Roles and Responsibility of CXOs

The below disclosure of the roles and responsibility assigned to the CXOs is provided in accordance with SEBI Circular no. SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630 dated September 27, 2021 ("the SEBI RMF Circular"). The roles and responsibilities of the CXOs have been aligned to meet the guidelines issued under the SEBI RMF Circular from time to time.

1. Head - Equities

- To ensure daily management and reporting relating to Investment risk of all equity scheme(s) and equity portion of Hybrid scheme(s) such as market Risk, liquidity Risk, governance risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.).
- To ensure in respect of all equity schemes and equity portion of hybrid schemes:
  a) Adherence to guidelines pertaining to SEBI circular on 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.
  b) Defining specific responsibility of Fund Managers
  c) Adherence to risk appetite framework for schemes
- To ensure compliance with regulatory guidelines issued by SEBI.
- To escalate corrective actions taken, if any, to the CEO and the CRO.

2. Head – Fixed Income

- To ensure daily management and reporting relating to Investment risk of all Fixed Income scheme(s) and Fixed Income portion of Hybrid scheme(s) such as market Risk, liquidity Risk, governance risk, credit risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.).
- To ensure in respect of all Fixed Income schemes and Fixed Income portion of Hybrid scheme(s):
  a) Adherence to guidelines pertaining to SEBI circular on 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.
  b) Defining specific responsibility of Fund Managers
  c) Adherence to risk appetite framework for schemes
- To calculate the overall risk basis PRC for all open-ended debt schemes and ensure compliance with regulatory guidelines issued by SEBI.
- To escalate corrective actions taken, if any, to the CEO and the CRO

3. Head – Operations

- Responsible for the governance of risk pertaining to operations department including administration risk and technology risk.
- To implement and formulate a policy for Mutual Fund accounting and valuation of securities.
- To ensure implementation of an integrated investment management system across front office, mid office and back office
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To perform adequate due diligence of outsourced vendors prior to onboarding
- To ensure periodic assessment of outsourced vendors considering following elements
  - Review of vendors' people, systems and processes
  - Documentation and communication of error tolerance and code of conduct and monitoring breaches
  - Monitor fraud vulnerabilities in the outsourced process

- To monitor outliers identified during periodic assessment of outsourced vendors and recommend and monitor implementation
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To adhere guidelines pertaining to SEBI circular on 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.

4. Head - Sales and Distribution

- Responsible for the governance of risks pertaining to sales, product and distribution department.
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- Monitor the distribution channels and mis-selling incidents reported such as –
    - Number of mis-selling incidents
    - Negative comments in the inspection report relating to distribution
- Exceptions reported by Sales basis reviews done for distributors.
- To adhere guidelines pertaining to SEBI circular on 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.

5. Head – Client Service

- Responsible for the governance of risks pertaining to Client Service Department.
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To provide inputs to CRO to define risk threshold and risk appetite
- To define and delegate roles to the key personnel for identifying and reporting risks
- To perform adequate due diligence of outsourced vendors prior to onboarding.
- To ensure periodic assessment of outsourced vendors considering following elements:
    - Review of vendors' people, systems and processes
    - Documentation and communication of error tolerance and code of conduct and monitoring breaches
    - Monitor fraud vulnerabilities in the outsourced process

- To monitor outliers identified during periodic assessment of outsourced vendors and recommend and monitor implementation
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To adhere guidelines pertaining to SEBI circular on 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.

6. Head –Digital and Marketing

- Responsible for the governance of risks pertaining to Digital & Marketing department.
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To perform assessment and review of outsourced vendor
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To adhere guidelines pertaining to SEBI circular on 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.

7. Chief Compliance Officer

- Responsible for the governance of regulatory risks pertaining to Compliance department.
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To adhere guidelines pertaining to SEBI circular on 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.

8. **Chief Financial Officer**

- Responsible for the governance of financial accounting and risk pertaining to AMC in its capacity as Investment Manager to the schemes of HDFC Mutual Fund
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- Ensure adequate segregation of duties within the finance function for accounting related activities for AMC
- Formulate procedure documents and implement process to perform periodic testing of internal controls over financial reporting of AMC
- To adhere guidelines pertaining to SEBI circular on 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.

9. **Company Secretary and Head Legal**

- Responsible for the governance of risks pertaining to Secretarial and Legal department.
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.
- To provide relevant information to CRO regarding the risk reports
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric.
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To adhere guidelines pertaining to SEBI circular on 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.

10. **Head – Human Resource**

- Responsible for the governance of risks pertaining to Human Resource department.
- To formulate and implement Human Resources policy and obtain required approvals
- Review and suggest changes in the policies and obtain approval as required
- Implement remuneration plan as approved by NRC
- To provide inputs to CRO to define risk threshold and risk appetite
- To define specific responsibility regarding risk management of key personnel within the function.

- To provide relevant information to CRO regarding the risk reports
- To ensure that risk levels are in accordance with the approved risk threshold and risk metric
- To ensure adherence with the DoP framework
- To take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and report the same to CRO.
- To formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- To perform and report outcomes of periodic testing of the RCSA to CRO
- To identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO
- To ensure a well-defined succession planning process for KMP and other key positions in the AMC
- To ensure that risk related KRAs are defined for CXOs and one level below
- To adhere guidelines pertaining to SEBI circular on 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.

11. Chief Information Security Officer (CISO)

- **Developing and Implementing Security Strategies**: Create comprehensive security policies and procedures to protect the organization's information and communication technology and Data from cyber-attacks and breaches.
- **Collaboration with Business Leaders:** Work closely with senior management to align security strategies with business goals and ensure that cybersecurity measures support the organization's objectives
- **Compliance:** Ensuring that the organization complies with relevant regulations and industry standards, and systems are subjected to required regulatory audits.
- **Cyber Risk Management:** Identify and assess potential information and Cyber security risks, both internal and external, and develop strategies to mitigate these risks and report it to senior management
- **Cyber Resiliency:** Lead 24x7 security operations to detect and protect against cyber-attack and ensure cyber resiliency is maintained for defined Recovery time
- **Staying Ahead of Emerging Threats:** Stay informed about the latest cyber threats and trends, adapting their strategies to address new risks
- **Incident Response:** In the event of a security breach, lead the response efforts, ensuring swift action to minimize damage and guide the organization through recovery.
- **Security Awareness and Training:** Raise Cyber Security awareness by conducting awareness sessions within an organization.
- **Business Continuity Plan (BCP):** Formulate BCP strategies and govern BCP drills to ensure effectiveness of the business continuity plan

12. Chief Risk Officer (CRO)

- Responsible for ensuring an effective governance framework and reporting framework of risk management in line with the regulatory requirements.
- To ensure Implementation of Risk Management Framework across the organization.
- To review specific responsibility of management, including CEO, CIO, CXOs, and Fund Managers.
  a) To put in place mechanism/process for Independent assessment and reporting of risk to CEO including outcomes for risk management function on monthly basis.
  b) Risk reporting/update to the boards of AMC, trustees and BRMCs, covering all risks including risk metrics, any major findings, escalation of material risk related incidents, timely and corrective actions taken including status of various recommendations, if any, at least on a quarterly basis.
- To undertake independent assessment of reporting of risk to various committees and CEO, etc.
- To ensure that the DoP framework is approved by the Board of AMC as per SEBI Circular on RMF.

- To inform the boards of AMC, trustee and BRMC regarding any major findings or corrective actions required and also update on closure or the status of various recommendations.

ABBREVIATIONS

In this document the following abbreviations have been used.

AMC	HDFC Asset Management Company Limited
BCP	Business Continuity Plan
BRMC	Board Risk Management Committee
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CISO	Chief Information Security Officer
CRO	Chief Risk Officer
DoP	Delegation of Power
FM	Fund Manager
KMP	Key Managerial Personnel
NRC	Nomination and Remuneration Committee
PRC	Potential Risk Control Metrics
RCSA	Risk and Control Self-Assessment
RMF	Risk Management Framework
SEBI	Securities and Exchange Board of India
Trustee	HDFC Trustee Company Limited