority,
- (xvi) corporate and management controls and systems including procedures;
- (xvii) economic features and marketing environment,
- (xviii) information and updates as appropriate on Insurance Company's products;
- (xix) information and updates on major expenditure;
- (xx) report periodically about implementation of strategic initiatives and plans;
- (xxi) all relevant information for taking informed decisions in respect of matters brought before the Board;
- (xxii) The reports of the Policyholders' Protection Committee / minutes thereof.

Further, in line with the Companies Act, 2013, following powers shall be exercised by the Board only at a meeting of the Board of Directors:

1. To make calls on shares;
2. To authorize buy-back of shares;
3. To issue securities;
4. To borrow monies;
5. To invest funds of the company;
6. To grant loans or give guarantee or provide security in respect of loans;
7. To approve financial statements and Board's report;
8. To diversify business of the company;
9. To approve amalgamation, merger or reconstruction;
10. To takeover or acquire controlling or substantial stake in another company
11. To make political contributions;
12. To appoint or remove key managerial personnel ;
13. To appoint internal auditors and secretarial auditor;

I) Agenda for the Board Meetings

The agenda for the Board Meetings along with information relevant to the agenda shall be sent electronically to the Directors at least 7 days before the Meeting. Each Board member is free to suggest the inclusion of items on the agenda. With the permission of the Chair, each Board member is also free to raise, at any Board Meeting, matters that are not on the agenda. However, with reference to any sensitive matter on the agenda, relevant information shall be made available only at the time of the Board Meeting.

J) Attendance at Board Meetings

The Board Meetings shall be attended by the Directors and on invitation of the Board by executives of the Company who can provide an insight into the agenda items being discussed. All the Executive as well as Non-Executive Directors shall endeavour to attend all meetings of the Board.

In case a Director cannot attend a specific Board Meeting, he or she shall obtain leave of absence from the Board.

However, if a Director absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board, the office of such director shall become vacant.

K) Minutes of the Board Meeting

The minutes of all meetings of the Board shall be circulated as soon as possible to the members of the Board and shall be confirmed in the next Board Meeting. The Company will be guided by Section 118 of the Companies Act, 2013 and rules there under.

L) Duties of the Board

The Board shall be responsible for matters prescribed under Companies Act, 2013 ('Act'), SEBI Listing regulations and IRDAI CG regulations and circular, guidelines issued thereunder and as amended from time to time.

2. AUDIT COMMITTEE

A) Role

The Company shall set up an Audit Committee in compliance with the provisions of Companies Act, 2013, SEBI Listing Regulations and IRDAI CG Regulations, which binds the constitution and functioning of the Committee.

The primary function of the Audit Committee shall be to assist the board

in matters relating to applicable legal requirements with respect to independence, financial literacy, accounting or related financial expertise etc. The management of the Company has the overall responsibility to prepare financial statements in accordance with generally accepted accounting principles and any applicable rules/regulations. The Company's Independent Statutory Auditors have the responsibility to audit these financial statements. The Audit Committee's responsibility is one of overseeing the correct preparation and provision of financial information as well as to oversee financial reporting, statement of cash flow and disclosure processes both on an annual and quarterly basis. It shall set-up procedures and processes to address all concerns relating to adequacy of checks and control mechanisms. However, the Audit Committee has no obligation to provide any expert or other special assurance as to the Company's financial statements.

B) Membership

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee shall consist of a minimum of three directors with two-thirds of the members shall be Independent Directors. The Chairman of the Committee shall be an Independent Director and should ideally be a professional Chartered Accountant or a person with strong financial background. The Chairman shall remain present at the Annual General Meeting to respond to shareholder queries. Without prejudice to the powers of Board or members of Committee or appointment / removal of the members of the Committee or designating any invitee's to the Committee, the CEO/ Managing Directors / Executive Director shall attend the Audit Committee meeting as an Invitee, for the purpose of providing any information or any clarification in relation to audit findings.

C) Meetings of the Committee

D)

The Audit Committee Meeting shall be attended by;

- The members of the Audit Committee
- Internal Auditors / Statutory auditors
- Company Secretary to act as the secretary to the Committee
- Such other invitees at the discretion of the Chairman of the Committee

The meetings of the Audit Committee shall at least be held four times a year, usually preceding the Board Meeting and not more than one hundred and twenty days shall elapse between two successive meetings. The quorum shall be either two members or one third of the members of the Committee whichever is greater, with presence of at least two Independent Directors. The quarterly financial statements shall be reviewed by the Committee before placing the same before the Board. In addition to its members, the Committee may at its discretion require the attendance of senior management of the Company at its

meetings. The Committee would be free to meet without the presence of any or all of such invitees if it so desires. The Company Secretary will maintain minutes of the meetings of the Audit Committee..

The terms of reference of the Committee is enclosed as Annexure.

E) Reporting

The Audit Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

3. NOMINATION & REMUNERATION COMMITTEE

A) Role

The Nomination & Remuneration Committee shall be under the chairmanship of a Non-Executive Independent Director. The function of the Nomination & Remuneration Committee is to perform the duties as mentioned below in the “Terms of Reference”, including but not limited to determining and making recommendations with respect to all forms of compensation to be granted to Directors and senior management employees of the Company.

B) Membership of the Committee

The Committee shall consist of at least three directors, out of which not less than one half shall be independent directors and all the Directors of the Committee shall be Non-executive Directors. The Chairman of the Committee shall be an Independent Director.

Chairperson of the Company, whether Executive or Non-executive, maybe appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

The Company Secretary will act as Secretary to the Committee.

The Chairman of the Committee may be present at the Annual General Meeting, to answer the shareholder queries.

C) Meetings of the Committee

The Committee shall meet as frequently as required to perform its functions provided that there shall be at least two meetings. The Committee shall also review the succession planning process of the Company at such meeting.

The Chairman of the Committee shall determine, in consultation with the Committee Members, the agenda for various meetings of the Committee,

generally within the ambit of the Terms of Reference mentioned in this Charter.

The quorum for the meetings of the Committee shall be either two Members of the Committee or one-third of the Members of the Committee, whichever is higher, including one Independent Director.

Minutes of every meeting shall be maintained.

The terms of reference of Committee is enclosed as Annexure.

D) Reporting

The Nomination & Remuneration Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting, which will include through the placing of its signed minutes before the Board of Directors.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

A) Role

The primary function of the Stakeholders Relationship Committee inter-alia is to approve the allotment of shares pursuant to employee stock option scheme(s) of the Company, to resolve the grievances of the shareholders and debenture holders of the Company.

The objective of the Committee inter-alia to look into various aspects of interest of shareholders, debenture holders and other security holders.

B) Membership

The Stakeholders Relationship Committee shall consist of at least 3 or more Directors with at least one being Independent Director. The Chairman of the Committee shall be non-executive director. The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the Committee

The Committee shall meet at least once in a year. Minutes of every meeting shall be maintained. The quorum of the meetings shall be one third of the total strength or two Directors whichever is more.

The terms of reference of Committee is enclosed as Annexure.

D) Reporting

The Stakeholders Relationship Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will

include through placing of its minutes of the meetings.

5. **RISK MANAGEMENT COMMITTEE**

A) **Role**

Risk Management Committee shall be under the chairmanship of a Independent Director. The primary function of the Committee is to assist the Board of Directors in setting up a risk management strategy. The risk management function shall be under the overall guidance and supervision of the Chief Risk Officer.

B) **Membership**

The Risk Management Committee shall comprise of at least three directors of which two shall be non-executive directors, one independent director, the Chief Executive Officer, the Chief Financial Officer, the Appointed Actuary and the Chief Risk Officer. Meetings of the Risk Management Committee shall be chaired by an Independent Director who shall not be chair of the Audit Committee of the Board.

The Company Secretary shall act as Secretary to this Committee.

C) **Meetings of the Committee**

The members of Risk Management Committee shall meet at least once in a quarter and not more than four months shall elapse between two successive meetings. The quorum shall be either two members or one third of the members of the Committee whichever is greater including at least one member of the board of directors in attendance,

The terms of reference of Committee is enclosed as Annexure.

D) **Reporting**

The Risk Management Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

6. **CORPORATE SOCIAL RESPONSIBILITY & ESG COMMITTEE**

A) **Role**

The Corporate Social Responsibility & ESG Committee shall be set up in compliance with the provisions of the Companies Act, 2013. The primary function of the Committee is to perform the duties as mentioned below in the "Terms of Reference".

B) Membership

The Committee shall consist of at least three Directors out of which atleast one shall be independent provided that the composition of Committee shall be in line with the requirements prescribed under the Companies Act, 2013. The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the Committee

The quorum of the meetings shall be one third of the total strength or two Directors whichever is more. An Independent Director shall be necessary to form the Quorum.

The terms of reference of Committee is enclosed as Annexure.

D) Reporting

The Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of minutes of its meetings.

7. INVESTMENT COMMITTEE**A) Role**

The primary function of the Investment Committee is to formulate the investment policy and strategies for the investment of the policyholder and shareholder funds in accordance with the limits prescribed in the applicable IRDAI regulations.

B) Membership

The Investment Committee shall consist of a minimum of two Non-Executive Directors, the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Risk Officer and the Appointed Actuary. The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the Committee

The members of Investment Committee shall meet at least once in a quarter and not more than four months shall elapse between two successive meetings. The quorum shall be either two members or one third of the members of the Committee whichever is greater. The decisions taken by the Investment Committee shall be properly recorded and be open to inspection by the officers of the Authority.

The terms of reference of the Committee is enclosed as Annexure.

D) Reporting

The Investment Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

8) POLICYHOLDER PROTECTION GRIEVANCE REDRESSAL AND CLAIMS MONITORING COMMITTEE

A) Role

The Committee shall be under the chairmanship of Independent Director. The primary function of the Committee is to assist the Board of Directors in putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders.

B) Membership

The Committee shall consist of two or more Non Executive Directors and shall include an expert / representative of customers as an Invitee and shall be headed by an Independent Director.

The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the meeting

The members of Committee shall meet at least once in a quarter and not more than four months shall elapse between two successive meetings.

The quorum shall be either two members or one third of the members of the Committee whichever is greater

The terms of reference of the Committee is enclosed as Annexure.

D) Reporting

The Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

9) WITH PROFITS COMMITTEE

A) Role

The primary function of the With Profits Committee is to perform the duties as mentioned below in the "Terms of Reference".

B) Membership

The With Profits Committee shall consist a Independent Director, Chief Executive Officer, Chief Financial Officer, Appointed Actuary and an Independent Actuary. The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the Committee

The members of With Profits Committee shall meet at least once in a year. The quorum shall be either two members or one third of the members of the Committee whichever is greater, including the presence of an Independent Director, Appointed Actuary and Independent Actuary will be necessary to form a quorum. Minutes of every meeting shall be maintained.

The terms of reference of Committee is enclosed as Annexure.

D) Reporting

The With Profits Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

10) CAPITAL RAISING COMMITTEE

A) Role

Analyzing of various options for raising of funds by issuance of securities including debt instruments in the nature debentures/ bonds, and/or any other instrument including equity or preference shares, and to perform all activities with regard to fund raising by various methods/ means/options under the authority of Board and Shareholders.

B) Membership

The Capital Raising Committee shall consist of atleast three Directors. The Company Secretary shall act as Secretary to this Committee.

C) Meetings of the Committee

The members of Capital Raising Committee shall be held as and when necessary. Minutes of every meeting shall be maintained.

The terms of reference of Committee is enclosed as Annexure.

D) Reporting

The Capital Raising Committee shall report to the Board of Directors of the Company. The Committee shall report its actions and any recommendations to the Board after each Committee meeting which will include through placing of its minutes of the meetings.

PART C

I) RESPONSIBILITIES OF THE SENIOR MANAGEMENT

The Chief Executive Officer of the company and other key functionaries are responsible for the operations and day to day management of the company in line with the directions of the Board and the Committees set up by the Board. Section 34A of the Insurance Act, 1938 requires prior approval of the Authority for appointment, re-appointment or termination of the Chief Executive Officer and the Whole Time Directors. The CEO would be responsible for the conduct of the company's affair in a manner which is not detrimental to the interests of the policyholders and is consistent with the policies and directions of the Board. The Board should, therefore, carry out effective due diligence to establish that the new incumbent is 'fit and proper' before recommending the name for Authority's approval. In case the CEO resigns, the Authority should be kept informed of such resignation and the reasons therefore. The Insurance Act also prohibits the CEO of a life insurance company from being a Director on the Board of any other Indian insurance company/bank/investment company. As the appointment of the CEO is made with the prior approval of the IRDA the Board should take proactive steps to decide on the continuance of CEO well in time before the expiry of his/ her tenure or to identify the new incumbent. The Authority requires the proposal to be submitted with the approval of the Board at least a month before the completion of the tenure of the incumbent.

II) KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of the Companies Act, 2013, the Company, shall have the following whole-time Key Managerial Personnel

- i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- ii) Company Secretary; and
- iii) Chief Financial Officer.

KEY MANAGEMENT PERSON

Pursuant to the provisions of the IRDAI Corporate Governance Guidelines, the Company, shall have the following Key Management Person-

- (i) Managing Director, or Chief Executive Officer or whole-time director(s);
- (ii) Functional heads one level below Managing Director/ Chief Executive Officer;
- (iii) Chief Financial Officer.
- (iv) Appointed Actuary;
- (v) Chief Investment Officer;
- (vi) Chief Risk Officer;
- (vii) Chief Compliance Officer;
- (viii) Company Secretary.

III) APPOINTED ACTUARY

A) Appointment

Appointment of the Appointed Actuary shall be done in accordance with the procedure set by the Nomination & Remuneration Committee. Nomination & Remuneration Committee / Board shall ensure the fulfillment of “Fit & Proper” criteria of Appointed Actuary at the time of appointment and shall review after that on time to time.

B) Role

1. The Appointed Actuary is responsible for reviewing and approving internal standards for actuarial processes. Controls and documentation as well as for assumptions, methods and models, in accordance with all applicable laws and regulations
2. The Appointed Actuary is responsible for a report on actuarial processes and results to the Board of Directors and to Senior Management of the Company, to assist in understanding principle base reserve results and significant and unusual issues and findings.
3. The Appointed Actuary shall provide a certificate on adequacy on solvency margin

C) Powers

1. An Appointed Actuary shall have access to all information or documents in possession, or under control, of the Company for the proper and effective performance of the functions and duties of the appointed actuary.
2. The Appointed Actuary may seek any information from any officer or employee of the Company.
3. The Appointed Actuary shall attend all meetings of the management including the directors of the Company as well as

Shareholders, policyholders.

D) Duties and obligations.

1. Rendering actuarial advice to the management, in particular in the areas of product design and pricing, insurance contract wording, investments and reinsurance;
2. Ensuring the solvency of the insurer at all times;
3. Complying with the duties prescribed by the Regulatory Authority from time to time.
4. Reporting to the Board in case of any irregularity, non compliance or adversity is noticed for the corrective action.

IV) TRANSPARENCY AND DISCLOSURES

There are several systems and procedures to disseminate relevant information to the stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. The primary source of information is our corporate website www.hdfcliffe.com. All official news releases and presentations made to investors and analysts are posted on the website.

In addition, we also maintain other electronic platforms through which we interface with customers, suppliers, field and non-field employees.

V) DISCLOSURES

A) External Disclosures:

i) Legal Compliances

The Company shall follow a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Audit Committee of compliance status of laws applicable to the Company and steps taken to rectify non- compliances, if any.

ii) Conflict of Interest & Related Party Transactions

All Directors are required to disclose their interest in other bodies corporate to the Board on an annual basis and / or as required. Directors are also required to disclose their interest in other bodies corporate as and when they become interested. Further, wherever a Director becomes interested in any contract or arrangement, the same is required to be disclosed to the Board and the Director shall not participate or vote at the transaction in which he is interested. The Board of Directors have authorized the Audit Committee to review the key transactions and Disclosures received under the Policy on periodical basis.

Transactions with related parties shall be annexed to the financial statements for the year. Adequate care shall be taken to ensure that the potential conflicts of interest do not harm the interests of the Company at large.

The Company shall comply with the requirements prescribed under the Companies Act, 2013 with regard to the related party transactions. The Board of Directors shall formulate a Policy on Related Party Transactions covering the criteria specified under the Corporate Governance Guidelines issued by IRDAI, as amended from time to time. The Company shall have a framework for undertaking transactions with related parties. Further, all related party transactions shall be approved by the Audit Committee / Board, as may be applicable. Wherever required under the Act and depending on nature of the transaction, the approval of Shareholders will also be obtained.

Further, the related party transactions, shall also be subject to review by the Auditors, before being submitted to the Audit Committee / Board, for approval / noting, thereof.

The Shares and Convertible debentures of the Company held by the all the Directors shall be disclosed in the Annual Report of the Company.

iii) Disclosures in the Annual report:

The Company should *inter-alia* disclose the following in its annual report:

- (i) Number of meetings held of the Board of Directors and the Committees mandated under the guidelines, in the Financial year;
- (ii) Details of the Composition of the Board of Directors and the Committees mandated, setting out name, qualification, field of specialization, status of Directorship held etc;
- (iii) Number of meetings attended by the Directors and the members of the Committee;
- (iv) Details of the remuneration paid, if any to the Independent Director;
- (v) Annual report to have certification from the Chief Compliance Officer;
- (vi) Such other matters as prescribed under the Companies Act, 2013 and other applicable Regulations

B) Internal Disclosures:

i) Process Compliance

Business Process Management as a proactive activity shall be ideally performed in near real time whereby process design, implementation, measurement and review of business activities are co-centric to the process life cycle management framework.

Compliance risk management shall be an integral component of Business Process Management. Its goals shall be to minimize the effects of violation of or non-conformance with many rules that govern how financial services business activities are supposed to conduct business.

ii) Employee Dealing Policy

The Company has established policies and procedures for the conduct of employees' dealings in securities. Members of the Investment Committee, senior Management as well as employees in the Investment Department are expected to abide with this Policy.

iii) Code of Conduct of Directors & Employees

The Code of Conduct adopted by the Company shall be posted on the web site of the Company. The members of the Board and senior management of the Company shall submit their affirmation on compliance with the Code of Conduct for the effective period. The declaration by the Whole Time Directors to that effect shall form part of the annual report.

iv) Outsourcing Policy

Company shall lay down the Outsourcing Policy in accordance with the guidelines issued by the IRDA from time to time. Outsourcing involves transferring responsibility for carrying out an activity (previously carried on internally) to an outsourcer for an agreed charge. The outsourcer provides services to the customer based on a mutually agreed service level, normally defined in a formal contract.

All the Outsourcings shall be carried out according to the Policy adopted by the Company.

v) Whistle Blower Policy

The Whistle Blower Policy of the Company shall be drawn to

achieve the highest business and personal, ethical and legal standards. 'Whistle Blower' means the employee of HDFCL making a protected disclosure under this policy. He/She is neither an investigator nor a finder of facts, nor does he/she determine the appropriate corrective or remedial action that may be warranted. Issues raised to the Whistleblower Committee constituted under the Policy shall be kept in utmost confidence and shall be investigated in a fair manner.

The functioning of Whistle blower mechanism shall be reviewed by Board of Directors annually or in between should there be a change/amendment in regulations

vi) Malpractice Matrix Policy

The Company shall lay down the Malpractice Matrix policy in an endeavor to become the most trusted Company. 'Malpractice' refers to misconduct or breach of duty in the performance of a professional service those results in a financial and reputation loss. All the employees in the company are expected to abide with this Policy.

vii) Risk Management Policy

The Company shall lay down a Risk Management Policy which will envisage within its scope an enterprise wide risk management framework covering inter-alia the following:

- Market Risk
- Credit Risk
- Operational Risk
- Liquidity Risk
- InfoSec Risk
- Strategic Risk
- Compliance Risk
- ALM Risk
- Actuarial Risk
- Reputation & Regulatory

viii) Anti Money Laundering Policy

The Anti Money Laundering Policy of the Company shall be in conformity with the guidelines laid down by law from time to time. 'Money Laundering' is moving illegally acquired cash through financial systems so that it appears to be legally acquired. As a measure, the Company shall adhere to the 'Know Your Customer' (KYC) Norms and the guidelines issued by the regulators from time to time.

ix) Prevention and Redressal of Sexual Harassment (PRSH) Policy

The Company shall have in place a 'Prevention of Sexual Harassment Policy' to make work place safe and free from sexual harassment or any such conduct. The Policy shall inter-alia provide for prevention of sexual harassment, constitution of Central (Apex) Committee and Regional/ Zonal Committees, and formal procedures to inquire into the complaints and reinforce company commitment of zero tolerance to sexual harassment. The Committee will also have an external Woman Member as part of the Central (Apex) Committee.

x) Corporate Social Responsibility Policy ("CSR")

The Company shall out in place a CSR Policy which shall govern and administer the Company's Corporate Social Responsibility ('CSR') program. The Company shall also comply with the provisions of Companies Act, 2013, to the extent applicable in this regard.

xi) Reporting to IRDAI

Company secretary is designated as Compliance Officer whose duty shall be to monitor continuing compliance with these guidelines.

Corporate Governance Policy will be reviewed annually, or in the interim, should there be a change/amendment in regulations.

C) Board Evaluation:

The Companies Act, 2013 has prescribed provisions with regard to evaluation of the performance of the Directors/ Board of Directors. The Company shall put in place a mechanism to facilitate evaluation of performance of Directors in line with the requirements under the Act.

Further, in line with the requirements prescribed under the Act, the Independent Directors are required to hold at least one meeting a year, without the attendance of non-independent directors and members of the Management in order to transact business as may be specified in the Act from time to time.

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ANNEXURE

TERMS OF REFERENCE OF THE COMMITTEES OF BOARD**AUDIT COMMITTEE**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending the appointment and removal of Statutory Auditor / Internal Auditor / Concurrent Auditor, fixation of audit fee and also approval for payment for any other services, including review of their performance and oversight;
3. Reviewing with Management, the annual financial statements before submission to the Board, focusing primarily on:
 - (i) Any changes in accounting policies and practices,
 - (ii) Major accounting entries based on exercise of judgment by management,
 - (iii) Qualifications in draft audit report,
 - (iv) significant adjustments arising out of audit,
 - (v) The going concern assumption,
 - (vi) Compliance with accounting standards,
 - (vii) Compliance with regulatory authorities and legal requirements concerning financial statements,
 - (viii) Any related party transactions,
 - (ix) Matters required to be included in the Directors' Responsibility Statement to be included in the Board Report in terms of Companies Act, 2013;
4. Reviewing with the management, Statutory and Internal Auditors, adequacy of internal control systems;
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
6. Reviewing and discussing with Internal Auditors / Concurrent Auditors and management on significant issues/ findings arising from the internal audit reports/concurrent audit reports and follow up action thereon;
7. Discussion with Statutory Auditors before the audit commences about nature and scope of audit. Post audit, discussion with Statutory Auditors to ascertain any area of concern;
8. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
9. Approving compliance programmes, reviewing their effectiveness on a regular

basis and signing off on any material compliance issues or matters;

10. Minutes of the meetings of the Audit Committee or similar Committee, if any, constituted by the Company's subsidiary Company shall also be placed before the Committee;
11. To review the functioning of the whistle blower mechanism;
12. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
13. To review utilization of loan/ advance/ investment in subsidiary company exceeding Rs 100 crores or 10% of the asset size of the Company whichever is lower; and
14. In addition to the above, the Audit Committee will undertake such other duties as the Board of Directors delegates to it, and will report, to the Board regarding the Committee's examinations and recommendations.

NOMINATION & REMUNERATION COMMITTEE

1. To identify persons who are qualified to become directors, Key Management Persons and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key Management Persons and other employees;
3. To ensure while formulating the policy the following:
 - i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully,
 - ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
 - iii. Remuneration to directors, Key Management Persons and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;
4. To review and recommend, if appropriate, directors who are retiring by rotation to be put forward for re-election at the Company's annual general meeting;
5. Succession plan for Directors, Senior Management and key position employees to be adopted, implemented and reviewed from time to time;
6. To formulate one or more scheme(s) for granting of Stock Options to Employees and Directors of the Company as well as its holding company / subsidiaries, from time to time, subject to the approval of the Shareholders of the Company and within the provisions of the Companies Act, 2013 and other statutes, regulations and guidelines as may be applicable from time to time. The Committee shall have full authority, with power to delegate, with respect to the administration of such stock option plans;
7. Formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
8. To recommend to the Board all remuneration payable to Senior Management Personnel.
9. Such other functions as may be required under the SEBI Listing Regulations, Rules/ Regulations/ Circulars issued by Insurance Regulatory and Development Authority of India in this regard.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

1. To consider and resolve the grievances of security holders of the Company;
2. To appoint/remove Registrars and Share Transfer Agents, Depositories;
3. To approve/ratify allotment of shares;
4. To approve request lodged with the Company for transfer, transmission, de-materialisation, rematerialisation of shares;
5. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
6. Review of measures taken for effective exercise of voting rights by shareholders;
7. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
8. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
9. To approve/ratify the issuance of duplicate, replaced, split, consolidated share certificates duly verified, confirmed and recommended by the Company Secretary, from time to time.

RISK MANAGEMENT COMMITTEE

1. Reviewing and approving the risk management policy and associated framework, processes and practices of the Company annually;
2. Ensuring the appropriateness of the Company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
3. Evaluating significant risk exposure of the Company and assessing Management's action to mitigate/manage the exposure in timely manner;
4. Discuss and consider best practices in risk management in the market and advise the respective functions;
5. Assist the Board in effective operation of the risk management system by performing specialized analyses and quality reviews;
6. Maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc;
7. Report to the Board, details on the risk exposures and the actions taken to manage the exposures; review, monitor and challenge where necessary, risks undertaken by the Company;
8. Review the solvency position of the Company on a regular basis;
9. Reviewing, investigating the instances reported for unethical behaviour of employees or Senior Management Officials and taking suitable disciplinary action against such employees;
10. Formulating and implementing optimal Asset Liability Management strategies and meeting risk/reward objectives. The strategies must be laid down both at product level and enterprise level;
11. Monitoring risk exposures at periodic intervals and revising ALM strategies where required, reviewing approving and monitoring systems, controls and reportings used to manage balance sheets risks including any mitigation strategies;
12. Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities;
13. To consider any matter arising out of the Prevention of Sexual Harassment Policy; and
14. Minutes of the meetings of the Risk Committee or similar Committee, if any, constituted by the Company's subsidiary Company shall also be placed before the Committee.

CORPORATE SOCIAL RESPONSIBILITY & ESG COMMITTEE

1. To formulate and recommend to the Board, a Corporate Social Responsibility & ESG Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. To recommend the amount of expenditure to be incurred on the permitted or required activities referred;
3. To monitor the Corporate Social Responsibility & ESG Policy of the Company from time to time;
4. To formulate and recommend to the Board, ESG related policies and practices as well as review them from time to time; and
5. To monitor the company's ESG strategy, goals and disclosures.

INVESTMENT COMMITTEE

1. To consider the following, while framing Investment Policy:
 - a. Liquidity, prudential norms, exposure limits, stop loss limits in securities trading, management of all investment and market risks, management of assets-liabilities mismatch, investment audits and investment statistics, etc. and the provisions of the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000, including amendments therein;
 - b. Adequate returns on Policyholder's and Shareholders' funds consistent with the protection, safety and liquidity of such funds; and
 - c. Funds of the insurer shall be invested and continued to be invested in instruments which enjoy a rating as prescribed from time to time by regulations, keeping in mind the safety and liquidity of the policyholders' funds are assured.
2. To recommend any changes in the Company Investment and Lending Policy for approval by the Board;
3. To review Portfolio Yield & Modified Duration in Conventional Portfolio & Unit-linked Portfolios;
4. To review Sectoral Allocation of Equities for Conventional & Unit-linked Portfolios;
5. Furnish a report to the Board on the performance of Investments at least on a quarterly basis and provide analysis of its Investment portfolio and on the future outlook to enable the Board to look at possible policy changes and strategies; and
6. To review Rating Exposure of Unit-Linked & Conventional Portfolios.

POLICYHOLDER PROTECTION, GRIEVANCE REDRESSAL AND CLAIMS MONITORING COMMITTEE

1. Putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders;
2. Review the status of complaints at periodic intervals of the policyholders;
3. Provide the details of grievances at periodic intervals in such formats as may be prescribed by the Authority;
4. The Policyholder Protection, Grievance Redressal And Claims Monitoring Committee may invite the external experts to attend the meetings of the Committee, without the right to vote, whenever it deems necessary;
5. To frame policies and procedures to protect the interest of the Policyholders and for ensuring compliance with the advertisement and disclosure norms prescribed by the Regulatory Authorities;
6. Establish effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries;
7. Ensure compliance with the statutory requirements as laid down in the regulatory framework;
8. Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims;
9. Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority; and
10. To establish suitable systems and processes towards protection of the interests of policyholders, ensure measures towards creation of insurance awareness and empowering policyholders, and efficient and effective grievance redressal mechanism and monitoring of claims settlement processes.

WITH PROFITS COMMITTEE

1. Review the methodology and basis used by the Appointed Actuary for calculation of asset share; and
2. Provide a report as specified in Section 34(v) of the IRDAI 2019 Non-linked Product Regulations.

CAPITAL RAISING COMMITTEE

1. To analyze various options for raising of funds/ augmenting the capital of the Company by issue of various securities including, Equity Shares, Preference Shares and Debt Instruments including Non-convertible Debentures, Bonds and Subordinated Debt Instruments, etc.;
2. To approve the terms and conditions relating to the issue of securities approved by the Board including and without limitation, the rate of interest, the redemption period, discount, redemption premium, exercising call option, to make applications and receive application money and to do all such acts, deeds, matters and things and to execute such agreements, documents, deeds as may be considered necessary or expedient for the said purposes;
3. To allot securities issued by the Company, from time to time, to such persons who have been/ form part of the class of persons identified by the Board and who have subscribed to the securities;
4. To engage/appoint/ coordinate with the issue management and issue related agencies and intermediaries viz., Debenture Trustee, Arrangers, Credit Rating Agencies, Registrar and Transfer Agents, Depositories, Stock Exchanges and Legal Counsel, etc.;
5. To incur necessary expenditure relating to capital and fund raising exercise;
6. To open any accounts in the name of the Company which may be required in connection with the issuance of securities approved by the Board, including without limitation any bank account and demat account required in connection with the issuance;
7. To authorize the execution and filing of such certificates, forms and documents and to do all other acts, deeds and things as may be required in connection with the issuance and allotment of the securities issued by the Company on a private placement basis, from time to time, including without limitation issuance of the debenture certificates and letters of allotment to the allottees of such securities, registering the names of the allottees in the register of Debenture Holders, authorizing credit of securities in demat form in the beneficiary account of the allottees, listing of securities on the relevant stock exchange, payment of stamp duty on the documents and the securities, the making of all necessary regulatory filings;
8. To perform all activities with regard to fund raising by various methods/ means/options under the authority of the Board and/ or the Shareholders, as the case may be; and
9. To do all such acts, deeds as the Board may delegate in connection with the capital and fund-raising exercise including to execute amendment(s) in the documents, as required from time to time.