HDFC LIFE INSURANCE COMPANY LIMITED

Remuneration Policy
Table of Contents

PART A

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Background</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Reference</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Applicability</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Objective of the Policy</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Nomination &amp; Remuneration Committee</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Related Policies</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Key principles of Compensation</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Criteria to be considered while appointing Directors</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Disclosures in the Annual Report</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Amendments and Review</td>
<td>5</td>
</tr>
</tbody>
</table>

PART B

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Remuneration – Non-Executive Directors</td>
<td>6</td>
</tr>
</tbody>
</table>

PART C

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Executive Remuneration</td>
<td>8</td>
</tr>
</tbody>
</table>
PART A

1) Background

In pursuance of the Company’s policy to attract, motivate and retain manpower in a competitive market, and in terms of the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), rules/ regulations/ guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) and other applicable rules, regulations and guidelines, this Policy on remuneration of Directors, Key Managerial Personnel (“KMPs”), Senior Management Personnel (“SMPs”) and other employees has been put in place.

For the purpose of this Policy, KMP shall mean:

i) the Managing Director or Chief Executive Officer or manager
ii) whole-time Director
iii) the Company Secretary
iv) the Chief Financial Officer
v) any other person(s) as defined under the Act and Rules/ Regulations/ Guidelines issued by IRDAI from time to time; and

Senior Management Personnel (“SMP”) shall mean:

persons as defined under the Act and Rules/ Regulations/ Guidelines issued by IRDAI from time to time.

2) Objective

The objectives of this policy are:

a) To recommend policy relating to the remuneration of the Directors, KMPs, SMPs and other employees to the Board of Directors of the Company.

b) To carry on such functions as provided in the Act, Listing Regulations, Rules/ Regulations/ Guidelines prescribed by IRDAI and other rules and regulations applicable to the Company

3) Nomination & Remuneration Committee

The Nomination & Remuneration Committee of the Board deals with matters related to remuneration of Directors, KMPs, SMPs and other employees of the Company. In framing this Policy, the Committee shall be governed by the terms of reference as approved by the Board from time to time as well as per the relevant provisions of the Act, SEBI Listing Regulations and rules/ regulations/ guidelines prescribed by IRDAI.
4) Related Policies

This Policy needs to be read along with the Corporate Governance Policy (‘CG Policy’) and the Employees Compensation Policy (as framed by HR) of the Company. As per the CG Policy, the Terms of Reference of the Nomination & Remuneration Committee (‘Committee’) includes determining and making recommendations with respect to all forms of compensation to be granted to the Directors, KMPs and SMPs of the Company.

5) Key principles of compensation

a) Attract and retain: Remuneration packages shall be designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.

b) Motivate and reward: Remuneration shall be designed to motivate delivery of the Company’s key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short- and long-term.

c) Non-monetary benefits: Executives will be entitled to customary non-monetary benefits such as company cars and company health care, telephone, etc. In addition thereto, in individual cases company housing and other benefits may also be offered.

6) Criteria to be considered while appointing Directors

The Nomination & Remuneration Committee shall consider, inter alia, following factors in determining the qualification, positive attributes, integrity, etc. for appointment/re-appointment of directors:

a) The overall experience of the Directors in the relevant field of their expertise including experience in relevant field/ industry;

b) Academic records/ background, educational qualifications, including specialised qualifications in relevant areas like business/ corporate Management, finance, marketing, risk, compliance, legal, etc;

c) Background of the Director and the field of his work/ specialisation;

d) Any other relevant professional qualification and experience

For the purpose of identifying suitable candidates, the Nomination & Remuneration Committee may:

a. use the services of an external agencies, if required;
b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
c. consider the time commitments of the candidates.
Also, the Nomination & Remuneration Committee/ Board shall be guided by the Board Diversity Policy, when appointing new directors.

Further, in determining the independence of the Director (for proposed Independent Directors), the Committee shall be governed by the criteria of Independence as specified in the Companies Act, 2013 and any other regulation, as may be applicable from time to time.

7) **Amendments and Review**

This Policy is subject to review by the Nomination & Remuneration Committee once a year or earlier, if necessary or required.
PART B

8) Non-Executive Directors – Remuneration

The Non-Executive Directors comprises Non-Executive Independent Directors as well as Non-Executive Non-Independent Directors.

The company recognizes that Non-Executive Directors need to be adequately remunerated considering the value and guidance received from them, utilization of their skill and experience and time spent for the Company. Thus, while considering the remuneration of Non-Executive Director, the Committee shall take into account inter alia the following factors among others:

a. Expertise, advice and inputs provided by the Non-Executive Directors;

b. Overall amount of efforts put in by the Non-Executive Directors over the period, in discharging responsibilities relating to the Company/ their directorship;

c. Extent of time devoted by Non-Executive Director in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time.

The remuneration of Non-Executive Directors may comprise of the following:

a) The Non-Executive Directors’ may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee(s) of the Board or such amount as may be prescribed under the Act or applicable rules, regulations and guidelines.

b) Further, the Non-Executive Directors may also be paid Commission within the limits prescribed under the Act and IRDAI rules/ regulations and guidelines as post approved of the Board of Directors/ shareholders, as may be applicable.

c) Such other means of compensation may be paid to Non-Executive Directors as may be specified under the Companies Act, 2013/ or any other applicable law, and as decided by the Committee/ Board.

An Independent Director shall not be entitled to any stock option of the Company, as per the provisions of the Act and SEBI Listing Regulations.

Required approvals (including that of Shareholders and IRDA), as and to the extent applicable, shall be obtained for any such payments of compensation/remuneration.

9) Limit on remuneration

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limits specified under the Companies Act, 2013 and IRDAI Regulations.
PART C

10) Executive Remuneration

Compensation/Remuneration for Executives (including the Managing Director & Chief Executive Officer, Executive Director, KMPs, SMPs and other Executives and Employees) of the Company is determined as per the Compensation Policy (called as ‘HR Compensation Policy’), as in force, and as amended from time to time. The Executive Remuneration is evaluated annually against performance and a benchmark of companies in insurance and BFSI Sector, which in size and complexity are similar to HDFC Life. The remuneration structure inter-alia hinges on the following:

a) Compensation for each individual is benchmarked every year with competitors/peer companies to ensure that their compensation is at par or above the industry median.

b) Variable Pay for Performance- over and above fixed compensation individuals may be rewarded with annual periodic bonus linked to performance.

c) ESOP - Individuals are eligible for grants as per the ESOP scheme in the Company which has been designed to reward performance and drive long term retention of critical talent.

d) Learning & Development - The Company may invest in providing the best of learning and development opportunities for each individual to enable them to enhance their skills and knowledge.

e) Benefits – The Company may also cover employees under various benefits as per the market trend, such as life insurance coverage for self and family. Some of these may be temporary and can be rolled out as and when needed such as Covid leave, etc.

The remuneration and other terms of the KMPs, SMPs and other employees shall also be subject to terms and conditions as specified in their respective letter of appointment.

Remuneration shall be paid within the monetary limit approved by the shareholders, subject to the limits specified under the Companies Act, 2013 and IRDAI Regulations and any other applicable rules, guidelines and regulations.