Conduct Risk Policy

Risk Policy | Global

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Replace all references to “the Company” with your organisation’s name.

Document Control

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Contents

1. Purpose

This Policy establishes how the Company identifies, measures, manages and governs conduct risk as a distinct risk class within its enterprise risk management framework. It defines conduct risk, sets out the Company's conduct risk taxonomy and appetite, and prescribes the controls, indicators, remuneration linkages and remediation principles through which the Company delivers fair outcomes for customers and upholds the integrity of the markets in which it operates.

Conduct failures — mis-selling, fees charged for services never delivered, pressure selling, manipulation of markets and benchmarks, and harm to vulnerable customers — have caused the most severe reputational, financial and regulatory damage experienced by financial institutions worldwide over the past two decades, and prompted the Financial Stability Board's misconduct-risk toolkit and successive national reforms. The Company treats the prevention, early detection and fair remediation of such failures as a core governance and licensing obligation, not merely a customer-service aspiration.

This Policy forms part of the Company's Board-approved Risk Management Framework and operates alongside the Risk Appetite Statement, Code of Conduct, Remuneration Policy and Framework, Product Governance Framework, Dispute Resolution Policy, Whistleblower Protection Policy and Issues and Incident Management Policy. It has been approved by the Board of Directors and is owned by the Chief Risk Officer.

2. Scope

This Policy applies to the Company and all of its subsidiaries, and to all directors, employees, contractors and secondees (together, "staff"). It applies to third parties who design, distribute, service or advise on the Company's products — including brokers, aggregators, referrers, agents and material service providers — through the contractual and oversight mechanisms described in the Conduct Controls Across the Product Lifecycle section.

The Policy covers all products, services and channels through which the Company deals with retail and business customers, and all activities of the Company in wholesale and financial markets. It covers conduct toward past, present and prospective customers across the full product lifecycle: design, distribution, ongoing service and post-sale review, and exit or closure.

Detailed requirements for anti-bribery, financial crime, workplace behaviour and personal trading are set out in dedicated policies. Where conduct in those domains creates customer or market harm, this Policy also applies, and the stricter requirement prevails.

Jurisdictional application: this Policy states international best practice drawn from the frameworks listed in the Regulatory Framework section. The Company must map each requirement of this Policy to the law and regulatory expectations of every jurisdiction in which it operates — including local conduct-of-business rules, product governance regimes, complaints handling timeframes and senior manager accountability regimes — and where local law imposes a stricter or additional requirement, local law prevails.

3. Definitions

Term	Definition
Conduct Risk	The risk of unfair outcomes for customers, damage to market integrity, or loss to the Company arising from the conduct of the Company, its staff, or its distributors and service providers, whether deliberate, negligent or inadvertent.
Accountable Executive	A director or member of senior management to whom the Board or Chief Executive Officer has assigned named, documented individual accountability for a business line, function or material risk class of the Company, including any person registered, certified or designated under the senior manager accountability regime applicable in the Company's jurisdiction(s).
Consequence Management	The consistent and proportionate application of performance, remuneration, disciplinary and accountability outcomes where conduct, compliance or risk failures fall below the Company's standards, and of recognition where behaviour exemplifies them, consistent with the FSB Principles for Sound Compensation Practices.
Product Governance	The end-to-end systems, controls and accountabilities through which the Company designs, approves, distributes, monitors, reviews and, where necessary, withdraws or remediates products, so that each product remains consistent with the needs of, and delivers fair outcomes for, the customers for whom it is intended.
Target Market Statement	The documented description of the class of customers a product is designed for, the customers for whom it is unsuitable, permitted distribution conditions, review triggers and review periods.
Mis-selling	The sale of a product or service to a customer for whom it is unsuitable, or on the basis of misleading, incomplete or unbalanced information.
Pressure Selling	Sales conduct that uses urgency,

	repetition, persistence, incentives, social pressure, information asymmetry, customer fatigue or exploitation of a customer's circumstances to induce a purchase decision the customer has not freely and deliberately made and would not otherwise make.
Fees-for-no-service	Charging a customer a fee, premium or other amount for a service that was not provided, not provided in full, or that the customer was not eligible to receive.
Vulnerable Customer	A customer who, because of personal or situational circumstances — such as age, disability, health or cognitive conditions, low financial resilience, capability or literacy, family violence, financial or elder abuse, bereavement, remoteness, or language barriers — is especially susceptible to harm or detriment.
Market Conduct	Behaviour affecting the fair and efficient operation of financial markets, including obligations relating to insider dealing, market manipulation, benchmark integrity and handling of confidential information.
Regulatory Notification	A report of a breach, likely breach, investigation or serious misconduct that the Company is required to make to its conduct regulator or another authority under applicable law in its operating jurisdiction(s).
Remediation	The structured programme of activity by which the Company identifies the customers affected by misconduct, a breach or a product design or distribution failure, notifies them, and restores them as nearly as possible to the position they would have been in had the failure not occurred, including through refunds, cancellation, replacement or compensation.
Variable Remuneration	The component of a person's total remuneration that is conditional on the achievement of objectives, including performance criteria, service conditions or the passage of time, in any form including cash incentives, discretionary bonuses, deferred equity and other equity-linked instruments.
Malus	An adjustment that reduces, including to zero, all or part of unvested or deferred variable remuneration before it vests,

	applied in response to misconduct, risk, conduct or culture outcomes or poor customer outcomes, consistent with the FSB Principles for Sound Compensation Practices and their Implementation Standards.
Clawback	The recovery from a person of some or all variable remuneration that has already vested in or been paid to that person, exercised in the circumstances permitted by applicable law, the person's contract, the terms of the relevant remuneration plan and the Company's remuneration arrangements.
Risk Appetite Statement (RAS)	The Board-approved document, maintained under the Company's risk management framework, that articulates the nature and level of risk the Company is willing to accept in pursuit of its strategic objectives, comprising qualitative appetite statements and quantitative metrics, limits, tolerances and triggers for each material risk class.
Three Lines Model	The Company's accountability model, based on the Institute of Internal Auditors' Three Lines Model, in which business and support units own and manage risk (first line), the risk and compliance functions set frameworks and provide oversight and challenge (second line), and Internal Audit provides independent assurance (third line).
Conduct Risk Dashboard	The consolidated management and Board report of conduct risk indicators, appetite utilisation, incidents, remediation status and thematic insights described in this Policy.

4. Regulatory Framework

The key legislation, regulations and standards relevant to this document include (as amended from time to time):

Instrument / Standard	Relevance
FSB, Strengthening Governance Frameworks to Mitigate Misconduct Risk: A Toolkit for Firms and Supervisors (2018)	The core international toolkit on misconduct risk governance — rolling bad apples, cultural drivers and accountability — that this Policy operationalises.
G20/OECD High-Level Principles on	Sets the fair-treatment-of-customers

End of preview

This is a preview extract. The complete document continues beyond the pages shown here.

The full document is supplied as a single, fully editable Microsoft Word (.docx) file immediately after purchase — including every remaining section, the definitions, the regulatory framework references and all appendices and templates.

Bracketed prompts such as [30 days] mark the points where your own thresholds, committee names and local regulatory references are inserted.