

360 ONE WAM LIMITED
RISK MANAGEMENT POLICY
(Abridged)

Version Control

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 the following businesses /entities, that are part of the 360 ONE WAM platform: Should we name entities or say 360 ONE WAM and its subsidiaries.

- **360 ONE WAM Limited –**
 - Investment Banking
 - Overall corporate governance
- **360 ONE Asset Management Ltd (360 ONE AMC) -**
 - Mutual Fund (MF)
 - Alternative Investment Fund (AIF)
 - PMS
- **360 ONE Alternate Asset Management Ltd (360 ONE AAM) -**
 - Alternative Investment Fund (AIF)
- **Co-PMS 360 ONE Wealth Portfolio Managers Ltd**
 - Alternative Investment Fund (AIF)
 - PMS



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- **360 ONE Prime (for aspects not covered in their Risk Management and Product policies)**
 - Lending
 - Corporate Insurance Agent
- **360 ONE Distribution Services Ltd**
 - Distribution
 - Stock and Commodities Broking
 - Depository Participant
 - Research Analyst
- **360 ONE Investment Advisers and Trustee Services Ltd (IATSL) –**
 - Advisory
 - Trust (Family Office)

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



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3. Existing Risk Management Policies:

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

- **360 ONE Wealth Prime:**
 - 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 a 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:** Broking is housed in 360 ONE Distribution Services Ltd which has its own Risk Management policy that covers both Stock and Commodities broking.
- **Asset Management:** For the Asset management business different set of policies for different set of 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 etc
- **At a Group-level:** Apart from the above, the following policies exist at a Group level and mitigate various risks:
 - Media and Social Media Policy.
 - Fraud Risk Management Policy.

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- Whistleblowing Policy.
- Information and Cyber Security Policy.
- Employee Code of Conduct.
- Business Continuity/ Disaster Recovery Policy (BCP/DR).
- 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.



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- **360 ONE Prime** has its own Chief Risk Officer, and Credit Risk Management department that handles credit risk approvals and monitors credit positions 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.

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➤ 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.
- 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.

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- 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.

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- There is an **Operating Committee** at an 360 ONE Group level chaired by the COO and consisting of all Function Heads that looks at any cross-functional / pan-organisation matters (e.g. audit issues, business continuity, critical projects).
- 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.

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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 the firm of Chartered Accountants, for all entities present in India. The Audit firm presents its audit findings directly to the Audit Committee of the Board of the respective company. 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.

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5 **Key External and Internal Risks Faced and Risk MIS:**

- A key component of Risk Management is the effective monitoring and measurement of risk by tracking certain metrics. These metrics have been identified and standardized and they are presented to the RMC.
- Key Risk Issues and Developments (including 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 are reviewed by the RMC on an annual basis. The detailed risks and parameters for evaluation of the Red Amber Green (RAG) tagging are presented to the RMC annually
- The key risks faced by the group and mitigations (which are tracked by the RMC on a quarterly basis using defined metrics) are given in Annexure 1.

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Annexure 1

Key Risks and Mitigations:

Sr. No	Key Risks	Mitigation
1	<p>Conflict Of Interest</p> <p>Wrong advice / unfair transaction due to conflict of interest</p> <ul style="list-style-type: none"> • Non-maintenance of arm's length/Chinese wall leading to violation of regulatory guidelines and internal policies • Irrelevant or incorrect products sold leading to customer dissatisfaction, and regulatory fines/penalties 	<p>Conflict Resolution Advisory Board (CRAB) is constituted to address and mitigate risk related to conflict of interest.</p> <p>To avoid mis-selling we have below in place-</p> <ul style="list-style-type: none"> • Construction of model portfolio (Investment Portfolio Statement or IPS). • Client consent prior to execution • Product Approval Committee.
2	<p>Third Party Risk</p> <p>Error/ inefficiency in the services provided by the third party to the customer or the company or inadequate controls implemented by the third-party leading to a data breach, operational disruption, and reputational damage.</p>	<ul style="list-style-type: none"> • Registrar & Transfer Agents (RTAs) & Custodians are SEBI regulated entities and are subject to SEBI audit. Review of RTA & Custodian activities is part of the scope of Internal Audit of 360 ONE WAM & its subsidiaries
3	<p>Inadequate Enterprise Risk Management Framework</p> <p>Absence or Partial implementation of a. Governance structure in the ERM process</p>	<ul style="list-style-type: none"> • Segregation of duties and three layers of risk management , with Process owners(Business) being the frontline of defense, Risk Management and Internal audit • Dedicated risk teams for Broking, AMC, NBFC helmed by CROs for 360 ONE WAM, AMC and Prime

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	<p>leading to inaccurate definition of key roles and responsibilities</p> <p>b. Internal Control Framework, Risk identification, measurement and assessment leading to inadequate implementation of controls</p>	<ul style="list-style-type: none"> • Board -level Risk Management Committees for 360 ONE WAM, AMC and Prime, with quarterly reporting (Group level reporting to 360 ONE WAM RMC) • Internal Audit to ensure that process controls are adequate and effective. Internal Audits are presented directly to the Audit Committee(s).
4	<p>Environmental, Social and Governance</p> <p>Inadequate disclosure or process implementation related to ESG due to the absence of a formal ESG framework & guidance from the management leading to non-adherence to the ESG requirements.</p>	<p>To mitigate these risks, the following structures exist:</p> <ul style="list-style-type: none"> ○ There are Legal, Compliance. Secretarial and Risk Management teams to prevent regulatory non-compliance and minimise legal exposure; ○ The various policies, processes, controls and Committees (e.g. Risk Management Committee, AML Committee, Product approval Committee, Credit approval Committees in the NBFC, CRAB & Investment Committees in the Asset Management businesses etc) specified in the above sections are meant to address and mitigate risks relating to misselling, money laundering, conflict of interest, credit and investments. ○ All our processes and systems are audited by an internal auditor. An external firm conducts internal audits and presents their reports directly to the Audit Committees of the respective Boards, for all businesses where this is permitted. For the NBFC, this is now conducted inhouse, with help from external experts, wherever required. ○ Separate insurance covers for Professional Indemnity, Directors & Officers liability , Cyber Crime cover and

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		<p>General Insurance cover ensure adequate protection to the various risks we are exposed to.</p> <ul style="list-style-type: none"> ○ ESG is one of the key factors in investment research by the Asset Mgmt group. ○ A Board level ESG policy governs our ESG commitments
5	<p>Business Continuity and Disaster Recovery</p> <p>Inadequate business continuity and disaster recovery plans may result in business interruptions, which further may result in financial and reputation loss</p>	<ul style="list-style-type: none"> • BCP / DR policy exists at the 360 ONE WAM Group level covering all the subsidiaries at • Multi-functional BCCMT (Business Continuity Crisis Management Team) looks at implementation of business continuity planning • DR testing is carried out for major applications as per the regulatory mandates
6	<p>Legal Risk/Compliance Risk</p> <p>Increase in number of disputes, leading to high number of legal cases.</p> <p>Non-compliance to Regulations, Laws and Guidelines</p> <p>Business getting impacted by or not being able to adjust to, regulatory changes</p>	<p>We have a dedicated Compliance team to interpret regulations, submit regulatory returns and interface with Regulators. We also have Anti-Money Laundering (AML) Policies and AML Committees for our various businesses to deliberate on client onboarding.</p> <p>We have dedicated legal team to interpret laws and handle legal cases/notices</p>
7	<p>Cyber Security and Privacy Risk</p> <p>Vulnerabilities and inability to manage cyber-attacks due to the unavailability of a Cyber security framework.</p> <p>Unauthorized access to personally identifiable information (PII) may lead to data leakage, loss of confidential information.</p>	<p>We have a Group level Information Technology and Cyber Security policy. Our Technology team has deployed multiple defences to mitigate the risk of cyber-attacks and prevent unauthorised access to, and leakage of, sensitive information. We have network security in the form of a firewall, and Intrusion Prevention Systems; we also have a strict perimeter device security policy, where we have blocked access to personal email, social networking and data sharing websites, USB and local drives and forced users to save</p>

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	Unauthorized changes in software / features	<p>working files on a company administered OneDrive. While access to emails is accessible on mobile phones, no files / attachments can be saved on these devices. There is a full time Chief Information Security Officer (CISO) responsible for information security.</p> <p>Information security audits and VAPT (Vulnerability Assessment and Penetration Testing) are conducted regularly as per the regulatory guidelines</p>
8	<p>Technology obsolescence risk</p> <p>Continued usage of obsolete technology and / or applications, which impair our ability to keep pace with agile competitors and customer preferences</p>	<p>Business teams, the Technology team and the IS function regularly review the systems in use and suggest changes that are required both from the functionality perspective and from the security perspective. We also benchmark against what our competitors are using.</p>
9	<p>Operational Risk</p> <p>Incorrect transactions due to error, negligence, fraud or system glitch leading to the erroneous placement of orders, or financial loss (Financial reporting errors are separately covered)</p> <ul style="list-style-type: none"> Operational losses and near miss events in the quarter (amount in INR) Number of high-risk fraud events identified in the quarter 	<ul style="list-style-type: none"> Process controls, including maker-checker controls are designed to reduce operational risks. These are checked as part of internal audit, and by the respective Risk teams from time to time. A monthly Ops event blotter is circulated of Operational errors (including losses and near misses) Key operational risk events are discussed at the RMCs based on their R-A-G tagging as explained above
10	<p>People Risk</p> <p>High attrition rate and inadequate succession planning can lead to a shortage of staff and</p>	<p>We endeavor to retain people in an empowered environment providing them trainings and opportunities of growth, visibility of long term career path, market aligned compensation and long term wealth creation through share based incentives.</p>

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	disruption in business goals & operations due to the exit of key people.	
11	<p>Product Performance Risk</p> <p>Poor Performance of the product sold or performance not being monitored</p>	<ul style="list-style-type: none"> Performance of products on our platform are regularly tracked by the Product Management team New Products are vetted by the Product Management team; complex products (PMS / AIF/ structured products) are approved by the Product Approval Committee.
12	<p>Credit Risk</p> <p>Loss on investments/loans by the AMC/NBFC</p>	<p>NBFC:</p> <ul style="list-style-type: none"> Multi-level approval committees for credits; Credit appraisal note (CAN) is prepared for all new and modified credits Daily monitoring of margin collaterals <p>AMC:</p> <ul style="list-style-type: none"> Scheme Investment Committee approval prior to investment under AIF business. Pre approved investment in the MF business ensures the credit decisions are well researched to protect investor interests. Portfolio review. Daily monitoring of downgrades and MIS by Risk Management team. <p>Broking:</p> <ul style="list-style-type: none"> Approval process for limits of more than Rs. 100 Crores Dynamic monitoring of margin collateral
13	<p>Interest Rate Risk/ Asset Liability Mismatch</p> <p>Adverse interest rate changes impacting earnings / asset valuations.</p> <ul style="list-style-type: none"> Improper Asset liability management leading to failure in repayment of obligations and compression in Interest margins. 	<ul style="list-style-type: none"> Liquidity Risk Management (LRM) process for the MF schemes is as per the regulatory guidelines Regular monitoring. Presentation to ALM Committee of the Board.
14	Liquidity Risk	<ul style="list-style-type: none"> For the Asset Mgmt business liquidity is risk evaluated and reports submitted to the Board RMCs for Equity and Fixed income open ended schemes

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	Non-compliance to the capital adequacy norms & liquidity ratios may lead to a breach of regulatory requirements and reputational loss.	<ul style="list-style-type: none"> Regular monitoring. Presentation to ALM Committee of the Board.
15	Front-running risk Insider trading may lead to regulatory penalties	<ul style="list-style-type: none"> Employees of all the group companies are covered by the Board approved Employee Dealing policy Dealers are not allowed to take mobile phone, or any other electronic device which can facilitate communication outside dealing room. Dealing room has recorded lines for dealers. Their desktop has limited access to internet. They are provided training on Dealing Room code of conduct
16	Reputation and Conduct Risk Risk of damage to firm's reputation & financial loss due to negative publicity, a decline in customer-base or exit of key employees Conduct Risk is defined as risk to the delivery of fair customer outcomes or to market integrity.	<ul style="list-style-type: none"> Media and Social Media policy. Authorised spokespersons. Compliance and Marketing approval before Press interaction. Use of authorized materials only for product selling.
17	Financial Reporting Risk The absence of internal control over financial reporting can lead to the following risk: <ul style="list-style-type: none"> Improper maintenance of records Absence of reasonable assurance that transactions are recorded as per the calculation of NAV and preparation of financial statements in accordance with generally accepted accounting principles. 	<ul style="list-style-type: none"> Internal Audit includes review of ICOFR (Internal Controls on financial reporting). Both internal audit and Statutory audits are conducted by separate and large firms.



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	<ul style="list-style-type: none">• Failure to prevent or timely detect unauthorized acquisition, use, or disposition of assets.	
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