

***Roles & Responsibilities of CXO Level
Officers - Canara Robeco Asset
Management Company Ltd.***

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Objective

The Risk Management Function circular of SEBI (SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630) dated 27th September 2021, inter-alia requires that the key risks managed by various CXO level officers and their roles and responsibilities for managing the risks in their respective areas of operation are to be enumerated and disclosed. Accordingly, this document is prepared.

CXO Level Officer	Key Risks Managed
Chief Executive Officer	All the risks at both AMC and Schemes
Chief Operating Officer & Chief Financial officer	All the risks arising out of the Operations & Finance Vertical.
Head – Risk Management	Overall risk management and will hierarchically report to Chief Operating Officer and monthly report to CEO on the outcomes of RMF.
Head – Equities	Investment, Governance and liquidity risks relating to Pure equity schemes and equity portion of hybrid schemes
Head – Fixed Income	Investment, Governance, Liquidity and Credit risks relating to Pure fixed income schemes and fixed income portion of hybrid schemes
Offshore Mandates	Contractual and Regulatory risks relating to various offshore mandates managed.
Head – Compliance, Legal & Secretarial	Compliance, Legal and regulatory risks
Head – Sales & Marketing	Sales & marketing , reputation , Mis-Selling & compliance risks relating to sales & marketing
Head – IT	Technology, Disaster recovery, Business continuity, outsourcing risks – IT
Chief Information Security Officer	Cyber and information Security Risk
Head – Operations	Financial Reporting, Operational, Outsourcing, Legal, Tax & Compliance risks – Scheme Accounts
Head – Finance & Control	Financial Reporting, Operational, Outsourcing, Legal, Tax & Compliance risks – AMC Accounts related
Head – HR	Reputation, Conduct, Contractual, Legal and Talent Risks – Employees related
Head – Products	Compliance, Regulatory, Reputation risks – Product development and product management related
Head – Customer Services	Reputation, Conduct, Legal and Operational risk – existing and prospective investors related

The Head – Risk Management or the Risk Management department will not be entrusted with day to day activities of any other function and the responsibility for the same shall lie with the respective CXO level officers.

Risk Management - Role of Chief Executive Officer (CEO)

The CEO shall be responsible for all the risks at both AMC and Scheme level.

The CEO shall

- i. ensure that the outcomes of risk management function are reported to him on a monthly basis
- ii. define specific responsibilities, risk metrics of various CXO level officers regarding risk management.
- iii. define a risk appetite framework for schemes and AMC.
- iv. ensure adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken, if any.
- v. The CEO shall approve the corrective action on various findings and report to the board of AMC and trustee regarding the same and also escalate to board of AMCs and trustees, if required, any major findings being reported.

Risk Management - Role of COO / CFO

COO / CFO shall be responsible for the governance and have a complete oversight of the various risks pertaining to the departments that are overseen and shall define specific responsibility regarding risk management of CXO level officers reporting into COO. COO shall ensure the CXO level officers reporting shall:

- i. Adhere to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.
- ii. Maintain risk level as per the risk metric.
- iii. Take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and shall report to Head – Risk Management regarding the risk reports.
- iv. Escalate to CEO and will review with the Head – Risk Management any major findings reported by respective risk management function.

Risk Management - Role of Head – Risk Management

The Head – Risk Management shall be responsible for ensuring that there is an effective governance framework and reporting framework of risk management in line with the regulatory requirements.

The risk management roles of the head – risk management are as under:

- i. Implementation of Risk management framework across the organization.

- ii. Review specific responsibility of management, including CEO, Head – Equity, Head – Fixed Income, Other CXO level officers / heads, and Fund Managers.
- iii. Put in place mechanism for risk reporting at least on a quarterly basis to the board of AMC, trustees and RMCs, covering all risks including risk metrics, escalation of material risk related incidents, timely and corrective actions taken, if any.
- iv. Independent assessment of reporting of risk to various committees and CEO, etc.
- v. Put in place mechanism for reporting to CEO - Including outcomes for risk management function on monthly basis.
- vi. The reporting of risk as above is independent from the investment heads and verified by the risk team.
- vii. There is a Delegation of Powers (DoP) approved by the Board of AMC for risk management by Head – Risk Management covering the following:
 - a. Daily risk management
 - b. Daily risk reporting
 - c. Corrective actions at the level of Fund manager, Investment Heads and CEO.
- viii. The Head – Risk Management shall inform to board of AMCs, trustee and Audit & risk committees regarding any major findings or corrective actions required and also update on closure or the status of various recommendations.

Risk Management - Role of Head - Equities

Daily management of risk and necessary reporting relating to Investment risk of all pure equity scheme(s) and all equity portion of hybrid schemes such as market Risk, liquidity Risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.) lies on the head - equities.

In respect of all pure equity scheme(s) and all equity portion of hybrid schemes should ensure:

- i. Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including identification, management and reporting risks (both periodic and escalation of material incident) and corrective actions taken, if any.
 - a. Defining specific responsibility of Fund Managers
 - b. Adherence to risk appetite framework - maintain risk level for schemes.
- ii. Head - Equities will calculate the overall risk by taking in to account the weighted average of (i) the risk-o-meter and (ii) the events of defaults. Both (i) and (ii) are to be calculated in terms of a number taking into account the risk- o-meter and events of defaults or early mortality of investments which may inter alia include credit default, change in yield, change in NAV, external shock or unusual redemptions, etc. to quantify the overall risk.
- iii. The Head – Equities shall escalate the corrective actions taken, if any, to the CEO and the Head – Risk Management.

Risk Management - Role of Head – Fixed Income

Daily management of risk and necessary reporting relating to Investment risk of all pure Fixed Income scheme(s) and all fixed income portion of hybrid schemes such as market Risk, liquidity Risk, credit risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.) lies on the head – Fixed Income.

In respect of all pure Fixed Income scheme(s) and all Fixed income portion of hybrid schemes should ensure:

- i. Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including identification, management and reporting risks (both periodic and escalation of material incident) and corrective actions taken, if any.
 - a. Defining specific responsibility of Fund Managers
 - b. Adherence to risk appetite framework - maintain risk level for schemes.
- ii. Head – Fixed Income will calculate the overall risk by taking in to account the weighted average of (i) the risk-o-meter and (ii) the events of defaults. Both (i) and (ii) are to be calculated in terms of a number taking into account the risk- o-meter and events of defaults or early mortality of investments which may inter alia include credit default, change in yield, change in NAV, external shock or unusual redemptions, etc. to quantify the overall risk.
- iii. The Head – Fixed Income shall escalate the corrective actions taken, if any, to the CEO and the Head – Risk Management.

Risk Management - Role of Fund Manager (FM) – Schemes

- i. The FMs shall be responsible for daily management of investment risk of managed scheme(s) such as market Risk, liquidity Risk, credit risk and other scheme specific risks and appropriate risk reporting of any risk related event to the concerned Investments Head (Head - Equities or Head - Fixed Income).
- ii. In respect of schemes managed by them, FMs should ensure:
 - a. Adherence to relevant SEBI guidelines in respect of RMF and relevant principles thereunder including risk identification, risk management, reporting and corrective actions etc.
 - b. Adherence to risk appetite framework to maintain appropriate risk level for schemes.
 - c. If there is any need of change in the risk appetite of the scheme within the PRC of that particular scheme, the same is to be with the approval of the concerned investments Head.
- iii. The FM shall take corrective action, if required, as per the approved DoP and escalate major risk related event to the concerned Investments Head (Head - Equities or Head - Fixed Income).

Risk Management - Role of Fund Manager (FM) – OffShore Mandates

- i. The FMs shall be responsible for daily management of investment risk of managed advised mandates(s) such as market Risk, liquidity Risk and other mandate(s) specific risks and appropriate risk reporting of any risk related event to the CEO
- ii. In respect of mandates advised by them, FMs should ensure:
 - a. Adherence to relevant mandate(s) guidelines.
 - b. Adherence to any mandate specific limits, if any, at the time of advice.
- iii. The FM shall take corrective action, if required, and escalate major risk related event to the CEO and Head – Risk Management.

Risk Management - Role of Head – Compliance, Legal & Secretarial

- i. Responsible for the governance of compliance risks.
- ii. Formulate and implement compliance and other policies such as prevention of front running, outside business activity, commercial bribes and kickbacks, whistle blowing policy, record retention policy, outsourcing arrangements etc. in accordance with SEBI risk management framework and approved by the Board of AMC and Trustee
- iii. Review and suggest changes in the policies and obtain approval from Board of AMC and Trustee
- iv. Ensure identification and communication of regulatory updates to the respective functions and CXOs and monitor implementation.
- v. Provide inputs to Head – Risk Management to define risk threshold and risk appetite of Compliance
- vi. Define and delegate roles to the key personnel within the compliance function for identifying and reporting risks
- vii. Provide relevant information to Head – Risk Management regarding monthly / quarterly risk reporting to the Committees
- viii. For the relevant functional risks, identify, analyze and report the following to the Head – Risk Management and CEO along with recommended action plan for:
 - a) Early warning signals
 - b) Emerging risks
 - c) Major findings
 - d) Near miss and loss events
 - e) Fraud incidentsEnsure escalation of such incidents as per the escalation matrix approved by Head – Risk Management.
- ix. Ensure timely and accurate filing of the regulatory returns / filings
- x. Review the risk level for the functional risk is in accordance with the approved risk threshold and risk metric
- xi. Ensure adherence with the DoP framework
- xii. Formulate, review and update the RCSA for key Compliance risks and controls
- xiii. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management

- xiv. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO
- xv. Ensure adherence to the SEBI risk management framework
- xvi. Ensure timely submission of regulatory reports to the Regulator and Board of AMC and Trustee as prescribed by the SEBI Mutual Funds Regulations.
- xvii. Monitor the following scheme related disclosures -
 - a. Disclosure of credit (quality of investments made mainly debt based on the credit rating), counterparty, investment and other risks associated with the scheme to the investors
 - b. Scheme's risk profile is stated in all communications with investors including in the SID and marketing materials
 - c. Incorporate any other elements of risk appetite as may be stipulated by AMCs and Trustees in SID.
 - d. Implement process for prevention or detection of possible insider trading at the personnel or portfolio levels
- xviii. Implement process for performing compliance check of AMC's marketing materials (collateral, brochures etc.), website uploads, digital advertising, and performance advertising etc. before its usage.
- xix. Ensure that roles and responsibilities as per the RMF is disclosed on the AMC website

Risk Management – Head Sales & Marketing

- i. Responsible for the governance of business risks including distribution risks.
- ii. Provide inputs to Head- Risk Management to define risk threshold and risk appetite
- iii. Define and delegate roles to the key personnel within the distribution / sales function for identifying and reporting risks
- iv. Provide relevant information to Head- Risk Management regarding the risk reports
- v. For the relevant functional risks, identify, analyze and report the following to the Head- Risk Management and CEO along with recommended action plan for:
 - a) Early warning signals
 - b) Emerging risks
 - c) Major findings
 - d) Near miss and loss events
 - e) Fraud incidents

Ensure escalation of such incidents as per the escalation matrix approved by Head- Risk Management.

- vi. Review the risk level for the functional risk is in accordance to the approved risk threshold and risk metric.
- vii. Ensure adherence with the DoP framework
- viii. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- ix. Perform and report outcomes of periodic testing of the RCSA to Head- Risk Management
- x. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head- Risk Management / CEO
- xi. Ensure adherence to the SEBI risk management framework

- xii. Monitor the distribution channels and miss-selling incidents reported such as –
 - a) Number of mis-selling incidents
 - b) Negative comments in the inspection report relating to distribution
 - c) Analysis of the portfolio of investors e.g. nature of investments vis-à-vis risk appetite of investor
- xiii. Exceptions reported by Sales & Marketing basis reviews done for distributors.

Risk Management – Head of IT

- i. Responsible for the governance of Technology
- ii. Adherence to the guidelines prescribed by SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.
- iii. Defining Delegation of Power (DoP) and ensure adherence with DoP framework.
- iv. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management.
- v. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO.
- vi. Provide relevant information to Head – Risk Management regarding the risk reports.
- vii. For the relevant functional risks, identify, analyze and report the following to the Head – Risk Management and CEO along with recommended action plan for:
 - a) Early warning signals
 - b) Emerging risks
 - c) Major findings
 - d) Near miss and loss events
 - e) Fraud incidents
- viii. Ensure system and processes as elaborated in SEBI vide circulars, SEBI/HO/IMD/DF2/CIR/P/2019/12, SEBI/HO/IMD/DF2/CIR/P/2019/57, SEBI/HO/IMD/DF2/CIR/P/2019/58 dated January 10, 2019, April 11, 2019 on cyber security and cyber resilience framework and audit framework is in place.
- ix. BCP Testing and DR drills.
- x. Adherence to guidance as provided by Technology Committee of the Board.
- xi. For material outsourcing activities, perform adequate due diligence of outsourced vendors prior to onboarding and ensure periodic assessment is conducted of outsourced vendors in accordance with outsourcing policy.

Risk Management – Chief Information Security Officer

- i. Responsible for the governance of Information & Cyber Security Risk
- ii. Adherence to the guidelines prescribed by SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.

- iii. Defining Delegation of Power (DoP) and ensure adherence with DoP framework.
- iv. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management.
- v. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO.
- vi. Provide relevant information to Head – Risk Management regarding the risk reports.
- vii. For the relevant functional risks, identify, analyze and report the following to the Head – Risk Management and CEO along with recommended action plan for:
 - a) Early warning signals
 - b) Emerging risks
 - c) Major findings
 - d) Near miss and loss events
 - e) Fraud incidents
- viii. Ensure system and processes as elaborated in SEBI vide circulars, SEBI/HO/IMD/DF2/CIR/P/2019/12, SEBI/HO/IMD/DF2/CIR/P/2019/57, SEBI/HO/IMD/DF2/CIR/P/2019/58 dated January 10, 2019, April 11, 2019 on cyber security and cyber resilience framework and audit framework is in place.
- ix. Adherence to guidance as provided by Technology Committee of the Board.
- x. For material outsourcing activities, perform adequate due diligence of outsourced vendors prior to onboarding and ensure periodic assessment is conducted of outsourced vendors in accordance with outsourcing policy.

Risk Management - Role of Head – Operations

- i) Responsible for the governance of risk pertaining to operations department
- ii) To implement and formulate a policy for Mutual fund accounting and valuation of securities
- iii) Ensure implementation of an integrated investment management system across front office, mid office and back office.
- iv) Provide inputs to Head – Risk Management to define risk threshold and risk appetite
- v) Define and delegate roles to the key personnel within the operations function for identifying and reporting risks
- vi) Provide relevant information to Head – Risk Management regarding the risk reports
- vii) Perform adequate due diligence of outsourced vendors prior to onboarding
- viii) Ensure periodic assessment of outsourced vendors considering following elements:
 - a) Review of vendors' people, systems and processes
 - b) Documentation and communication of error tolerance and code of conduct and monitoring breaches
 - c) Monitor fraud vulnerabilities in the outsourced process
- ix) Monitor outliers findings identified during periodic assessment of outsourced vendors and recommend and monitor implementation

- x. Ensure risk level are in accordance to the approved risk threshold and risk metric.
- xi. Ensure adherence with the DoP framework
- xii. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- xiii. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management
- xiv. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO
- xv. Ensure adherence to the SEBI risk management framework

Risk Management - Role of Head – Finance & Control

- i. Responsible for the governance of financial accounting and reporting risks.
- ii. Formulate and implement policy for mutual fund accounting and obtain approval from the Board of AMC
- iii. Perform periodic review and suggest changes in the policies and obtain approval from Board of AMC
- iv. Provide inputs to Head – Risk Management to define risk threshold and risk appetite
- v. Define and delegate roles to the key personnel within the finance / accounting function for identifying and reporting risks
- vi. Provide relevant information to Head – Risk Management regarding the risk reports
- vii. For the relevant functional risks, identify, analyze and report the following to the Head – Risk Management and CEO along with recommended action plan for:
 - a. Early warning signals
 - b. Emerging risks
 - c. Major findings
 - d. Near miss and loss events
 - e. Fraud incidents

Ensure escalation of such incidents as per the escalation matrix approved by Head – Risk Management.

- viii. Ensure adequate segregation of duties within the finance function for accounting related activities for scheme and AMC
- ix. Review the risk level are in accordance with the approved risk threshold and risk metric.
- x. Ensure adherence with the DoP framework
- xi. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- xii. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management
- xiii. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO
- xiv. Ensure adherence to the SEBI risk management framework
- xv. Formulate procedure documents and implement process to perform periodic testing of internal controls over financial reporting of Mutual Fund schemes

Risk Management - Role of Head – Human Resources

- i. Responsible for the governance of Human Resource risks
- ii. Formulate and implement Human Resources and remuneration policy and obtain approval from the Board of AMC
- iii. Review and suggest changes in the policies and obtain approval from Board of AMC
- iv. Provide inputs to Head – Risk Management to define risk threshold and risk appetite
- v. Define and delegate roles to the key personnel within the human resource function for identifying and reporting risks
- vi. Provide relevant information to Head – Risk Management regarding the risk reports
- vii. For the relevant functional risks, identify, analyze and report the following to the Head – Risk Management and CEO along with recommended action plan for:
 - a) Early warning signals
 - b) Emerging risks
 - c) Major findings
 - d) Near miss and loss events
 - e) Fraud incidents

Ensure escalation of such incidents as per the escalation matrix approved by Head – Risk Management.

- ix. Review the risk level for the functional risk is in accordance to the approved risk threshold and risk metric.
- x. Ensure adherence with the DoP framework
- xi. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- xii. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management
- xiii. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO
- xiv. Ensure a well-defined succession planning process for KMP and other key positions in the AMC
- xv. Adequate backup and succession plan for key positions and key people are present at all times to ensure that at no point of time the AMC is deprived of the services of any Key Managerial Person (KMP).
- xvi. Ensure adherence to the SEBI risk management framework
- xvii. Ensure that risk related KRAs are defined for CXOs and one level below CXO as required by the SEBI RMF

Risk Management – Head of Products

- i. Responsible for the governance of Risk related to products
- ii. To provide inputs to Head of Risk Management to define threshold & risk appetite
- iii. Defining Delegation of Power (DoP) and ensure adherence with DoP framework.
- iv. Formulate, review and periodically provide inputs to update the RCSA for key risks and controls. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management.
- v. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO.
- vi. Provide relevant information to Head – Risk Management regarding the risk reports.

- vii. Adherence to the guidelines prescribed by SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.

Risk Management – Head of Customer Services

- i. Responsible for the governance of Risk related to Customer Service department
- ii. To provide inputs to Head of Risk Management to define threshold & risk appetite
- iii. Defining Delegation of Power (DoP) and ensure adherence with DoP framework.
- iv. Formulate, review, and periodically provide inputs to update the RCSA for key risks and controls. Perform and report outcomes of periodic testing of the RCSA to Head – Risk Management.
- v. Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO.
- vi. Provide relevant information to Head – Risk Management regarding the risk reports.
- vii. Adherence to the guidelines prescribed by SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.

Risk Management - Role of other CXO Level Officers

- i. The CXO level officers shall be responsible for the governance of the respective risk types.
- ii. In respect of respective risk type, CXO level officer should ensure:
 - a. Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.
 - b. Defining specific responsibility regarding risk management of key personnel reporting to them.
 - c. Maintaining risk level as per the risk metric.
- iii. The CXO level officers shall take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and shall report to Head – Risk Management regarding the risk reports.
- iv. The CXO shall escalate to CEO and the Head – Risk Management any major findings reported by respective risk management function.

KRA for Risk Management have been included as a parameter for performance appraisal of all the officials of AMC at the level of CEO and up to two levels below CEO with specific weightage assigned in the overall performance assessment.

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