

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

REPORT 2020-21



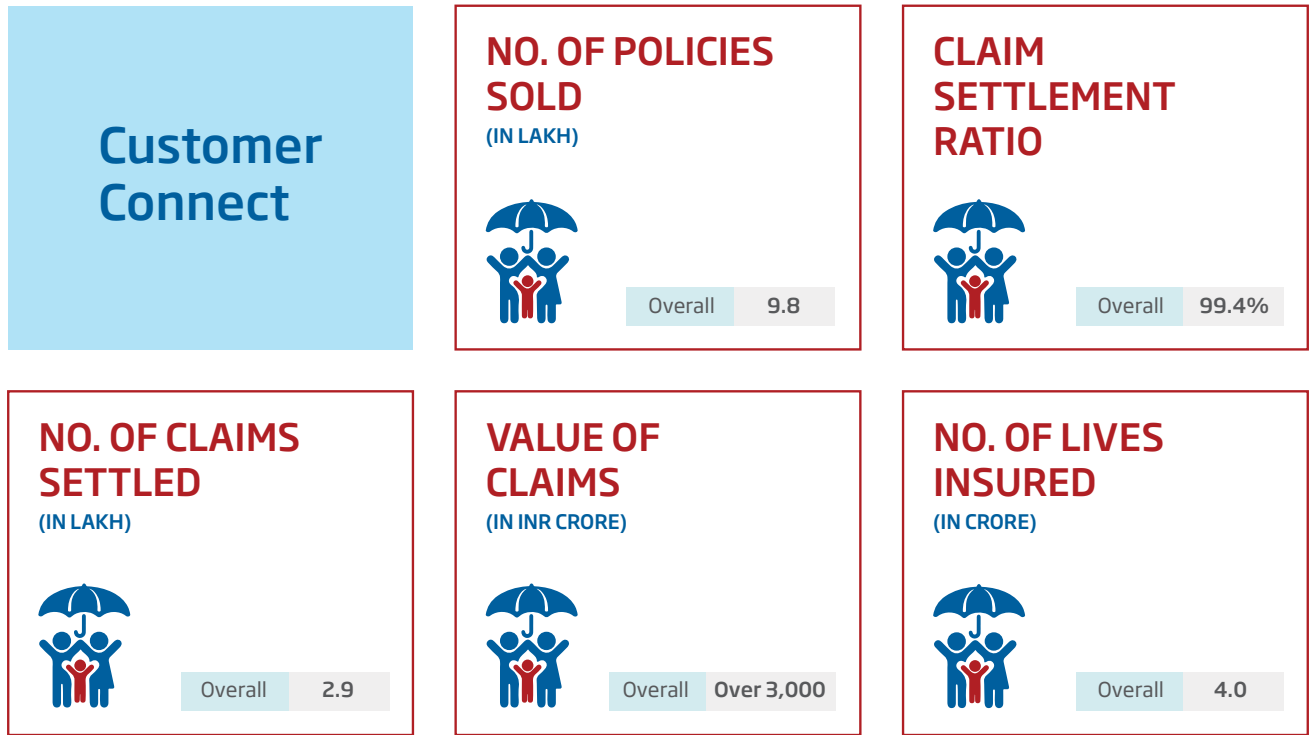
*Sar utha ke jiyo!*

HDFC Life Insurance Company Limited

# CONTENTS

<b>ESG at a Glance</b>	<b>03</b>	<b>Holistic Living</b>	<b>30</b>
<b>MD &amp; CEO Statement</b>	<b>05</b>	Customer Centricity	
<b>About HDFC Life</b>	<b>08</b>	Customer Satisfaction	
<b>Our Vision</b>	<b>09</b>	Providing Long-term Capital	
<b>Our Values</b>	<b>09</b>	Inclusive Growth /	
<b>Our Approach to ESG Reporting</b>	<b>10</b>	Financial Inclusion	
<b>Our ESG Strategy</b>	<b>11</b>	<b>Special Supplement:</b>	
<b>Ethical Conduct</b>	<b>13</b>	<b>COVID-19 Response</b>	<b>35</b>
Governance Structure		<b>Sustainable Operations</b>	<b>41</b>
Compensation Policy & Practices		Energy, Emission and Water	
Compliance Framework		Conservation	
Risk Management		E-waste Management	
Tax Policy		Other Waste Management	
Business Continuity Planning		Initiatives	
Information & Cyber Security		Digitisation	
Business Ethics and Policies		Reducing Carbon Footprint	
<b>Responsible Investing</b>	<b>22</b>	<b>Our Commitment to Sustainable Development</b>	<b>45</b>
Investment Framework		<b>Our Material Topics</b>	<b>46</b>
RI Framework		<b>Stakeholder Engagement</b>	<b>47</b>
Risk Management		<b>Way Forward</b>	<b>50</b>
<b>Diversity, Equity and Inclusion</b>	<b>24</b>		
Human Capital Development			
Promoting Responsible Behavior			

# ESG at a glance



## Conserving Environment

### NO. OF TREES PLANTED



City forest	17
Trees	40,000+

Last 3 years

### ENVIRONMENT SUSTAINABILITY



Water ATMs	12
------------	----

Last 3 years

### ENERGY EFFICIENCY / SAVINGS



Electricity bill units	14% reduction
Amps saved	1.4 lakhs

### E-WASTE DISPOSAL



E-waste recycled	310 kg
------------------	--------

Diversified and Inclusive

### GENDER DIVERSITY



Women employees	24%
Women Directors	27%

## Supporting Communities

### CSR SPENDS (IN INR CRORE)



Overall	20
---------	----

### LIVES IMPACTED



Overall (in lakh)	2.3+
States / UTs	24 / 3
Projects	22

### WAR WIDOWS / CENTRAL ARMED POLICE FORCES



Overall	230
---------	-----

### EMPLOYEE VOLUNTEERS



Overall	1,000+
---------	--------

### PM CARES FUND (IN INR CRORE)



Overall	7.5
---------	-----

### COVID RELIEF



Meals, medical equipment	5 hospitals covered
Campaign	Dabbawala

## MD & CEO's Statement



“

The pandemic tested our agility as well as resilience as a company. I feel humbled to say that we collectively tackled numerous adversities and continued to deliver value to our stakeholders, without compromising on the safety of our employees, our outsourced staff, vendors and partners.

”

Dear Readers,

While the nation begins to bounce back from the impact of the pandemic, we have seen countless individuals dedicating themselves for the greater good of the society. At the outset, I would like to express my heartfelt gratitude to all these unsung heroes - the frontline medical staff, sanitation workers and essential service providers who continue to work selflessly during these trying times to help us all stay safe. I would also like to thank our employees and partners who helped us serve our customers during this period.

COVID-19 has certainly changed many aspects of our lives. It has not only been a year of an emerging new normal but also of trends like: large-scale deployment of digital capabilities, increased focus on sustainability and stakeholder engagement, changing needs of the customer and new models of working. In a nutshell, it has changed the way we do business and has made us rethink the concept of 'business as usual'. The pandemic tested our agility as well as resilience as a company. I feel humbled to say that we collectively tackled numerous adversities and continued to deliver value to our stakeholders, without compromising on the safety of our employees, our outsourced staff, vendors and partners. Our 20,000+ HDFC Lifers, 100,000+ agents, 300+ partners have valiantly overcome challenges and ensured that all our customers, policyholders and our stakeholders were taken care of.

I am also happy to say that we played a socially meaningful role over the course of the year, having settled over 2.9 lakh death claims, resulting in payouts in excess of Rs. 3,000 crore. Despite challenges through the year, we insured close to 4 crore lives in FY 2020-21.

The safety of our employees has always been our topmost priority. We rolled out multiple initiatives related to employee assistance like provision of oxygen concentrators, on-call doctor services for mental and physical well-being during the course of the year. To keep our employees motivated and enable them to address customers' changing needs, we launched various training programs and introduced new digitally enabled sales platforms. We identified the importance of technology early on, and this enabled us to empower our workforce, service existing customers and generate new business without physical interaction. Digital is the backbone of our growth story and we continue to invest in technology with a view to enhancing customer experience, simplifying the buying journey and creating new product propositions.

For the past two decades, HDFC Life has strived to create a positive impact for its customers and communities. We have collaborated with an NGO supporting frontline healthcare workers, in one of the worst hit states of India. With the support of this organisation, we provided hospitals with medical equipment

and supplies to assist COVID patients and also nutritional meals to support front-line health-care workers. HDFC Life contributed Rs. 7.5 crore to the PM Cares fund, as part of HDFC Group's contribution of Rs. 150 crore, to help our government mobilise resources.

As an Organisation, we also believe in creating long-term value for all stakeholders by focusing on sustainable growth. As part of our Go Green initiative and in line with the increasingly digital mindset of our customers, we accelerated initiatives including 'Zero Paper' (elimination of physical documents in sales and servicing) and increasing adoption of policies in demat form.

We remain focused on our strategy of balanced product mix, diversified distribution, market-leading product propositions, enhanced digital capabilities and effective governance to deliver sustainable and profitable growth. We recorded a growth of 17% in terms of individual weighted received premium (WRP) during FY 2020-21 on a base of 19% growth in FY 2019-20. We issued 9.8 lakh new individual policies registering a growth of 10% and our market share in terms of individual WRP increased by 130 basis points to 15.5% in FY 2020-21.

Given the uncertainty around the pandemic and ever-evolving situation, our future outlook remains cautiously optimistic.

During the year, when we were faced with challenges by the minute, our leadership team



I am also happy to say that we played a socially meaningful role over the course of the year, having settled over 2.9 lakh death claims, resulting in payouts in excess of Rs. 3,000 crore.



adopted the strategy of 'pause, assess, and react'. We ensured timely updates to our Board and incorporated their valued suggestions to formulate our business strategy in the given dynamic environment.

In conclusion, when I look back today, I recognize that our Organisation has emerged stronger from the crisis while ensuring sustainable growth, continued stakeholder engagement and effective governance. HDFC Life is and will continue to be committed to industry leading ESG standards that will help shape a sustainable future for the communities we serve and create long-term value for all our stakeholders.

Best Wishes,

**Vibha Padalkar**

## About HDFC Life

HDFC Life Insurance Company Limited ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, a global investment Company. Established in 2000, HDFC Life is one of the leading life insurance solutions providers in India, offering innovative savings and investment, pension and annuity, protection and health solutions to customers. The Company has a robust distribution system comprising of 300+ traditional partners, including more than 50 emerging ecosystem partners, bolstered by its pan India presence through a network of 390 branches.





## Our Vision

To be 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. "The most obvious choice for all".

## Our Values



The Values Framework 'EPICC' (Excellence, People Engagement, Integrity, Customer-Centricity, and Collaboration) characterises the inspiring culture which fosters growth and progress, for us and all our stakeholders, for today and tomorrow.

## Insight

### Organisational values close to our heart

The EPICC Values guide every decision we take - the way we do our business and the way we interact with each other. Our commitment to our values was displayed when we had to go under sudden lockdown during the onset of the COVID pandemic. Our management team supported by the core BCP team swiftly and pro-actively took all necessary measures to ensure that our employees and customers were taken care of, holding true to our core values of 'people engagement' and 'customer centricity'.

HDFC Life has 600+ Value Guardians and 100+ Value Ambassadors who drive the Values Programme on the ground. They are the custodians of our Organisational values and it is through their tireless efforts that our values get embedded throughout the Organisation.

In FY 2020-21, the Corporate Communications and Human Resources team have together launched the 'Live the EPICC Life'. Another step to build our reputation as a values driven Organisation.

## Our Approach to ESG Reporting

This report has been structured using the framework based on our ESG strategy. The Report is also produced in accordance with the “core” option of the Global Reporting Initiative (GRI) standards and SEBI guidelines.

Our business is to provide a financial safety-net to individuals to empower them to achieve their financial goals and also protect their families. Our brand tagline, ‘Sar Utha Ke Jiyo’ is a reflection of our commitment towards making every stakeholder live a life of pride, with their head held high. To this effect, HDFC Life is committed to industry leading ESG standards that help in building a sustainable future for the communities we serve and creating long-term value for all our stakeholders.

**Environment:** Our objective is to contribute towards building a sustainable future for our planet. Our initiatives to reduce our carbon footprint through consumption rationalisation, eco-friendly technology and efficient ways to reduce, reuse and recycle waste help us in this endeavour.

**Social:** HDFC Life plays an important role in addressing the key risks of mortality, morbidity and longevity that set back communities if left unmitigated. We also play a vital role in the growth and development of the nation. Premium received from policyholders are deployed into instruments that finance investment in long horizon sectors like infrastructure and others that support economic growth.

**Governance:** We aim to build the foundation of our Corporate Governance philosophy on the basic principles of integrity, transparency and accountability. This philosophy plays a pivotal role in protecting the interest of all our stakeholders, enhances investor confidence and enables sustainable value creation.



Additionally, we have also embarked on our Integrated Reporting journey, in accordance with the guidance provided in the Securities and Exchange Board of India (SEBI) circular dated February 6, 2017 and inspired by the Integrated Reporting (<IR>) framework prescribed by the International Integrated Reporting Council (IIRC). The International Integrated Reporting Council (IIRC) is a group of international leaders with a mission to create the “Integrated Reporting Framework”. The Framework provides material information about an organisation’s strategy, governance, performance and prospects in a concise and comparable format.

# Our ESG Strategy

Our ESG strategy is driven by the vision that as a responsible life insurer we must take on the mantle to drive sharper, focused and impactful ESG programme that maximizes the value for all stakeholders and the community at large.

The ESG strategy has been developed based on global benchmarks and material topics for HDFC Life, with an intent to address ESG risks and drive meaningful impact. Our ESG approach is linked to our strategic goals. We have a management level committee, which overlooks the formulation of ESG framework and implementation of ESG strategy.

A forum at executive committee-level also reviews the ESG related strategy and practices at frequent intervals.

## Our ESG Statement



“HDFC Life is committed to industry leading ESG standards that will help shape a sustainable future for the communities we serve and creating longterm value for all our stakeholders”

Our ESG strategy focusses on five pillars, each of which have been elaborated in the subsequent sections:



# Insight

## The role HDFC Life plays in addressing sustainability issues!

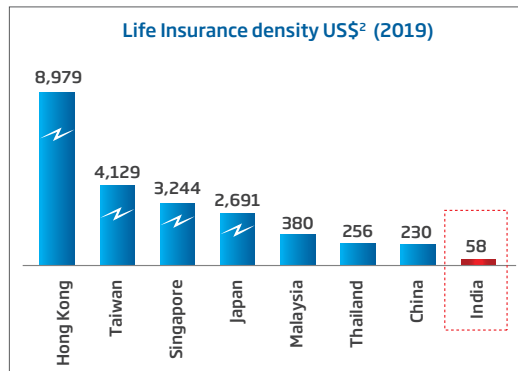
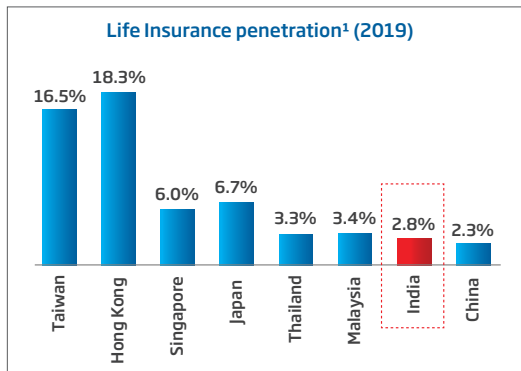
HDFC Life plays an important role in addressing the sustainability challenges our communities face in India. Life insurance provides people with peace of mind knowing that they are protecting themselves, their families and their employees against life's uncertainties.



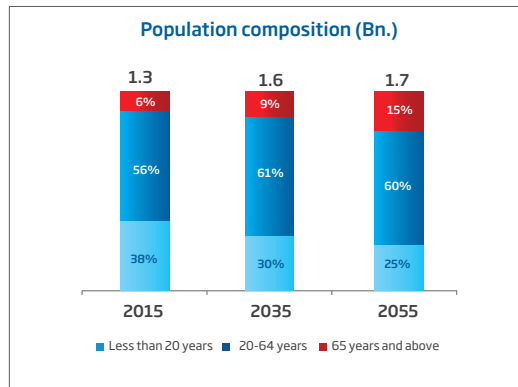
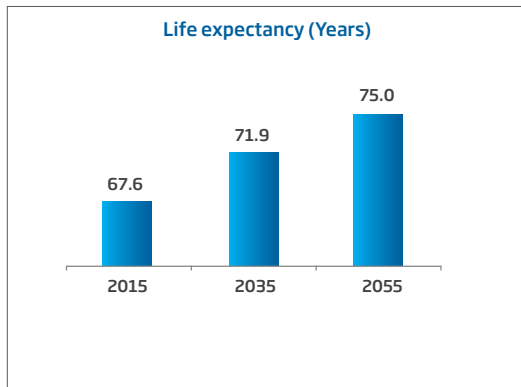
Mortality, morbidity and longevity are the three key risks for an individual. We play a vital role in growth and development of the nation. The premiums from individuals are pooled by us and deployed into large-scale collective capital investments to generate policyholder benefits. These benefits finance long term investment in infrastructure and other key sectors that support economic growth. The social fabric of traditional joint families has undergone a sea change and we are seeing emergence of more nuclear families, resulting in decline in inherent social security. The on-going pandemic has accentuated the protection gap that exists in India. Life insurance helps to address the protection gaps emanating from these societal shifts.

The social fabric of traditional joint families has undergone a sea change and we are seeing emergence of more nuclear families, resulting in decline in inherent social security. The on-going pandemic has accentuated the protection gap that exists in India. Life insurance helps to address the protection gaps emanating from these societal shifts.

### Growth opportunity: Under-penetration and favorable demographics



- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model



- India's insurable population estimated to be at ~1 bn by 2035
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

1. Penetration as measured by premiums as % of Gross Domestic Product (GDP)

2. Density defined as the ratio of premium underwritten in a given year to the total population

Source: Swiss Re (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report 2017.



# Ethical Conduct

## Our Strategic Approach

- Governance Structure & Philosophy
- Compensation Policy & Practices
- Compliance Framework
- Risk Management
- Tax Policy
- Business Continuity Planning
- Information & Cyber Security
- Business Ethics & Policies



## Governance Structure & Philosophy

At HDFC Life, the Corporate Governance philosophy is based on the basic principles of integrity, transparency, accountability and responsible corporate conduct with an intention to enhance investor confidence and create enduring value for all its stakeholders. It also helps the Company in reflecting its core values and principles in all its business conduct. The Company's philosophy on Corporate Governance plays a pivotal role in protecting the interest of all its stakeholders and maximization of their long-term profitability as well as value creation. We are committed to maintaining the highest levels of ethical standards, which comprises integrity, corporate governance and compliance framework.

We further believe that an eminent, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. The Board and its Committees play a crucial role in overseeing how the management is focusing on achieving business objectives, while serving the short-term and long-term interests of its stakeholders. The Board of Directors are responsible for setting the course for, and evaluating the Company's performance pertaining to Corporate Governance. The parameters of evaluation include compliance, internal control, risk management, information and cyber security, customer service, social & environmental

responsibility.

The Company's Corporate Governance framework is aligned with the requirements prescribed under the Indian Companies Act, 2013 ('the Act') and the Rules made thereunder and the various regulations and guidelines issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and Securities and Exchange Board of India ('SEBI').

The Company's core values and principles inspire it to set the highest standards of Corporate Governance, which not only focusses on complying with applicable legislations but to go beyond in many areas of its functioning and ensure sustainable behaviour in all engagements.

At HDFC Life, we will continue to adopt and adhere to the best-recognised Corporate Governance practices and procedures and continuously benchmark it with the best-in-class practices from across the globe.

### Board Composition

HDFC Life had listed its securities on both the Stock Exchanges in India viz., BSE Ltd. (formerly Bombay Stock Exchange) and National Stock Exchange of India Ltd. As a listed insurance company it is governed by the provisions of the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the guidelines issued by IRDAI. The Board of the Company comprises of executive and non-executive

directors including independent directors.

The Board of the Company comprises eleven directors. The composition of the Board of Directors as on March 31, 2021 is as follows:

- Three non-executive non-independent directors;
- Six independent directors; and
- The Managing Director & CEO, and the Executive Director
- None of the directors of the Company are related to each other

Matters related to appointment/ re-appointment and rotation of directors are governed by the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The Companies Act, 2013, does not prescribe any specific term for appointment/ re-appointment of non-executive directors. The appointment of non-executive director(s) is subject to retirement by rotation at every Annual General Meeting.

In accordance with the SEBI Listing Regulations, a person shall not be a director (including independent director) in more than 7 listed entities w.e.f. April 1, 2020. Further, any person who is serving as a whole-time director/ managing director in any listed entity shall serve as an independent director in not more than 3 listed entities. The Company and all the directors of the Company are complying with all the above requirements.

### Board Skills & Diversity

HDFC Life is a leading private insurer in India. Given the size and reach of the Organisation and the focus on having the best in class governance, it is essential to have a diverse Board comprising experts from various fields.

The Board of Directors includes eminent people from diverse fields. Pursuant to the SEBI Listing Regulations, the Company has formulated a Policy on 'Board diversity' to ensure diversity in the Board in terms of experience, knowledge, perspective, background, gender, age and culture.

The Board of HDFC Life includes 3 women directors, i.e., female representation in the Board stands at 27%.

A detailed background of our Board of Directors is outlined in the Annual Report FY 2020-21.

### Board Independence

Majority of the Board consists of independent directors. The Board lays down the corporate strategy for the Company. The Company's Corporate Governance philosophy is based on a diverse and effective independent Board and the separation of the Board's supervisory role from the executive management.

The Company believes that an eminent, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. The Board and its Committees play a crucial role in overseeing management team's focus on achieving

business objectives, while serving interests of its stakeholders.

Pursuant to Section 149(7) of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, at the time of induction and at the beginning of every financial year, the Company obtains declarations from all the independent directors confirming that they meet the 'criteria of independence' as laid down under Section 149(6) of the Act, the Rules made thereunder and the SEBI Listing Regulations. In the opinion of the Board, all the independent directors fulfil the criteria of independence specified under Section 149 of the Act and the Rules made there under and the applicable provisions of the SEBI Listing Regulations; and are independent of the management.

### Board Evaluation

The Company has assessed the methodology and criteria to evaluate the performance of the Board as a whole and its Committees as well as the performance of each director individually, including the Chairman and aligned the template with the criteria laid in the said guidance note issued by the SEBI in this regard. The said criteria inter alia include involvement, quest for improvement, teamwork, governance, knowledge & competency, understanding & fulfilment of functions, initiatives, availability & attendance, commitment, contribution in Board meetings and integrity. Pursuant to the provisions of the Act, and the SEBI Listing

Regulations, the Board of Directors carries out an annual evaluation, through an online module, of its performance and that of its Committees and individual directors.

The entire Board evaluates the performance of the Board as a whole and of individual directors including the Chairman, after seeking inputs from all directors based on pre-determined criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The Board also evaluates the performance of the Committees after seeking inputs from the Committee members based on the pre-defined criteria.

Further, independent directors meet separately, without the attendance of non-independent directors inter alia to review the performance of non-independent directors, and Board as a whole; and performance of the Chairman of the Board.

### Compensation Policy & Practices

#### Compensation Structure

The Company has in place a Remuneration Policy which is recommended by Nomination and Remuneration Committee and duly approved by the Board.

The Remuneration Policy serves as a framework for determining the remuneration of Directors including non-executive directors, key managerial personnel (KMP) and senior management officials.

It recommends the changes to the Board from time to time, seeks to

balance the fixed and incentive pay, and reflects the short-term and long-term performance objectives of the Company.

The key objective of the Remuneration Policy is to ensure that it is aligned with the overall performance goals of the Company. The policy ensures that it is fair and reasonable to attract and retain necessary talent, linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components. The Remuneration Policy is uploaded on the website of the Company.

In addition, the annual bonus payouts of the senior leadership levels is linked to both individual and Organisation's performance that is measured on a balanced scorecard. The scorecard covers the Organisation's performance on financial, market / customer, people, sustainability and operational aspects.

<https://www.hdfclife.com/about-us/Investor-Relations>

### Compensation Governance

The remuneration paid to the directors and key management personnel (KMPs) is in line with the Remuneration Policy of the Company and in compliance with guidelines issued by IRDAI.

No stock options are granted to non-executive directors.

### Compliance Framework

In accordance with the compliance procedures of the Company, quarterly confirmation on compliances is obtained from the

relevant heads of departments in the Company.

The Compliance Officer also places before the Audit Committee and the Board of Directors, a Compliance certificate duly signed by Managing Director & Chief Executive Officer and Executive Director confirming compliances, as well as deviations, if any, along with the steps taken to rectify the deviations and prevention of the occurrence in future, as applicable in a given case.

The Company has Anti Money Laundering (AML) Framework in place to prevent circulation of illegally acquired cash through the company and combat financing of terrorist (CFT) activities. This framework helps the Company report suspicious transactions to the Financial Intelligence Unit – India (FIU-IND), lays down norms to be followed by employees for complying with AML and carries out AML training of employees, sales and advisory staff at regular intervals.

The Company has in place various policies, in line with the regulatory requirements which act as a control and lay out a framework. These include Risk Management Policy, Anti Money Laundering Policy, Asset Liability Management Policy, Whistle blower Policy, Investment Policy, Outsourcing Policy, Cyber Security Policy, Customer Grievance Policy, Fraud Management Policy, Underwriting Policy amongst others. Each of these policies are approved/noted by the Board/ Board Committees, as may be applicable.

For detailed policies, please visit 'Company Policies' tab on the given page:

<https://www.hdfclife.com/about-us/Investor-Relations>

## Risk Management

### Risk Governance

The Company has in place a risk management function. The prime responsibility of the function is to identify, analyse, assess and take measures to mitigate risks faced by the Company. The Company's Risk Management Committee and Risk Management Council guides the function. The function along with the support of the management aims to spread and sustain risk management culture within the Company and provide risk assurance practices at an organisational level.

The Company has formulated a risk management policy along with other risk related policies. The Risk Management Policy sets the broad contours of the risk framework, which is used to identify, assess, monitor, review and report risks as well as their controls within the Company.

Various risk governance councils and oversight bodies determine the strategic direction of the Organisation and create the environment and the structures for risk management to operate effectively.

The risk governance framework institutionalized in the Company is supported by a "Three Lines of Defence" approach. Every function has been empowered to drive risk management framework in their



respective areas of operation and they form the first line of defence. Control functions like risk management and compliance act as second line of defence and are independent from business operations which have been implemented through independent reporting mechanisms. The role of the third line is performed by internal audit function that provides an independent assurance to the Board on the functioning of internal controls.

**Risk Awareness:** One of the major objectives of risk management is to foster risk management culture within the Organisation. To achieve this motto, risk teams create awareness throughout the year by way of trainings, workshops, e-mailers, seminars, conferences, quizzes and special awareness drives.

**Regular risk management education for non-executive directors:** An induction session is arranged for every Independent Director, on his/her appointment to the Board of Directors of HDFC Life. The induction session, amongst others, includes overview of the Company, its vision and mission, the industry in which it operates, its business strategies, risk management and the roles and responsibilities as a member of the Risk Management Committee and Board by the Chief Risk Officer (CRO). Through such sessions / programmes, the newly appointed independent directors also get an opportunity to interact with senior management team of HDFC Life. Details of the familiarization programme can be

found at the link below.  
[https://brandsite-static.hdfclife.com/media/documents/apps/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](https://brandsite-static.hdfclife.com/media/documents/apps/Familiarisation_Programme_for_Independent_Directors.pdf)

From an IRDAI perspective, regulations are not geography centric and apply to the entire Indian topography from an insurance perspective, as may be relevant. Further, as an organisation, the Compliance team of the Company ensures appropriate dissemination of regulatory notifications to all the relevant internal stakeholders and also creates an actionable list which is circulated for the respective line of businesses to understand the type of compliance required in order to fulfil the regulatory requirements.

Further, on a quarterly basis, a regulatory update is presented to the Audit Committee of the Board outlining the regulatory landscape and its compliance within the Organisation. An update on AML/CFT Compliance is also presented to both the Audit Committee and the Board of the Company on a quarterly basis. Further, the Company also has a process of submitting a compliance certificate on all applicable regulatory and statutory obligations, to the Board of Directors of the Company on a quarterly basis, which provides for an effective governance framework that ensures that the Company is meeting with its regulatory obligations on an ongoing basis.

### Enterprise Risk Management Framework (ERM)

The Enterprise Risk Management (ERM) framework within the Company operates as a feed-in system to various internal and external stakeholders, management and the Board of Directors.

The ERM framework is characterised by:

- An appreciation throughout the Organisation that risk management is everybody's responsibility
- An iterative process of identifying key risks, putting in place risk mitigation plans and monitoring results
- A dedicated risk management team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO')
- Risk oversight by the management through the Risk Management Council and the Board vide Risk Management Committee

Various risks managed under ERM framework includes following:

- Operational risk
- Technology and business continuity risk
- Compliance/regulatory risk
- Strategy and planning risk, Insurance risk
- Subsidiary related risks
- Financial risks including market risk, liquidity risk, credit risk,

asset liability mismatch risk, and actuarial assumption risk

- Emerging risks

### Fraud Risk Management

Fraud risk management is an integral practice and is central to our ethics and value system. The Company has in place a Board approved fraud risk management policy which defines the objectives, key activities as well as governance structure. The Risk Management Committee of the Board oversees the implementation of the fraud risk initiatives. This is directly influenced by our promises to various stakeholders - be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies, of safeguarding their interests.

Some key fraud risk management practices adopted by the Organisation are:

#### Values Program

The Values Program within HDFC Life has been defined with the objective of imbibing the values of the Organisation at all levels starting from senior management to the grass roots level. The Chief Value Officer (CVO) spearheads this program and the Value Ambassadors and Value Guardians drive the implementation.

The Value Ambassadors, along with the CVO, undertake an outreach programme on value awareness, mentor the local leadership and 'own' the branches from 'Values' perspective. 'Value Guardians' support the Value

Ambassadors in branches, who help in cultivating the values in every employee through execution of various values initiatives. 'Value Guardians' are the first line of oversight at the branches and help spreading awareness on values and adherence to the same.

The **Malpractice Matrix** is an integral part of our Code of Conduct. As an ethics driven Organisation, we realize the importance of having a proactive deterrent in place to ensure that any kind of malpractice is dealt with, at the right time and with the right action, to ensure minimum adverse impact. The matrix includes a comprehensive list of malpractices, which we might come across during the course of our operations. Thus, it has been designed to achieve the following objectives:

- To provide a comprehensive framework for monitoring operational activities
- To take action against the erring parties
- To ensure transparency in dealing with internal and external risks

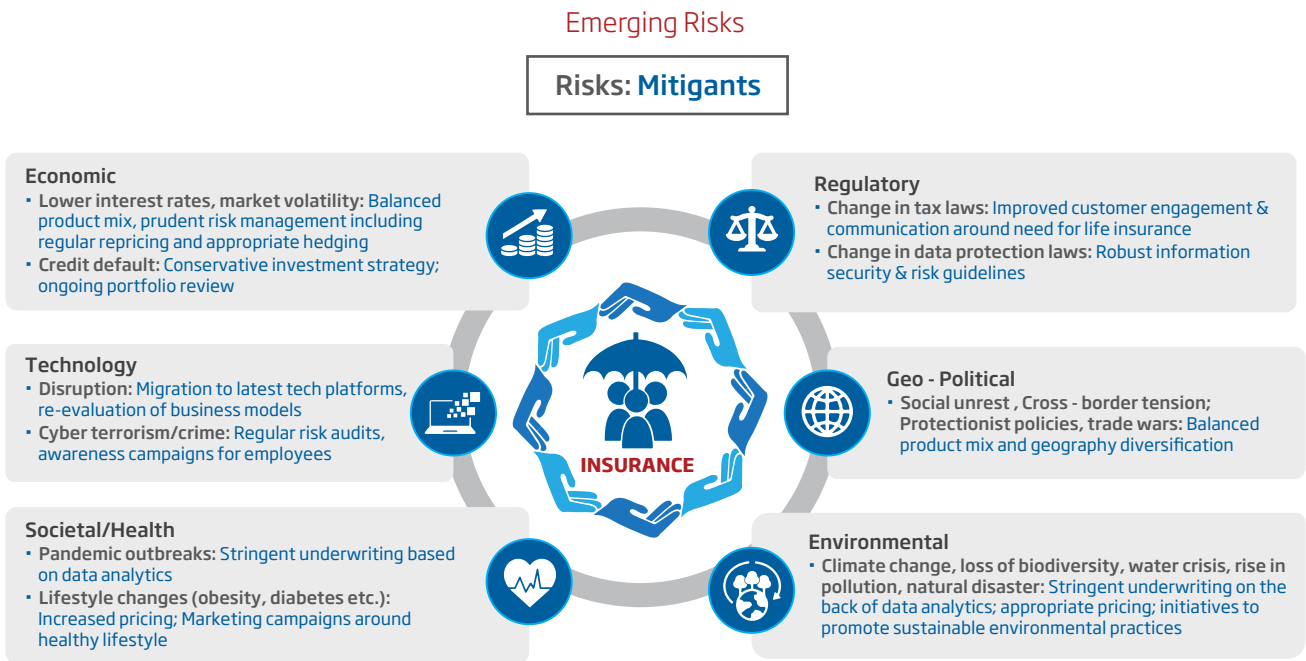
#### Disciplinary Panel for Malpractices

A separate panel has been set up comprising Chief Financial Officer (Chairperson), Executive Director, Chief Values Officer, Head Audit & Risk Management, General Counsel, Chief Compliance Officer & Company Secretary, Chief Operating Officer, Chief Human Resources Officer. Cases with high risk and impact are referred to the Panel for guidance and decision.

Additionally, fraud risk assessments carried out by the team are also presented to the Panel to apprise them of fraud risks being faced by the Organisation across geographies, channels etc. and guidance is taken for development of mitigation strategies.

#### Fraud monitoring initiatives:

Several initiatives are taken at an organisation level to proactively manage fraud risks within HDFC Life. Some of the key activities include analysis of fraud repository matches, pre-claims assessment and various fraud risk assessments. The focus of such initiatives is to identify and rectify any instances of fraud or malpractice before it negatively affects either the policyholders or shareholders of the Company.



**Emerging Risks**

Emerging risks are trends which can become potential game changers and affect the Company’s financial strength, competitive position, viability or reputation over medium to long term. Both qualitative and quantitative review, if available, for the given emerging risk categories/drivers shall be conducted at quarterly or more frequent intervals to gauge any emerging risks and corresponding risk mitigation options.

**Tax Policy**

Being a responsible corporate citizen, HDFC Life and its subsidiaries are committed to building a sustainable business whilst creating value for all stakeholders. HDFC Life is committed to complying with the applicable tax laws and regulations in all the jurisdictions where it operates directly or via a subsidiary.

We engage in efficient tax planning that supports business and reflects commercial and economic activity. We adhere to relevant tax laws and we seek to minimize the risk of uncertainty or disputes. Internal processes and controls are reviewed on an ongoing basis to ensure that the risks are adequately managed. Our tax policy can be located at the link below.

<https://brandsite-static.hdfclife.com/media/documents/apps/Tax%20Policy.pdf>

**Business Continuity Planning (BCP)**

The business continuity management framework follows industry-leading practices. It operates through a standard set of procedures. The first step is to create recovery plans for the critical business activities of a function or process. The BCP undertakes business impact analysis (BIA) activity while

evaluating the processes and based on the disruption of services - customer, financial/non-financial and regulatory impact is assessed.

The business continuity management function draws inferences from these analysis and devises recovery strategies for stress scenarios such as technology unavailability, people unavailability and site unavailability to minimize potential business loss.

Additionally, under the BCP framework, periodic drills are conducted to ensure effectiveness of the derived recovery strategies and continually improving resumption techniques basis the learning’s from such drills.

**Information & Cyber Security**

Information and cyber security continue to be focus areas of HDFC Life. As part of the ISO 27001:2013 and ISMS assessment

programme, independent auditors review and certify the controls implemented by us, basis IRDAI cyber security guideline. Regular external assessments are also conducted to benchmark ourselves with financial services and insurance industry.

The Company has a well-defined information security policy (including areas of cyber security) that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the Organisation. Inputs from these activities are put forth in the Information and Cyber Security Council which acts as the internal governance body to monitor and address these risks. Cyber and IT security governance comes under the purview of Risk Committee.

Information and cyber security policy is internally available to all the employees. Information and cyber security trainings are mandatory for all the employees and is conducted on a yearly basis. Security workshops on industry best practices, security tools and case study discussions are also organized on periodic basis, as part of awareness training. A separate program is conducted for senior leadership, where sessions are organized on cyber trends and leaders are sensitized about various cyber threats. The Company also keeps conducting phishing simulation campaigns to test the awareness level in the Organization.

In order to protect our data, all our

stakeholders, including partners, vendors and contract staff, are briefed on IT usage acceptance policy and are required to sign-off on it. Apart from all these initiatives, Company keeps rolling out awareness mails and other related campaigns to increase cognizance about cyber threats and information security.

The Company has a dedicated email id (part of training module) for reporting suspicious activity or incident. Phishing activities can also be reported directly via mailbox. Any disciplinary actions against the employee in case of any violation in this regard is taken in line with the malpractice matrix. In case any employee notices something suspicious in place, he/she can escalate the same in line with the malpractice matrix.

**Cyber Insurance:** The objective of cyber insurance policy is to cover for the cost of expenses incurred when there is liability due to security breach or losses. The Company has obtained cyber security insurance policy with an approximate cover of Rs. 72 crore.

### **Business Ethics and Policies**

The Company's Code of Ethics and Conduct (the 'Code') is an extension of its values and reflects its continued commitment in ensuring ethical business practices and procedures across its operations. The Board of Directors and all employees including entire senior management team abides by the Code and are required to periodically affirm their

compliance with the same. HDFC Life's Code of Ethics Policy highlights an anti-discriminatory approach and provides for equal opportunity to all, thereby adhering to the principles in the United Nations' Universal Declaration of Human Rights.

We have put in place specific policies and processes to avoid unethical behaviours that includes discrimination, disregard for security, safety of the environment, unauthorized disclosure of HDFC Life's trade secrets or proprietary information, improper sales practices, improper and unethical advice to customers, fraudulent transactions, conflicts of interest, improper financial or accounting practices, sexual or other forms of harassment, circumvention of internal controls and regulatory norms, breach of Anti Money Laundering (AML)/Know Your Customer (KYC) norms, any action that could potentially compromise the integrity of our stated values. Every employee is trained on the effective execution of such policies and encouraged to adhere to ethical business practices. In addition, employee can reach out to his line manager and/or respective business HR at any point in time, in case of any violation of the code of conduct.

Below are some of the policies / processes adopted by the Company to ensure sound ethical behaviour:

### Grievance Redressal Policy

Policy for the customers (approved by Board and published on website), where in case a customer is dissatisfied with our service, an internal mechanism is put in place to ensure effective and timely resolution of complaints. There is a Grievance Management Committee formulated by the Company, which reports into Board level Policyholder Protection Committee.

### Disciplinary Panel for Malpractices

Under the fraud risk management policy, the fraudulent cases as well as cases that require clarifications and cannot be closed by risk team are referred to panel comprising senior executive committee members. The panel is also apprised of fraud risks across geographies, channels etc. and guidance is taken for development of mitigation strategies. There is regular audit of frauds and malpractices as part of internal audit programs.

### Privacy Policy

Policy is available on our website and provides our commitment to privacy by taking reasonable steps to (a) protect the confidentiality of the personally identifiable information (PII) provided by customer, employee and any third party associated with the Company, (b) protect against unauthorized access or unauthorized alteration, disclosure or destruction of information.

<https://www.hdfclife.com/privacy-policy>

### Whistle Blower Policy

Encourages employees to report breach of any law, statute or regulation within the Organisation. There is a Whistleblower Committee formulated by the Company, which reports into Board level Audit and Risk Committee. To raise a complaint, an employee can reach out to us at [whistleblower@hdfclife.com](mailto:whistleblower@hdfclife.com). Additionally, he/she can raise complaint via other modes detailed out in the Company's policy.

<https://brandsite-static.hdfclife.com/media/documents/apps/Whistleblower-Policy%20-%20Final.pdf>

### Policy against Sexual Harassment at Workplace

Provides for a safe working environment at the workplace and complies with provisions mentioned in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. To raise a complaint, employee can reach out to us at [shcommittee@hdfclife.com](mailto:shcommittee@hdfclife.com).

Detailed policy can be viewed by visiting the attached link <https://www.hdfclife.com/documents/apps/Policy%20on%20Prevention%20and%20Redressal%20of%20Sexual%20Harassment%20at%20Workplace.pdf>

### Anti-bribery and Anti-corruption Policy

We are committed to acting and building relationships based on integrity and fairness in all our

dealings. Hence, HDFC Life has adopted a "Zero Tolerance" approach to bribery and corruption in line with the provisions mentioned under the Prevention of Corruption Act, 1988.



# Responsible Investment

## Our Strategic Approach

- Investment Philosophy
- Risk Management



## Investment Philosophy

Our investment funds are managed as per the stated objectives laid down in the Board approved Investment Policy, Asset Liability Management Policy (ALM Policy), and respective funds' objectives. These policies lay down the asset allocation and risk appetite guidelines for different funds, some of which have in-built guarantees. Fund allocation is tracked on a regular basis and is backed by suitable assets. In addition, our approach towards responsible investment (RI) includes core stewardship principles and consideration of environmental (E), social (S) and governance (G) factors along with financial parameters and outlook, while making investment decisions. This framework complements the Organisation's philosophy of achieving sustainable growth.

### Responsible Investment (RI) Framework

Our investments are subject to a detailed ESG evaluation framework comprising fundamental, quantitative and qualitative parameters, to analyse the sustainability of businesses of investee companies.

We have built a framework to employ an in-house methodology to compute ESG scores for current/prospective investments based on publicly available data. This evaluation framework, along with our research and analysis of the companies, helps in making informed decisions for our investment portfolio.

Our primary reliance is on company / industry data available in public domain including quarterly / annual disclosures, investor presentations, annual reports amongst others. We incorporate these disclosures into our analysis to arrive at financial projections, cost of capital and valuation.

We incorporate various ESG factors while evaluating investments. These include and are not limited to aspects such as:

- Energy and water consumption, air emissions, effluent and waste management, environmental incidents, assessing sustainability of current product/ service offerings under the environment segment
- Company's management of social issues such as workforce diversity, attrition, health and safety issues, relationships with local communities, data security and privacy, customer orientation amongst others
- Good governance practices such as board composition, audit quality, financial disclosures, anti-corruption policies

The scope of and weightage assigned to various ESG factors is reviewed periodically. A prescribed report format for evaluating individual investments has been put in place. Key ESG issues are highlighted as a part of this internal research note and monitored regularly. The Chief Investment Officer bears the primary responsibility of ensuring alignment with RI framework. The key responsibilities of the CIO are:

## Responsible Investment

- Policy commitment, revision and sign off on updates
- Communication of this framework to relevant parties and oversight on implementation
- Annual scan and review of the investment universe
- Determining course of action in case of specific ESG issues being raised about an investee company
- The CIO may also raise any specific issues under the RI framework with HDFC Life's management Executive Committee (EC). Certain issues may also be referred to the Investment Committee of the Board under the overall stewardship responsibilities of the Committee. Our RI policy can be found at [https://brandsite-static.hdfclife.com/media/documents/apps/Responsible\\_Investment\\_Policy.pdf](https://brandsite-static.hdfclife.com/media/documents/apps/Responsible_Investment_Policy.pdf)

### Risk Management

One of our key focus areas is appropriate risk management to contain volatility of earnings and to maintain balance sheet strength even in stressed market conditions. We continue to rank amongst top 3 private players, in terms of absolute assets under management of Rs. 1.7 trillion. With respect to credit risk, we have a robust investment policy wherein most of the debt investments are made with the best quality 'AAA'-rated blue-chip issuers. Over 98% of the debt investments are made in Government bonds and AAA rated securities as on March 31, 2021.



# Diversity, Equity and Inclusion

## Our Strategic Approach

- Human Capital Development
- Diversity, Equity and Inclusion
- Talent Acquisition
- Employee Training
- Performance Management
- Compensation Philosophy
- Employee Engagement
- Communication Platforms
- Safe and Healthy Workplace
- Promoting Responsible Behaviour





## Diversity, Equity and Inclusion

### Human Capital Development

At HDFC Life, we believe that people are the driving force behind our success. Our people processes focus on right hiring, development for higher productivity and creating an engaged talent force with digitization at the core. We believe that 'values' are the most critical elements that reflect the conduct and ethical practices of an organisation. Our Organisation's values, in conjunction with clearly identified leadership behaviour, enables employees across levels to deliver their responsibilities towards internal and external customers in an effective way. We are an equal opportunity employer with a culture of meritocracy and performance-based recognitions and rewards, where our workforce is from diverse backgrounds, education and experience. As on March 31, 2021, we had 20,636 employees of which 24% are women employees.

### Diversity, Equity and Inclusion

HDFC Life recognizes the importance of diversity, equity, and inclusion. We operate in a diverse society, and we understand that our customers as well as talent pool have diverse characteristics and different experiences, needs, and aspirations. At HDFC Life, we believe that people are our most important assets. Our vision statement defines our goal clearly - 'to be the most obvious choice for All'.

We strive to provide a safe and healthy work environment to our employees, where all employees have the opportunity to reach their full potential and contribute to HDFC Life's business success. We are committed to embedding equity and inclusion in all our practices. We aim to establish an inclusive culture based on our values framework, which celebrates diversity, and is free from discrimination. We launched 'Celebrate You', a diversity, equity and inclusion (DEI) programme, to strengthen our reputation as an Organisation that welcomes and respects diversity. Our transparent and nurturing culture celebrates diversity and aims to ensure that none is treated less favourably on grounds of gender, sexual orientation, age, race, religion, creed, colour, national origin or ancestry, physical or mental disability, marital status, or thought process.

We strive to:

- Provide equal opportunity in all aspects of employment for all employees and applicants. To provide a workplace free from any form of discrimination
- Foster a congenial & harmonious work environment based on professionalism, honesty and integrity, as well as high moral and ethical standards, where people feel comfortable and respected, regardless of individual differences, talents or personal characteristics
- Promote diverse talent pool (work profiles designed for second career women, freelancers, specially-abled)
- Being a LGBTQ friendly Organisation

### HDFC Life presents #MyJobMyTerms

**We believe in Diversity**

We are open to hire diverse work profiles such as:

- Women - Second Career
- LGBTQ
- Other Industry professionals
- Specially abled
- Freelancers / Gig workers
- Retired professionals

**We offer Flexibility**

- Flexi Contract**  
Part Time / Full Time  
Project Based  
Task Based
- Flexi Location**  
Work from Home  
Work from Office  
Hybrid

**We are Hiring!**

We are Ready! So, whenever you are ready, explore **Flexi jobs** with us.

Send your resume to [careers@hdfclife.com](mailto:careers@hdfclife.com)

Remember to mention **#MyJobMyTerms** in the subject line and in your resume.

\*Flexi jobs = jobs/project based assignments that offer flexibility of Time and/or Location in the job contract to the role holder.

### Talent Acquisition

Our talent acquisition framework is designed not just to build a robust talent pipeline, but also to create and nurture an employer brand that can attract a diverse workforce to meet our requirements. Some of the steps taken in this direction are:

- We have developed alliances with universities and academia under a hire-train-deploy model
- Our flagship campus hiring programme, helps induct fresh minds from premier B-schools in India. We also recruit executive trainees from B-Schools across the country and extensively train them through a rigorous on-boarding program
- For niche profiles like actuaries and underwriting, we hire and train fresh recruits and internally grow talent
- Through #MyJobMyTerms, we aim at tapping skilled talent cohorts which may require non-traditional working arrangements. We also offer flexibility in terms of contracts, location and payment terms. This initiative also broadens and diversifies our talent pool by encouraging women, LGBTQ, specially-abled individuals, gig workers, etc. to work with us
- We also prioritise internal talent mobility and advancement

We have institutionalized various talent review, employee development and succession planning processes to assess potential and

developmental needs of talent across junior, middle and senior management levels.

### Employee Training

At HDFC Life, we have developed multiple training modules, to cater to training needs of each function and individual. We have invested in digital collaboration tools and adopted a contemporary and progressive learning ecosystem to engage with the workforce of today.

- The 'Skill Up' intervention, in collaboration with leading service providers of high-quality learning content, helps our employees' upskill themselves on a continuous basis
- 'Step Up' and 'Operations Champions League' are learning certification frameworks for large, populous frontline teams in sales and operations. These are institutionalized since the last few years, and links learning with career growth and rewards and recognition
- The 'Stride' programme is used to identify, develop and promote high potential talent at the middle management
- High performing individuals at senior level are identified and nominated to attend leadership development courses in globally renowned Ivy League institutes
- In addition to these, we have certain initiatives meant exclusively for our women employees, such as the 'women's mentoring circle',

where women employees at manager grade are mentored and coached by senior women leaders in the Organization

- We also train employees on consequences of non-adherence to defined rules through malpractice training and social media policy training
- Mandatory data security training is covered under "information security awareness"
- We have also rolled out a suite of focused training assets to help employees understand what is unconscious bias, how to be inclusive, and being aware of the various steps taken to inculcate diversity in our culture

### Performance Management

Performance management system is deeply entrenched in the principles of balanced scorecard. The compensation philosophy ensures we benchmark ourselves with the external market in order to stay attractive as a potential employer. Given that, our business is one where long term customer commitment is of high importance, we give weightage not just to the topline, but also to parameters pertaining to quality of business, along with employee engagement and retention when measuring Organisation's performance. Individual employee's performance likewise is measured by the same principle. All employees are given a detailed performance feedback once a year, while for frontline sales employees and for senior management, this activity is

conducted twice a year. This ensures timely course correction of employees at both, field and strategic levels.

### Compensation Philosophy

Our compensation philosophy is designed to be competitive and drive market competitive pay to ensure parity and stay attractive as a potential employer. Desirable business performance leads to higher bonuses and increments at the end of the year and consistent good performance is encouraged through incentives and other city based bonuses. It is also important to note that the annual bonus pay-outs of the senior leadership levels is linked to both individual and Organisation's performance that is measured on a balanced scorecard, which covers the Company's performance on financial, market, customer, people, sustainability and operational aspects.

### Long-Term Incentive Pay (LTIP)

We have LTIP schemes for employees across levels and categories.

These schemes have been introduced with the following objectives:

- Retain the existing employees and also to attract the best talent
- Encourage good performers to maintain their performance over a long period
- For senior leadership levels, encourage them to contribute towards the overall corporate growth and profitability over a sustained period of time

Depending on the objectives, two types of LTIP schemes / instruments have been introduced in the Organisation

- Cash based LTIP for middle and junior management as well as front line sales
- Stock based LTIP: Employee Stock Options (ESOPs) for senior management

For both LTIP schemes following are the salient features:

- LTIP is granted to employees exceeding performance expectations. In case of ESOP grants, additionally employee's potential and business criticality are also critical factors taken into consideration
- All LTIP schemes have a vesting period of two years, that encourages better retention and performance from individuals enrolled in the scheme

### Employee Stock Options (ESOP)

Recipients of employee coverage in ESOP schemes is based on the following broad criterion:

- All stock option grants are based on recommendation and approval of the senior management and Nomination and Remuneration Committee respectively
- While the senior leadership of the Organisation is eligible for stock option grants, however, the ESOP scheme is broad-based with the inclusion of a select set of middle and junior levels, based on

Nomination and Remuneration Committee approval, performance & merit of employee's future potential contribution and conduct of the concerned employee

- Clawback or malus provision: While the stock option grant process is a rigorous one, ensuring merit, fairness and transparency in the decisions, the stock options are cancelled on account of misconduct or breach of company policies or terms of employment by a recipient. Additionally, resignation from services of the Organisation may also lead to cancellation of stock options.

### Employee Engagement

Under the employee engagement initiatives, we come together to share the spirit of festivals and special occasions like a family. We care not only for our employees but also for their families. Last year, when all of us were operating virtually, we launched a first of its kind painting competition for the children of employees, called 'Little Strokes', which helped us build an emotional connect with our employees' families. We also launched 'HDFC Life Got Talent', an innovative and engaging platform for our employees to display their diverse talents. To commemorate our 20 years of existence, the annual event 'Sparsh' was conducted on a scale never seen before. Leveraging the current work from home scenario, all our 20,000 plus employees and their family members were invited to join us in this gala event, which

also saw the re-launch of the Values program by our MD & CEO.

We have taken various initiatives to provide employees with work-life balance, so that they can take care of their responsibilities and nurture their passion. We have flexi shifts, work from home, sabbaticals on need basis, amongst others.

- To support women colleagues for their life stage needs and to build a more inclusive workplace, we provide twenty-six weeks of fully paid maternity leave
- All male employees, irrespective of tenure are entitled to five days of fully paid paternity leave in the event of a child birth
- Some of our women centric initiatives that we are proud of are Punarāgaman programme (return to work programme for those women who have taken a sabbatical due to personal priorities), 'women mentoring circle' for our women colleagues in manager grade, maternity transition programme, energy & resilience workshops and speaker series
- Gig workforce options where women employees can join us from anywhere at their own pace

### Communication Platforms

Apart from the digital communication platforms, we also provide other forums for employees to engage with the leadership.

- CEO communication is conducted once every quarter at the head office, while employees in other offices view it online
- Other interventions, such as 'just conversations', 'senior leadership digital connect', 'manager musings', 'leadership townhalls' etc., offer multiple avenues of interaction for our employees and leadership
- 'Smart talks', a peer-to-peer learning forum, has been successfully deployed, with employees benefitting from the hitherto tacit knowledge of leaders and experts
- These virtual sessions have witnessed enthusiastic participation from employees and experts on topics ranging from technology, online marketing, lessons for life, team building, etc.
- As a result of our proactive efforts and innovative practices, we have been able to continuously improve our gender diversity (from 18% in 2015 to 24% in March 2021)
- Employee endorsement is captured through 'E-sat survey - voice of the employee' - an anonymous employee satisfaction survey that is conducted annually. In FY 2020-21, the employee survey had a 93% response rate

### Safe and Healthy Workplace

Safety of people at the workplace is one of the primary concerns of HDFC Life. To meet our responsibilities towards

employees, customers and investors, HDFC Life strives to maintain a healthy and productive work environment. We maintain compliance with all applicable laws to help in maintaining a secure work environment. We are committed to maintaining a workplace that is free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. We provide required safeguards to the employees, as and when needed.

We also evaluate our progress in reducing/preventing health related risks by studying trends at frequent intervals and subsequently taking measures like employee well-being program to mitigate such risks.

### Flexible Working Hours

Taking a step towards providing the employees with a perfect work-life balance so that they can take care of their responsibilities and nurture their passion.

### Hybrid Work Model

During situations similar to what we are currently witnessing across the globe due to the outbreak of the novel coronavirus, all employees have been given option to work from home. We have developed systems and processes to ensure that our employees can work from the safety of their homes, without putting themselves at risk. This serves as a testament to the concern we have for our employees. Apart from this, employees who have certain special personal circumstances /

needs under certain categories are permitted to work from home on a full time basis for either durations of time: a continuous stretch of 12 weeks, or 3 days a week for up to 6 months. This category includes but not limited to - employees with young children; mothers and single fathers with a child of up to 6 years of age; Single parents (mothers & fathers) at the stage of adoption; Employees who have a chronic illness or have a dependent needing care. This will support our employees balance work and personal life and perform their duties efficiently.

**Maternity Leave**

To support women colleagues in their life stage needs and to build a more inclusive workplace, we provide 26 weeks of fully paid maternity leave. Our maternity transition programme assists expectant mothers, their line managers, and the respective business HR teams in adjusting to this change and facilitate a smooth journey into motherhood.

**Paternity Leave**

All male employees, irrespective of tenure, get the benefit of a fully paid paternity leave, in case of child birth or adoption.

**Promoting Responsible Behaviour**

**Code of Conduct**

It sets forth the guiding principles on which the Organisation operates and conducts its daily business with its multiple stakeholders, government and regulatory agencies, media or any other such stakeholders. Every employee is required to confirm that they have read and understood the Code of Conduct by taking a pledge. <https://brandsite-static.hdfclife.com/media/documents/apps/Code%20of%20Conduct.pdf>

**Human Rights Policy**

HDFC Life supports the protection and elevation of human rights and is guided by fundamental principles of human rights, such as

those enumerated in the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work ('ILO Declaration'). We support the United Nations Guiding Principles on Business and Human Rights ('UN Guiding Principles'), including the corporate responsibility to respect human rights. Our support for these fundamental principles is reflected in our policies and actions towards our employees, suppliers, clients, communities and the territories where we do business. We also have dedicated grievance mechanism in place for mitigating human rights risks and empowering our workforce.



# Holistic Living

## Our Strategic Approach

- Customer Centricity
- Providing Long-term Capital
- Inclusive Growth / Financial Inclusion
- Fulfilling our Corporate Social Responsibility
- COVID-19 Response



### Customer Centricity

Customer-centricity is one of our core values and it is our endeavour to provide a superior customer experience across all our touch-points. When it comes to customer service, it is no longer enough for insurance companies to aspire to outperform companies within their own industry. Customers in today’s digital age are well ‘networked’ and expect insurers to deliver customer service that meets the standard set by digital service providers across industries like retail, cab operators or internet companies.

### Product Innovation

Rapidly evolving customer behaviour has spawned the need for innovative products to provide the most optimal solutions to the end customer. Product innovation has been one of the key pillars of our strategy and a key differentiator. We continue to address the mortality, morbidity and longevity risks of our customers.

Our newly launched products within the non-participating (HDFC Life Sanchay Plus) and participating (HDFC Life Sanchay Par Advantage) segments have received good response from our customers. The Company also launched term product in a new avatar - ‘HDFC Life Click 2 Protect Life,’ which offers the customer flexibility to auto balance death and critical illness cover or receive income payouts from age 60. In addition, we introduced ‘HDFC Life Group Poorna Suraksha’ catering

to our Group customer segment, which provides life and critical illness cover to employees. We also joined hands with HDFC Ergo to offer HDFC Life Corona Kavach. With a view to maintaining a balanced and profitable product suite, participating savings, non-participating savings, ULIPs, protection and annuity accounted for 34%, 31%, 24%, 7% and 5% of individual APE respectively. Protection and annuity segments contributed to around 20% each of total new business premium.

We have designed products to suit the different life stage needs/ requirements of a customer:

- Savings - HDFC Life Sanchay Par Advantage, HDFC Life Sanchay Plus, HDFC Life Click 2 Invest etc.
- Retirement - HDFC Life Pension Guaranteed Plan, HDFC Life New Immediate Annuity Plan etc.
- Protection- HDFC Life Click 2 Protect Life, HDFC Life Group Poorna Suraksha
- Children’s Plan - HDFC Life YoungStar Udaan, etc.
- Combo Plan - HDFC Life Sanchay Maximizer
- Health - HDFC Life Cardiac care, HDFC Life Cancer care

A few illustrations of reimagining insurance:

% Renewal Payments made Digitally (basis premium)	87%
% of Claims intimated via Life Easy that were settled in 1 day	100%
No of Robotic Process Automation (RPAs)	280+

### Re-imagining life insurance business

Our market leading digital capabilities enables reach, agility and efficiency. We built platforms and ecosystems, for seamless partner integration and simplifying sales and service journeys for our customers and partners.

Our suite of mobile applications, ‘Insta suite’, help frontline sales teams to on-board customers efficiently. We continuously strive to leverage our capabilities in cloud computing, artificial intelligence (AI) and robotic process automation (RPA) for speed and ease. Our efficient platforms powered by advanced analytics, automation and AI enable us to service our partners seamlessly. We offer bespoke as well as plug-and-play technology integration solutions, based on the digital maturity of our partners.

Our early investment in technology enabled us to smoothly transition traditional business touch-points to digital modes during the pandemic, minimising business impact, ensuring safety of lives and helping us stay ahead of the curve. We are cognisant of the cyber-risks associated with increased digital adoption and have taken adequate measures as part of our risk management process.

### Customer Satisfaction

There are specific IRDAI regulatory provisions that make it necessary to conduct a 'suitability profiling' of the prospective customer and only then recommend some of the relevant insurance plans that would be best suited for them. The customer is provided all the relevant information prior to consenting to an insurance proposal by way of a customized benefit illustration which outlines the product contours including aspects like premium paying term (PPT), policy term (PT), sum assured (SA), modal premium, premium payment frequency etc.

Further, post issuance of the policy, a copy of the proposal form and the customized illustration, which the policyholder would have consented to, at solicitation stage, is also made available along with the policy documents for future reference. The policy document could be an e-pdf, in dematerialized form, or a physical policy document, as would have been opted by the policyholder. The policyholder also gets a 15-30 day period post receipt of the policy document (15 days if purchased via offline mode, 30 days if purchased via online mode/opted for e-insurance account), to reach out to the insurer, to request for cancellation of the policy and obtain a refund of the premium paid, in case there are any disagreements with the terms and conditions under the said policy.

Our customer complaints have been reducing over a period of time with complaints per 10,000 policies sold reducing from 147 in

FY 2015-16 to 35 in FY 2020-21.

Besides our regular customer service touch-points like branch offices, call centres and email desks, we have also extended our customer service touch-points on digital platforms. Our web portal, mobile app and interactive bots on various social platforms have enabled our customers to avail our services on a 24\*7 basis, at a time and place of their choice.

### Voice of Customer (VOC)

A study aimed at capturing customer satisfaction for every interaction at various touch points. This helps in identifying strengths, opportunity areas, barriers and drivers of customer satisfaction levels, on a touch point as well as an overall level:

- Feedback is captured in a brief online survey, sent via SMS. Standard questions, present in every survey, include overall satisfaction rating (on a 5-point scale) along with an open-ended question to ask for the justification of the given rating and net promoter score (NPS) scale. Other questions are specific to the touch point via which the customer has interacted
- The FY 2020-21 exit score increased by 300 bps compared to FY 2019-20.

Improvement at overall level was led by strong recovery in branch and customer operations satisfaction score during the year.

### Customer Privacy

The Company has a comprehensive data privacy policy.

This policy defines requirements to help ensure compliance with laws and regulations applicable to HDFC Life's collection, storage, use, transmission, disclosure, retention and deletion of personal data.

This policy is applicable to all HDFC Life employees, contractors, vendors, interns, third parties, associates, customers and business partners who may receive personal information from HDFC Life, have access to personal information collected or processed by or on behalf of HDFC Life, or who provide information to HDFC Life.

This policy covers the treatment of personal information gathered and used by HDFC Life for lawful business purposes. This policy also covers the personal information we share with authorized third parties or that third parties share with us. The company follows zero tolerance policy against the data leakage and strict action is taken against the persons violating the policy as per the fraud risk management policy. To access the policy, refer 'communication' section under: <https://www.hdfclife.com/privacy-policy>

### Providing Long-Term Capital

The Indian insurance industry plays a key role in channelizing the household savings to provide long-term capital needs of the country in terms of infrastructure and housing, along with investments in Government bonds. As of March 31, 2021, our company has invested about 54%



of its assets under management in the industries related to infrastructure/ housing sector and Government bonds.

### Inclusive Growth / Financial Inclusion

#### Rural and Social Sector Obligations

We maintain our focus on taking insurance to rural areas and also endeavour to tailor our products and processes to support these regions, considering customer needs. As part of our overall business, we have achieved the prescribed regulatory targets of social and rural business.

- Rural Business - Achieved 21.7%, versus prescribed requirement of 20% of overall business
- Social Business - Insured 9,400,794 social lives versus prescribed 3,062,325 social lives

In our pursuit to promote financial inclusion, we have launched insurance products designed for the economically weaker sections where the premium starts from as low as Rs. 100 per month. In addition, there are micro-insurance products that are offered through our micro-insurance agents or our partner micro-finance institutions. In line with the Government's social scheme 'Pradhan Mantri Jeevan Jyoti Bima Yojana', to offer the benefits of insurance to the masses, we launched HDFC Life Pradhan Mantri Jeevan Jyoti Bima Yojana Plan, a pure group term insurance product that ensures

financial security for the member's family in the event of the member's death.

#### Group Jeevan Suraksha and Group Term Insurance

These are micro-insurance products designed for members of micro-finance institutions, co-operatives, self-help groups, etc., to provide protection against financial liabilities arising from a family member's death. These plans can be availed at nominal costs and they cover the marginalised communities. We have covered more than 2 crore micro-finance consumer lives as part of our group insurance.

#### Promoting financial literacy

When it comes to financial literacy and awareness about life insurance, our efforts are focussed on educating both prospective and existing customers. Through campaigns, we make people aware of the need and importance of life insurance for themselves and their families.

Through regular customer engagement we keep our policyholders informed of their rights and duties. Below are a few highlights of our insurance awareness and literacy program.

#### Financial literacy initiatives

We have tied up with NGO for helping us conduct large-scale financial literacy sessions among weaker and underprivileged sections of society. Also, we run on-ground knowledge sessions with the help of field sales teams and partners.

#### Policyholder education

We engage with our policyholders and through regular communication keep them informed of their policy with us, their rights and duties as a policyholder, fraud/spurious calls/malpractices, available grievance redressal mechanisms, amongst others.

#### Fulfilling our Corporate Social Responsibility (CSR)

As a responsible corporate citizen, HDFC Life contributes to nation building through its CSR projects/programmes, in true letter and spirit, as enshrined in the Act. All CSR interventions are conceived and implemented through a focussed approach towards target beneficiaries for generating maximum impact.

The CSR initiatives of the Company are carried out either in partnership with credible implementing agencies or directly through projects executed by project management teams.

Contributions made:

- Under education and livelihood: 11 initiatives were undertaken which benefited 102,009 lives through access to subsidized education and free education, mid-day meal programs in schools, infrastructural development in schools, digitization of classrooms, focus on girl child education by integration into formal education, improved teaching environment and large-scale financial literacy programs

- Under healthcare and sanitation; 6 initiatives were undertaken which impacted 119,751 lives through clubfoot correction and congenital heart defect surgeries in children, cancer treatment support, large scale malnutrition reduction and prevention amongst under-5 children
- Access to clean drinking water in villages through water ATMs and large-scale health camps in rural areas
- HDFC Life undertook a focused intervention to support war widows and families of brave

hearts from Central Armed Police Forces (CAPF). Generous amounts were directed towards welfare of war widows and families of soldiers who have sacrificed their lives while serving the nation

Other initiatives including employee and partner engagement:

- Various initiatives were undertaken with channel partners which focussed upon senior citizen welfare, preventive healthcare, girl child education and mass tree plantation

- Employees are encouraged and provided with opportunities to volunteer and contribute towards various social causes for which they pledge. In FY 2020-21, despite of nationwide lockdown and roadblocks in physical volunteering, 120 employees virtually volunteered at pan India level to educate adolescent youth on various topics like financial literacy, soft skills, etc. Over 800 employees are acting as volunteers, as part of the COVID Squad, to help those in need in these trying times.



# Special Supplement: COVID-19 Response

**As the COVID-19 pandemic spread across the globe, we quickly invoked our business continuity plan, keeping in mind the interest of our key stakeholders viz. employees, customers and the community at large. We set up dedicated national, zonal and regional task forces charged with keeping our employees and customers safe and our operations running.**

We reinforced safety and hygiene protocols across our offices and branches, shielding high-risk employees, protecting our customers and encouraging work from home. We reflect upon some of these initiatives, which helped us reshape ourselves, adapt to the new normal and resurge as an insurer of choice, during these trying times.

## Focus on Employees

With our employees working from home, and social distancing measures in place, we prioritized the continued employee development and engagement through gamification of our training modules, webinar series and encouraging digital interactions.

Understanding the importance of promoting good health, hygiene and creating a culture of wellness at work, we introduced a number of interventions that have been well received by our employees.

We introduced initiatives and platforms to cater to the wellbeing of our employees, like the 'Emotional and Mental Wellbeing Assistance Program' for mental health counselling, the 'Click2Wellness micro-site' that serves as a one-stop shop for all health and well-being related resources for our employees, 'Mindful Morning Movement' series for mindfulness, meditation and yoga; 'Movember Movement' with focus on men's health, 'Walkathon' focusing on walking and contributing to a cause.

As our employees are now returning to the workplace, we have introduced several innovative measures to help ensure the safety and well-being of our employees. An example of the same is the HDFC Carpool platform, which is a new age, easy-to-use platform for our employees. This enables them to both offer and get rides to the workplace, thereby providing them with an alternative to public transport.

We have introduced an online employee roster planning, to manage the number of employees present at a given time, in light of the various government restrictions in place. Further, we circulate COVID-19 advisory and awareness mails at frequent intervals to help employees manage the COVID-19 situation and tide over the difficult times.

In addition to this, all our branches and offices are routinely sanitized. Various safety measures and standard operating procedures are being followed to

**2020 Working Mother & Avtar 100  
Best Companies for Women in India**

**WORKING MOTHER** | **AVTAR**  
The Power of Diversity

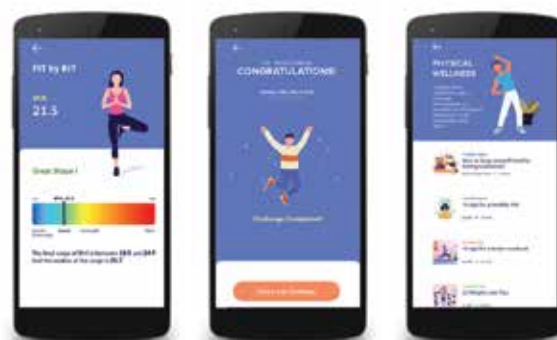
**100 BEST COMPANIES  
FOR WOMEN  
2020**

ensure the safety of our employees and customers.

### Focus on customers

The current pandemic has led to higher awareness around the need for protection and the inadequacy of current insurance coverage. Life insurance has surely emerged as a prominent theme to protect one's family whilst securing long-term financial goals. This led to a significant increase in customer interactions, albeit with a difference. The customer's preference shifted considerably from interactions through physical touchpoints like branches and in-person meetings to digital touch-points. This unprecedented scenario accelerated the need for us to have a digitally connected, but physically distanced workforce to serve our customers better.

The investments made over the years, as part of our digital strategy enabled to seamlessly manage our operations. We enabled a hybrid work from home model. Virtual workspaces, re-skilling our staff, flexible working hours and technology solutions like cloud telephony and virtual private networks allowed us to deliver our services in a seamless manner, while ensuring that productivity and employee morale remains unaffected.



To limit physical interactions during the sales process, we enabled a first of its kind Video & Voice Interfacing Sales Enabler (VVISE) platform for our sales teams. This enabled them to connect with customers virtually and complete the sales journey, right from lead generation to proposal login. The platform is device agnostic and has an ability to work on low bandwidths.

Our approach towards 'Service Simplification' continued through FY 2020-21. It is based on six broad tenets - 24\*7 availability, instant, frictionless, accurate, personalised and proactive customer experience. Our digital service capabilities can extend a plethora of service options to our customers, on a 24\*7 basis, without compromising on the social distancing norms or their safety, despite a surge in service interactions.

We launched VServ, a video conferencing app, which allows customers to connect with our team and get responses to their queries as well as get the requests actioned over a video call. We leveraged Vision AI for the digital life certificate process. Vision AI authenticates and completes a liveness check for annuity customers, within the comfort of their

homes. To simplify the revival process for our customers, we launched the InstaRevival process, which aids the revival of lapsed policies in less than a minute. Over 96% revivals were done over the counter.

We also launched a new Digital Avatar 'Zoey', which has human-like interaction capabilities. This augmented reality platform is powered by artificial intelligence and machine learning capabilities and caters to customer queries instantly. Etty, our WhatsApp service bot, helped over 8 lakh users to get their queries resolved over WhatsApp chats. Elle 2.0, our AI powered chat-bot, handled over 95% of web-chats digitally on the portal while Neo, our virtual assistant on Twitter, catered to our tech savvy users for their servicing needs. We also launched the industry first Alexa bot and Google Assistant bot Ezra to provide a personalized experience to our customers. Further, we added new capabilities to our customer service portal, My Account, and our mobile app.

We enabled several digital modes for customers to pay renewal premiums ranging from payment links on our website and app, payment apps such as PayZapp and Paytm, getting registered on BHARAT bill pay system (BBPS) of various banks. This has led to 87% of our renewal premiums being

collected via digital modes.

Easy Claims, an online death claim intimation platform helped customers submit their claim request online by following 3 simple steps and without any hassle. This platform is designed to provide quick resolution to customers i.e. claim settlement within 24 hours, for low risk claims.

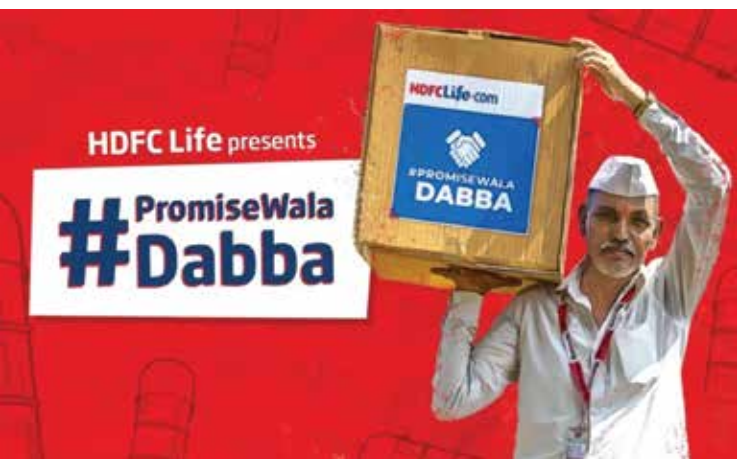
Our backend processes have also been enabled by robotic process automation, with over 280 process bots deployed across 26 different functions, to automate manual tasks. This has reduced process TATs and improved accuracy across processes. We continue to leverage AI and ML capabilities on an ongoing basis to optimise our processes and introduce innovative services, aimed at enhancing customer experience.

Our goal is provide best-in-class customer service, without compromising on the safety of our customers, partners and employees. We have taken a host of steps at our branches including equipping all service desk with a PVC shield, to ensure social distancing between the customer and our staff members. Masks are compulsory for everyone in the branch and sanitizers are available. Branches are sanitised at regular intervals. Further, we have launched multiple campaigns to urge customers to access our digital service touchpoints, from the comfort of their homes, without risking their health. For this purpose, we have also uploaded an FAQ document on our customer portal web page, to guide customers on the number of digital avenues available at their disposal.



### Focus on communities

As a responsible corporate citizen, we contributed to the national efforts to mobilise funds and support all the stakeholders in the fight against the pandemic, to minimise its impact on people. To curb the menace caused by the novel Coronavirus, we contributed Rs. 7.5 crore to the PM CARES Fund. A nationwide employee voluntary effort - 'Ready to Bounce Back', was initiated to steer our efforts. Our '#IndiaFightsCoronavirus - The Time to Act is Now' campaign also encouraged employees to contribute to the PM CARES Fund. During the year, HDFC Life launched a #PromiseWalaDabba campaign to provide meals to Dabbawalas, whose livelihoods were seriously impacted by the pandemic.



### Supporting Frontline Healthcare workers

At the peak of the pandemic, we distributed 400 scrub suit tops and pants, along with 2,000 N-95 respirators, to cover 56 patients for COVID -19. High Flow Nasal Cannula (HFNC) consumable kits were provided to maintain oxygen levels of COVID -19 patients. Good quality nutritional meals and supplements were provided to 50 medical frontline staff. In Birbhum district, 450 Swastha Sahikyas were provided with kits consisting of 15 surgical masks, caps and sanitiser.

## Glimpses of our COVID-19 Heroes



### Support to Families Impacted during Hyderabad Floods

In October 2020, our Hyderabad team pooled in contributions to provide rations to 400 families. Our colleagues went beyond the call of duty to support people affected by the floods which hit the city amidst the pandemic.

### Veer Naari - Army Wives Welfare Association

Through this initiative, we supported 234 Veer Naaris (War Widows) with an amount of Rs.15,000 each. We salute the defence forces of our nation for their unparalleled devotion in serving our motherland.

## Glimpses of our COVID-19 Heroes

### Helping Corona Warriors, Families and Helpers

Some of our employees from Khar, Mumbai branch, volunteered during the COVID-19 lockdown. In March 2020, 500 water bottles, 200 food boxes and 5 fruit packages were distributed. In April 2020, two months' ration supplies were provided to 12 families, and financial support was extended to security guards. In June 2020, three months' ration supplies were provided to 20 families, and financial support was provided to the housekeeping staff.

### Saving New-Borns during the Pandemic

A two-day-old baby, with a complex congenital cardiac condition, was operated at one of Chennai's leading hospitals. With swift transfer, emergency intervention, and timely surgery, the baby was saved. Another new-born baby in Theni, Kerala, was diagnosed with a heart condition that could turn fatal if not treated immediately. The baby was treated at the same hospital in Chennai and recovered rapidly.

### Lending a Helping Hand to Villagers

One of our youth beneficiaries, who is part of our support system, showed how every individual can do his/her bit to help out in these difficult times. He inspired 40 school friends and collected Rs. 5,000. With this money, they provided masks to the villagers in Khed Gaon, Pune.

### Supporting the Local Administration

In Varanasi, through our implementing partner, we reached out to more than 1 lakh citizens and local communities with relief materials/kits across 25 Red Cross Society centres.

### Bharat Ke Veer

As a part of available measures for the benefit of armed forces veterans, war widows and their dependents, the Bharat Ke Veer Fund was supported with Rs. 13 lakh. The money from this fund is utilised to support the families of brave hearts from seven forces covered under Central Armed Police Forces (CAPF).

### COVID-19 - Lending a helping hand

One of our colleagues in Hyderabad distributes 1,500 freshly cooked home meals to road side workers on weekends. During the lockdown, he with his four friends and 100 volunteers distributed food packets to over 850 beneficiaries and 1,000 families with ration kits.

## Swabhimaan Champions

Swabhimaan employee volunteering is the cornerstone to the Organisation's culture of giving and connecting with society at large for the employees. Despite the challenges of the pandemic, our employees contributed to fighting the pandemic (see COVID 19 response section). 120 Striders (employees) virtually volunteered to mentor adolescent youth on topics like financial literacy and soft skills. Over 800 employees are acting as volunteers, as part of the COVID Squad, to help those in need in these trying times.





# Sustainable Operations

## Our Strategic Approach

- Energy, Emissions, and Water Conservation
- E-Waste
- Other Waste Management Initiatives
- Reducing Carbon Footprint
- Digitisation



## Energy, Emissions and Water Conservation

We are developing an internal framework to track and measure our carbon footprint. In our strategy to combat climate change, we will strive to reduce our greenhouse gas emission by taking initiatives to monitor and reduce our energy consumption. We expect our per capita electricity consumption to reduce on the back of these initiatives. Given the looming danger of water scarcity, we are also taking measures to conserve water. The Company has taken the following initiatives to reduce the overall consumption of energy and conserve water at our branches:

- 3 star and above rated appliances used and regular maintenance carried out to ensure efficiency
- Replacement of Tube/CFL lights with LED lights (69% branches currently use LED lighting)
- Implementation of switch rooms across 384 branches resulting in reduced air-conditioning usage (both in running hours and temperature settings), leading to decrease in electricity bill units by 14%
- Replacement of Uninterruptible Power Supply UPS with new energy efficient devices; reduction of UPS capacity by 50% (equivalent to 750 KVA)
- Replacement of bottled drinking water with water purifiers

- Installation of sensor-based taps at corporate office and other select office locations

## E-waste Management

We aim to mitigate harmful environmental impact of e-waste and make sure that our e-waste is recycled and disposed-off in an eco-friendly manner through government certified waste disposal agencies. During FY 2020-21, approximately 310 Kg of e-waste was recycled/re-furbished/disposed in an environmentally controlled manner, conforming to the guidelines of E-Waste (Management) Rules, 2016. We have also donated our old information technology (IT) assets to recycling agencies for helping under-privileged sections of the society.

## Other Waste Management Initiatives

We comply with the Hazardous and Other Wastes (Management and Transboundary Movement) Rules 2016. We discourage usage of single-use plastics. Some of the initiatives taken in this direction include usage of biodegradable garbage bags, reusable plates, cutlery, and wooden stirrers. We have also replaced plastic bottles and cups with glass bottles and cups in our conference rooms.

## Reducing carbon footprint

We intend to reduce our operational footprint through our eco-friendly activities, thus helping in conservation of environment. We have created 17

city forests (including 7 city forests in FY 2020-21) in suburban Mumbai and Maharashtra, using the Japanese Miyawaki plantation method, covering approximately 45,000 sq. ft., area with over 50 different native species. Till date, HDFC Life has planted a total of 41,695 trees.

## Digitisation

We have reduced our paper usage by introducing e-forms for customers and moving to online documentation. We strive to make our processes paperless and green. Our printers are configured with default double-side printing and we encourage employees to reduce usage of hard copy of documents to the maximum possible extent. We also encourage our policyholders to opt for demat or dematerialized (i.e. online copy) of their policy document. Currently, demat accounts for 44% of our new business. In addition, in accordance with the Ministry of Corporate Affairs guidelines on virtual annual general meetings of shareholders, our annual report was communicated digitally to our shareholders in FY 2019-20 and we expect this practice to continue in the current year as well.

# Reimagining the Insurance Landscape



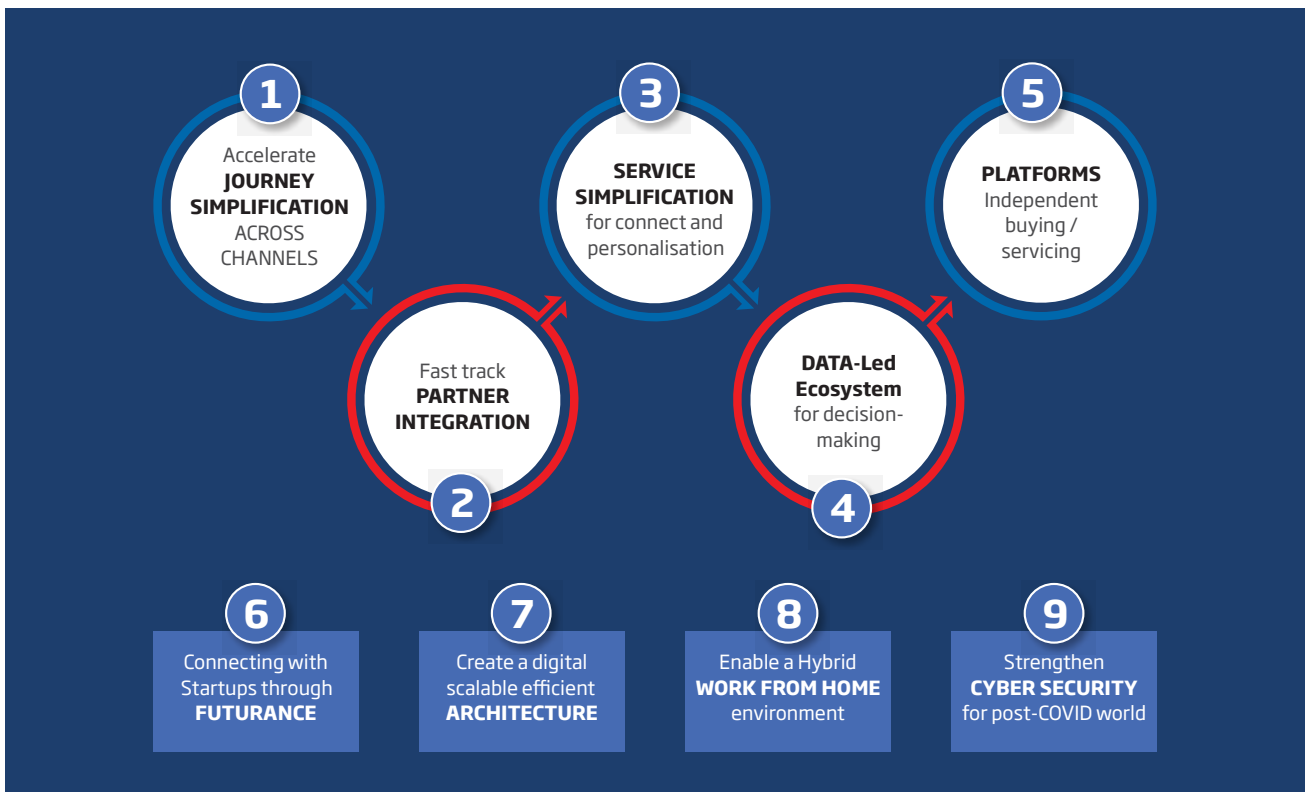
Today's dynamic digital landscape requires consistent investment in enhancing tech capabilities.

Over the past few years, the life insurance industry has seen major shifts and trends and has reshaped itself. Technologies have matured, customer expectation landscape has changed, there is an explosion of data, insurtech startups have seen hyper-growth, workforce has been digitally connected because of the pandemic and there is an increased focus on cyber security.

HDFC Life continues to be a dominant player in such a dynamic environment with its digital strategy centred around solving for customer voice while building technology resilience. Today's customer is asking for a simple journey from purchase to pay-out, seeks integrated experience across partner landscape, wants a 24x7 frictionless service, is oriented towards personalised offers and looks at being nudged in their world.

These customer voices have been translated into five major building blocks. Four engines power these blocks and are the cornerstone of HDFC Life's digital model. Together, these nine blocks are focussed on responding to the customer needs.

In the past annual reports, we have spoken about our constant focus on developing and sharpening technology platforms and assets. We have listed some additions to our repository of digital assets in the subsequent pages.



1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

## Technology at the core

During the lockdown, 'digital first' became the norm. Digital is no longer a good to have - it's now a necessity. Our ethos of leveraging technology and investing in digital assets, with a focus on customer-centricity, paid off handsomely during the pandemic - we were able to seamlessly transition to the digital mode of doing business. A few initiatives which provided impetus to our digital agenda:

- **VVISE:** virtual frontline sales model enables sales representatives to connect with customers via video calling and complete the sales process. VVISE also helps create efficiency by offering tele-medicals and having a face2face call with a doctor for better underwriting decisions.
- **VServ:** Industry's first video-based phygital mode of service, facilitates a web-based video conferencing service that allows our branch operations staff to service customers and sales channels remotely. It is a secured interface that allows customers and sales teams to easily connect with our branch team anywhere and get their queries and requests managed through a virtual interaction. Through VServ, we on-boarded 2,000+ customers. For our customers who could not travel to branches due to the ongoing situation, we enabled the virtual surrender functionality that allowed 1,200+ people to get serviced for their surrender-related requests. Through VServ we also collected 200+ life certificates from our senior citizen customers thus ensuring their timely annuity payout, and avoiding a risk to their lives due to Covid .
- **Pre-conversion verification chat (PCVC):** chat-based identification tool allows customers to self-authenticate - during FY 2020-21, 51% of the verifications were done through chat PCVC
- **SVAR** (voice bot for renewal calling) and Cloud telephony for renewal collections: 95% of policies were renewed digitally
- **Avatar:** bot capable of answering 500+ general queries and 40+ policy specific queries
- Alexa-based smart service voice assistant, **Elsa bot**, capable of answering 200+ queries
- **Insta PRL:** enables digital onboarding of agents - 98,000+ applicants since launch in March 2020
- **Partner & Corporate Portals** to ensure smooth partner integration

Our technological improvements and advancements are keeping in mind the changing customer expectations of a simple and transparent interface. We will continue to reach out to our existing and prospective customers through new-age technologies.



# Our Commitment to Sustainable Development



The United Nations Member States adopted the Sustainable Development Goals (SDGs) in the year 2015 with an aim to end poverty, protect the planet and ensure peace and prosperity for all by the year 2030.

The 17 SDGs provide a coherent and holistic framework to balance social, economic and environmental sustainability alongside development, while bringing the world to several life-changing “zeroes”, including zero poverty, zero AIDS, zero hunger and zero discrimination against women and girls.

India along with other countries is committed to this effort and has confirmed its intent by signing the declaration on the 2030 agenda for sustainable development, comprising of the 17 SDGs. As a leading life insurance company and a socially responsible business, HDFC Life is committed to support the country in meeting its sustainability goals.

HDFC Life, over the years has recognised the need for inclusive growth. Through its various efforts undertaken as a part of its business activities and corporate social responsibility initiatives, the Company strives to create value for all its stakeholders whilst keeping sustainability at the very centre. The conscious efforts undertaken by the company to reduce the environmental footprint and perform socially responsible business activities are aimed at helping the nation in successfully honouring its commitment to the UN SDGs. The efforts undertaken by HDFC Life ensure a positive contribution to at least 10 of the 17 SDGs and we continue working on expanding the scope of our influence across other goals.

# Our Material Topics

Material topics have a direct or an indirect impact on an organisation’s economic, environmental and social value creation journey for its stakeholders and society at large. Our leadership team identifies material topics by engaging with employees across management levels, thereby determining the risks and opportunities posed to our business.

The top quartile material topics identified for the Company are as follows:

- Business Ethics
- Brand & Reputation Management
- Customer Engagement & Satisfaction
- Employee Health & Safety

## Materiality Risks & Opportunities

Business Ethics	Brand & Reputation Management	Customer Engagement & Satisfaction	Employee Health & Safety
Customer Privacy & Data Security	Risk Management	Management of the Legal & Regulatory Environment	Employee Training & Development
Product Innovation	Employee Recruitment, Diversity and Inclusion	Sustainable & Responsible Investment	Financial Inclusion - Access & Affordability
Community Development & Relations	Labor Practices	Resource Consumption & Waste Management	Climate Change & Green House Gas (GHG) emissions

**Business Ethics**

Insurance is a business of good faith. An insurance company “sells a promise”. Insurance contracts are long-term contracts and in certain cases (like protection plans), the beneficiary may be different from the policyholder. Trust is therefore more important in insurance than in most other sectors. The onus is on the insurance company to disclose all material facts in respect of products at the time of policy purchase and ensure that all genuine claims are settled in a timely manner.

**Brand and Reputation Management**

One of the key reasons for buying insurance is to provide financial security to your loved ones. Life insurance contracts are long-term contracts where in the insurer discharges its obligation of settling claims after several years of policy purchase. Hence, brand and reputation are of utmost importance. A life insurer needs to build and nurture a reputation which resonates with the customers.

**Customer Engagement and Satisfaction**

In the age of ‘instant gratification’, customers expect high levels of responsiveness and personalization at the same time. It is therefore imperative to engage and establish robust customer relationships to drive growth. We constantly strive to identify latent customer needs to create need-based product propositions. On various occasions, we have introduced first-to-market innovative products which cater to the evolving needs of our customers.

**Employee Health and Safety**

A conducive and safe work environment is a key factor in building a highly engaged workforce which

in turn drives company performance. Only a Company which cares for its employees can provide good customer service and experience. Hence, providing a safe and healthy workplace to the employees is our topmost priority, especially during these uncertain times.

As outlined in preceding chapters, we track key metrics to keep a track of our performance on material topics. Some of these metrics are - claim settlement ratio, complaints, persistency, online reputation management, brand awareness, product innovation, service simplification, and customer satisfaction score.



**Stakeholder Engagement**

We aim to create value for all our stakeholders. To continue delivering sustainable growth, we engage, develop and strengthen our relationship with stakeholders and take inputs from them to enhance business strategy.

**KEY STAKEHOLDERS**



## Stakeholder Engagement

Stakeholder	Mode of engagement	Key expectations	Response: how do we deliver value?
Customers	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Branch assistance</li> <li>Self-serve touch points like BOTs, apps, customer portal etc.</li> <li>Engagement for claim processing and settlement</li> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Need-based and innovative products</li> <li>Data security</li> <li>Simplified service and best-in-class customer experience</li> <li>Easy and quick claim settlement</li> </ul>	<ul style="list-style-type: none"> <li>Create innovative and customer-centric products</li> <li>Nudge customers to self-service avenues</li> <li>Increase operational efficiency through automation, data insights and security measures</li> <li>Augmentation of touchpoints, both physical and virtual to improve availability and reach</li> </ul>
Shareholders & investors	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Quarterly earnings call</li> <li>Annual report, public disclosures and investor presentation</li> <li>Investor conference and meetings</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Value creation</li> <li>Risk management</li> <li>Adoption of sustainable business practices</li> </ul>	<ul style="list-style-type: none"> <li>Consistent and predictable delivery of growth along with profitability</li> <li>Differentiated business model with multiple sources of value generation</li> <li>Tangible diversification benefits of robust risk management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Feedback, recognition and talent management</li> <li>Learning &amp; development initiatives</li> <li>Employee engagement, wellness and safety initiatives</li> <li>CEO town hall, annual Sparsh, management interactions</li> </ul>	<ul style="list-style-type: none"> <li>Career development opportunities</li> <li>Diversity, equity and inclusion</li> <li>Fair compensation</li> <li>Regular training</li> <li>Employee engagement</li> <li>Wellness &amp; safety</li> </ul>	<ul style="list-style-type: none"> <li>Fair, transparent &amp; timely performance appraisal process</li> <li>Increased employee engagement, mobile-based learning program.</li> <li>Adoption of holistic approach towards wellness, physical and mental health</li> <li>Building a talent pipeline for specific roles through Succession planning</li> </ul>



## Stakeholder Engagement

Stakeholder	Mode of engagement	Key expectations	Response: how do we deliver value?
Government & Regulatory	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements, notifications, circulars and guidelines</li> <li>Regular meetings, seminars and participation in industry forum</li> <li>Corporate announcements</li> <li>Periodic submissions, regulatory visits and interactions</li> </ul>	<ul style="list-style-type: none"> <li>Sound Corporate Governance - Fair dealings, conduct and transparency, timely disclosure</li> <li>Regulatory and legal compliance</li> <li>Contribution towards development of industry</li> </ul>	<ul style="list-style-type: none"> <li>Play a proactive role in creating awareness about need for insurance</li> <li>Comply with all the applicable regulations</li> </ul>
Partners, Vendors & Reinsurers	<ul style="list-style-type: none"> <li>One-on-one meetings, annual reviews</li> <li>Contracts, e-mails, calls, virtual interactions</li> <li>Periodic surveys</li> </ul>	<ul style="list-style-type: none"> <li>Long-term partnerships</li> <li>Favorable product and value proposition</li> <li>Ease of doing business and data security</li> <li>payment as per terms of contract</li> </ul>	<ul style="list-style-type: none"> <li>Offer compelling value proposition to distribution partners</li> <li>Innovative product propositions and market leading digital capabilities to cater to evolving customer needs</li> <li>Timely payment for services</li> <li>Digital services and well-defined information and cyber security policy</li> </ul>
Communities	<ul style="list-style-type: none"> <li>CSR partnerships and implementation of CSR related projects</li> <li>CSR-related disclosures in public domain</li> <li>Reduction of environmental footprint</li> </ul>	<ul style="list-style-type: none"> <li>Work for causes such as education and livelihood, healthcare and sanitation, environmental sustainability, etc.</li> <li>Community development and growth</li> <li>Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of sustainable business practices</li> <li>Working with communities / weaker sections</li> <li>Employees volunteering opportunities</li> <li>Sourcing policies for rural areas</li> <li>Engaging with vendors employing less privileged and rural resources</li> </ul>

## Way Forward

**In the current backdrop of heightened uncertainty, ESG has become an integral part of doing business and for long-term value creation. We aim to improve our ESG performance by continuing to refine and strengthen the following aspects of our business:**

- Follow sound governance practices, prudent risk management strategy and comply with all applicable laws and regulations
- Focus on creating value for our employees by adopting best practices in the area of talent management, learning and development opportunities and employee engagement
- Contribute to the society via various CSR initiatives in areas of education and livelihood, health and sanitation, environment and response to disasters such as the current pandemic
- Deliver innovative and need-based products and services to our customers with the aim to make our society financially protected
- Invest in new age technology with a view to simplifying the buying journey, enhancing customer experience whilst creating new product propositions
- Strengthen our responsible investing (RI) strategy by increasing our engagement with investee companies on their ESG practices and deliver consistent risk-adjusted returns to our customers
- Evolve our environment strategy to reduce our carbon footprint while judiciously utilizing resources



# Feedback

Thank you for your interest in this Report. Your feedback will help us to improve our overall ESG performance and disclosure. If you have any questions or feedback, please contact our ESG team or write to us at the address below:



*Sar utha ke jiyo!*

## Registered Office

13th Floor, Lodha Excelus, Apollo Mills Compound,  
N M Joshi Marg, Mahalaxmi, Mumbai - 400 011  
Tel. : 022-6751 6666  
Fax : 022-6751 6861  
CIN : L65110MH2000PLC128245

## Corporate Office

12th, 13th & 14th Floor, Lodha Excelus,  
Apollo Mills Compound, N M Joshi Marg,  
Mahalaxmi, Mumbai - 400 011  
Tel. : 022-6751 6666 | Fax : 022-6751 6861  
Email : [investor.service@hdfclife.com](mailto:investor.service@hdfclife.com)  
Website : [www.hdfclife.com](http://www.hdfclife.com)