360 ONE WAM LIMITED

Risk Management Policy

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1. Introduction & Objectives of the Policy:

Over time, 360 ONE Wealth & Asset Management has evolved to offer different products and services on a single integrated platform , viz., Stock and Commodities Broking, Asset Management, Insurance broking, Trusteeship and Family Office, Investment Advisory, and Lending Solutions, apart from distribution of financial products.

The Lending, Broking and Asset Management entities have adopted Risk Management Policies as per the regulatory framework for their respective businesses. This Risk Management policy is at a 360 ONE group level. Thus, this policy documents the procedures for group level risk management (taking into account exposures / conflicts / best practices across subsidiaries and entities).

This Policy covers 360 ONE WAM Limited and its subsidiaries. The policy covers Risk Management relating to the Central Treasury function, insofar this is not covered by the Treasury Manual for 360 ONE Prime Ltd.

2. Definitions:

The Policy	Risk Management Policy
The Company	360 ONE WAM Limited including its subsidiaries.
AIF	Alternative Investment Fund
MF	Mutual Fund
PMS	Portfolio Management Services
Broking, DP and RA	Stock and Commodities Broking, Depository Participant and Research Analyst Services
IA	Investment Advisory Services

3. Existing Risk Management Policies:

The following Risk Management Policies exist at the constituent business/ entity levels:

- **Lending :**
  - 360 ONE Prime has product-level Credit policies for Loan against Securities (LAS), Loan against Property (LAP), IPO Financing and Unsecured Lending. These contain authorization levels, limits around Loan-to-Value (LTV), Lending covenants, collateral quality and borrower characteristics.
  - 360 ONE Prime has a Treasury Manual that deals with its proprietary investments and Treasury Operations.
  - 360 ONE Prime has an AML / KYC Policy that covers KYC procedures and customer acceptance.
  - 360 ONE Prime also has a Risk Management Policy that covers overall governance, controls over lending and transactions and key risks and mitigations.

- **Broking / DP / Research:** Broking is housed in 360 ONE Distribution Services Ltd and in 360 ONE Capital Market Private Limited, which have their own Risk Management policies

- **Asset Management:** For the Asset management businesses housed in different subsidiaries, different sets of policies for different businesses viz, MF, AIF & PMS are drafted as per regulatory requirements for each business e.g Investment Policy, Valuation Policy, Risk Management Policy, Stress Testing policy etc

- **Foundation:** given the special nature of its activities, this also has its own Risk Management policy.

- **At a Group-level:** Apart from the above, the following policies exist at a Group level and mitigate various risks:
  - AML / KYC Policy
  - Media and Social Media Policy.
  - Fraud Risk Management Policy.
  - Whistleblowing Policy.
  - Information and Cyber Security Policy.
  - Employee Code of Conduct.
  - Business Continuity/ Disaster Recovery Policy (BCP/DR) – apart from specific policies catering to asset management, ET Money applications and 360 ONE Capital Markets.
  - Conflict of Interest Policy
  - Whistleblowing Policy

4. Risk Governance Structures Across the Group:

Based on the requirements of each business, there are various risk governance committees/ structures that have been put into place:

- The three lines of defence from a Risk Management perspective are:
  - Frontline operational / sales managers who follow rules, policies and procedures.
  - Risk Management department(s) and Committees.
  - Internal Audit, that checks whether control processes are adequate and operational.

4.1 Risk Management departments –

- There is a **Risk Management department** at the 360 ONE WAM level. The Head – Risk Management reports to the Chief Operating Officer (COO) and attends all Risk Management Committee meetings and Audit Committee meetings of the

Board where Risk Management metrics and key risks and mitigations are discussed and internal audit reports are placed, respectively.

- **The AMC has a Chief Risk Office (CRO)** who reports into the COO .
- **Broking has its own mid-office team**, which monitors margins and open positions pending settlement and makes margin calls whenever necessary.
- **360 ONE Prime** has its own Chief Risk Officer, and a Credit Risk Management department that handles credit risk approvals and monitors credit exposures vis-à-vis collateral

4.2 Risk Management Committees -

4.2.1 Board Risk Management Committee

The Board Risk Management Committee (i.e., The Committee) is established to fulfil its oversight responsibilities regarding the company-wide - risk management practices, compliance framework, and governance structure of 360 One WAM. The Committee members shall be appointed by the Board of Directors as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Group Chief Operating Officer and Chief Risk Officers of the different businesses should be permanent invitees to the meeting.

- **Authority, Roles, and Responsibilities of the Board Risk Management Committee**

The Board Risk Management Committee shall perform below activities:

- **Oversight of Risk Culture**

- Set the tone and develop a culture of risk awareness, promote open discussion, and align the organization's goals & strategy with the Group Risk Culture.
- Educate the 360 One WAM Board, management, and employees about their responsibilities to identify these risks and create a culture such that people at all levels manage risk.
- The Committee should work towards embedding a risk culture where people at every level manage risk as an intrinsic part of their jobs.

- **Oversight of Risk Management Process**

- Recommend Roles and Responsibilities of RMCs at a subsidiary level (360 ONE AMC / 360 One WAM Prime / Others) to align with regulatory requirements.
- Define and review the Key Risk Indicators to monitor the group's key risks, considering the type of activities performed by each subsidiary.
- Define unified risk monitoring and reporting mechanism that can be implemented at various subsidiaries given the diverse structure of the entire 360 One WAM Group.
- Review the key risks and respective measurement indicators applicable to 360 One WAM Group across the holding company and its subsidiaries.

- Review and recommend for the Board's approval annually (and when material changes are proposed) the company's risk management principles, risk governance, policies and procedures, and material changes to such policies, as appropriate.
- The Committee can obtain reports, as necessary and appropriate, from the Audit Committee regarding the critical audit findings, reviews, and assessments of all subsidiaries' business and processes by internal and external auditors.
- Receive an update, on an annual review of the adequacy of the contingency plan, business continuity plan, and disaster recovery plan of all the subsidiaries along with exceptions (if any).
- The Chief Risk Officers, Chief Compliance Officers, Chief Financial Officer and Internal Auditors shall have access to communicate with the Committee on any relevant risk and compliance matters.
- Regularly report to the Board on all significant matters it has addressed and concerning such other matters that are within its responsibilities.

➢ **Oversight of Risk Tolerance**

- Review, as and when appropriate, reports and recommendations from management and subsidiary-level RMC on risk tolerance.
- Oversee the Company's process and significant policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established limits.

The Committee should review - Group level Risk Appetite Statement containing key risks and acceptable Risk Tolerance levels

The RMC meets as per the regulatory requirement or as desired by the Board/the committee

The RMC will review this policy at least annually.

(i) There is a Board **Risk Management Committee** for **360 ONE Prime** consisting of Directors nominated to the Committee, with the MD & CEO, COO, Head- Credit and CRO 360 ONE Prime as permanent invitees.

This looks at such things as portfolio constitution (into LAS, LAP and unsecured), top borrowers, closely monitored accounts, investment details (issuers, tenor), margin of safety available in collateral, etc.

(ii) 360 ONE Prime has a board-level **Asset Liability Management Committee (ALCO)** consisting of Directors appointed to the Committee by its Board, and it functions as per the 360 ONE Prime ALCO policy**.**

(iii) 360 ONE AMC has a Board AMC Risk Management Committee (BARMC) and Board Trustee Risk Management Committee (BTRMC) as per the SEBI Risk Management Framework. The terms of reference of the BARMC & BTRMC are as per the SEBI Risk Management Framework (SEBI RMF)

4.2.2 **Management Committees**

- There are **AML Committees** that have been put into place for 360 ONE Wealth, 360 ONE AMC and 360 ONE Prime. These are cross functional committees with each Committee guided by the AML Policies at an entity level, to evaluate risks from an Anti-money laundering perspective prior to client acceptance and onboarding. Members are appointed by the business heads of the respective companies.

- There is a cross-functional **Product Approval Committee** at the 360 ONE (group) level consisting of the MD & CEO and members appointed by him, with representation from Risk Management, Compliance and Credit. This looks at approval of complex products (other than mutual fund schemes) sold to clients. 360 ONE WAM Ltd has a Product team that does the initial research and screening of products.

- There is an additional **Customer Acceptance Committee** for the Trustee business chaired by the MD & CEO, that looks at customer acceptance in this business, given its close involvement with the client's family businesses and assets

- There are **Credit Approval Committees** in 360 ONE Prime that approve loans based on certain limits, as given in the product policies for LAS, LAP, IPO and Unsecured Lending.

- As per the SEBI Risk Management Framework an Executive Risk Management Committee (ERMC) is constituted to discuss risk management related issues and recommend policies for Board approval. As per the MF regulations Investment Committee, Valuation Committee, AML Committees are constituted to discuss various aspects related to each function

  AIF Investment & AIF RMC are constituted to review implementation of the investment process, performance and discuss Risk Management related issues

- **Vigilance Committee:** In order to improve governance, we have also instituted a strong Whistle blower mechanism backed by a policy that promises that no action will be taken against a whistleblower, and providing multiple channels (email / website / phone) managed by an external service provider (for complete independence) through which employees can record complaints and grievances, anonymously, if they choose to remain so. All whistleblowing complaints are tracked and investigated by a Vigilance Committee chaired by the Chief Operating Officer of the 360 ONE Group, with representation from Human Resources, Risk Management, Compliance and Business.

  Our whistle blower mechanism is meant to facilitate reporting of unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics.

- **Conflict Resolution Advisory Board (CRAB):** Another key aspect of governance is managing and resolving conflicts of interest that may arise. We have a Conflict of Interest Policy that was redrafted under the guidance of the Risk Management Committee, under which a Conflict Resolution Advisory Board (CRAB) was formed, consisting of senior executives. Guidance has been provided in the policy on the types of transactions that are covered (e.g. transactions between an employee and a group entity, or an employee and a client, or between a group entity and a firm in which the employee or his close relatives are interested) above certain thresholds. A summary of cases brought before the CRAB (>₹50 Crore threshold) is also submitted to the Risk Management Committee of the board.

The details of the members of all these Committees can be obtained from the Secretarial team.

4.3 Internal audit -

Internal Audit has been outsourced to different firms of Chartered Accountants, for all entities present in India. The respective Audit firms present their audit findings directly to the respective Audit Committees. . Risk Management department helps to define the scope of the audit, monitors the conduct of the audit, is present during its presentation to the Audit Committee of the Board and tracks for closure of pending audit points. High risk / significant audit observations of the subsidiaries are also presented to the Audit Committee of 360 ONE WAM Ltd.

5 Key External and Internal Risks Faced and Risk MIS:

- The key risks faced by the group are tracked through certain key risk metrics along with defined thresholds. These metrics have been identified and standardized and they are presented to the RMC of 360 ONE WAM quarterly. Amber and Red rated incidents for the Holding company and Red rated incidents of the subsidiaries are reported to the 360 ONE WAM RMC
- Market and regulatory developments are presented to the RMC, explaining their likely impact on the various businesses
- The key risks faced by the 360 ONE WAM group and the reportable thresholds are reviewed by the RMC on an annual basis.
- The Key Risks faced by the group the metrics for measurement of the risks and reportable thresholds (submitted to the RMC on a quarterly basis) and are given in Annexure 1

Annexure 1

Key Risks, Mitigations and Risk Metrics:

HOLDCO KEY RISK METRIC THRESHOLDS *(highlighted thresholds have been changed)*

Key Risks	Amber	Red
Conflict of Interest (COI)	• Any transaction where COI has been detected	• Any significant observation by internal audit on CRAB transactions
People Risk	• Employee regrettable turnover resulting in minor disruptions to normal course of business, with identified successor/ability to fill the position within 120 days from identified market talent • Attrition of more than 25% of critical employees (in any particular business vertical)	• Employee regrettable turnover impacting normal course of business with no identified successor/ability to fill the position within 120 days from identified market talent • Attrition of more than 50% of critical employees (in any particular business vertical)
Reputation and Conduct Risk*	• Any unfavorable posts / articles • Net Promoter Score 40% to 70%	• Any unfavorable posts / articles likely to have been seen by more than 500 people • Net Promoter Score < 40%
	• Number of SCORES complaints (point out any misselling complaints)	• >3 Complaints per quarter
ESG		• 1 High risk observation in a year for Internal audit • 1 critical observation in a Due Diligence in a year
**'Other Complaints' will not be separately reported as operational losses arising out of service issues are being reported; and misselling complaints are also being reported*		

SUBSIDIARIES – KEY RISK THRESHOLDS:

Key Risks	Red
Operational Risk (including third party risk)	• Any operational loss > 0.5% of quarterly PAT (cumulative 0.5% of annual PAT) • 1 fraud • > 5 breaches as per latest SLA per annum
Legal Risk	• Legal cases not related to reputation risk but involves penalties of > 0.5% of quarterly PAT (cumulative 0.5% of annual PAT) • Any unfavorable judicial orders leading to reputational risk
Compliance Risk	• Adjudication notices impacting business or penalties exceeding 0.05% of quarterly PAT (cumulative 0.05% of annual PAT)
Technology Risk (including Cyber & Obsolescence risk)	• Any successful Cyber-attack or phishing attempt or successful data proliferation/ leakage of sensitive /PII data. • Critical application or infrastructure component/hardware/software identified as obsolete without any business justification/exception for its continuance. • Any endpoint hardware/software identified as obsolete without any business justification/exception for its continuance.
Business Continuity & Disaster Recovery	• Any disruption during nonbusiness hours for more than 4 hours or during business hours for more than 60 mins • More than 10% deviation from defined RTO and RPO parameters

Key Risks	Red
Financial Reporting Risk	Material impact on financials (definition of material as per LODR regulations) • 1 High Risk Internal audit observation • 1 Material observation by statutory auditors
Product Performance Risk	• For Open ended fund 3Y CAGR Delta between fund & BM is >than (-10%) • For close ended funds IRR < 10% three years after the fund is completely invested.
Credit Risk	• Credit risk arising out of subsidiaries (NBFC / Asset management) including defaults and delayed interest or redemption payments.
Interest Rate Risk/ Asset Liability Mismatch	• Net Negative Cumulative mismatches across buckets (for NBFC) • Any breach in borrowing limits (NBFC or any other business if applicable)
Liquidity Risk	• Liquidity risk arising out of subsidiaries (NBFC / Asset management)
Front-running risk	• Any reported event • Any amount levied as penalty