Consequence Management Policy

HR 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 applies fair, proportionate, consistent and timely consequences to individuals whose conduct, or whose management of risk and compliance obligations, falls below the standards the Company requires. Effective consequence management is a core mechanism by which the Board reinforces the Company's risk culture: it demonstrates that accountability is real, that outcomes for customers and the Company matter, and that neither seniority nor commercial performance shields poor conduct.

The Policy defines the principles governing consequence decisions; the standards for investigating suspected misconduct and risk and compliance failures; the range of consequences available and how proportionality is assessed; the remuneration consequences contemplated by the FSB Principles and Standards for Sound Compensation Practices and the FSB supplementary guidance on compensation tools and misconduct risk, including in-period adjustment, malus and clawback; the treatment of breaches of individual accountability obligations under any senior manager accountability regime applicable to the Company; the governance of consequence decisions, including Consequence Panels; and the recording and reporting of outcomes to the Remuneration Committee and the Board.

This Policy is approved by the Board of Directors and owned by the Chief People Officer. It operates alongside, and does not replace, the Company's Code of Conduct, Remuneration Policy and Framework, Whistleblower Protection Policy, Fit and Proper Policy, Risk Management Framework and applicable collective agreements and contracts of employment. Where a contract, collective agreement or applicable law provides an individual with greater procedural protection than this Policy, the greater protection applies.

2. Scope

This Policy applies to the Company and all of its subsidiaries and branches, and to all directors, employees (permanent, fixed-term and casual), secondees, contractors, consultants and agency workers performing work for the Company (together, personnel). It applies to conduct in the course of work and to conduct outside work where that conduct damages, or has the potential to damage, the Company's reputation, the interests of its customers, or the individual's fitness and propriety for their role.

The Policy covers consequences for: misconduct, including breaches of the Code of Conduct and Company policies; risk and compliance failures, including failures of risk ownership, escalation and remediation; and breaches of individual accountability obligations by Accountable Executives under any senior manager accountability regime applicable in the Company's jurisdiction(s). It applies to matters identified through any channel, including line management, assurance and monitoring, internal audit, complaints, incident and breach reporting, regulator contact and whistleblower disclosures.

- For contractors, consultants and agency workers, consequences are applied through the terms of the relevant engagement, up to and including termination of the engagement and removal of access.
- For directors, consequences are determined by the Board (excluding any conflicted director) with advice from the Chair, the Chief People Officer and, where required, external counsel.
- Poor performance arising solely from capability, and not from conduct or risk failure, is managed under the Company's performance management procedures rather than this Policy, although the conduct gates set out in the Determining Consequences section apply to all performance outcomes.
- Nothing in this Policy limits the Company's right to refer matters to law enforcement or regulators, or to pursue civil recovery, at any stage.

2.1 Jurisdictional application

This Policy states international best practice. The Company must map the requirements of this Policy to the law of each jurisdiction in which it operates — in particular local employment law, works council or employee representation requirements, data protection law and any senior manager accountability regime — and must document that mapping. Where the law of an operating jurisdiction imposes a stricter or additional requirement, local law prevails over this Policy.

3. Definitions

Term	Definition
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).
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.
Conduct Gate	A threshold conduct and risk standard applied within the performance management cycle which, if not met, limits or removes eligibility for variable remuneration, promotion or salary progression regardless of financial or

	business performance.
Consequence	Any formal outcome applied to an individual under this Policy in response to a substantiated finding, ranging from coaching and training through warnings, remuneration adjustment and role changes to termination of employment or engagement.
Consequence Panel	The cross-functional decision body convened under the Decision Governance section of this Policy to determine consequences for moderate and serious matters, comprising as a minimum senior representatives of People and Culture and Risk, with Legal and the relevant business line as required.
Deferred Variable Remuneration	Variable remuneration that has been awarded but has not yet vested, including deferred cash and equity or equity-linked instruments held under the Company's deferral arrangements.
In-Period Adjustment	A downward adjustment (including to zero) of variable remuneration for the current performance period before it is awarded, applied to reflect conduct, risk or compliance outcomes.
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.
Material Risk Taker	An individual whose professional activities have a material impact on the Company's risk profile, identified in accordance with the Remuneration Policy and Framework, and including as a minimum senior managers, executive directors, heads of material business lines, and senior risk and financial control personnel.
Misconduct	An act or omission by a person covered by the relevant policy that breaches applicable legal or regulatory obligations, the standards of a recognised professional body, the Company's Code of Conduct, policies or procedures, or the standards of behaviour reasonably expected of the individual's role.

Procedural Fairness	The requirement that, before a consequence is determined, the individual is informed of the substance of the allegations and evidence, given a genuine opportunity to respond, and has the matter decided by persons free of bias or conflict of interest.
Protected Disclosure	A report of suspected wrongdoing made through a channel described in the Company's whistleblowing arrangements, or otherwise qualifying for protection under applicable local law, which attracts the confidentiality, non-retaliation and support commitments of those arrangements or of the law, whichever affords the greater protection.
Risk and Compliance Failure	A failure to identify, escalate, manage or remediate risk within the individual's responsibility, or a breach of risk limits, controls, delegations or compliance obligations, whether or not it also constitutes misconduct.
Serious Misconduct	Misconduct of a kind described in the Serious Misconduct section of this Policy that is so significant that continued employment during a notice period would be unreasonable, including any conduct falling within the meaning of gross or serious misconduct under [applicable employment law in the relevant jurisdiction], and that justifies consideration of summary termination.
Substantiated Finding	A determination, made on the balance of probabilities following an investigation conducted under this Policy, that misconduct or a risk and compliance failure occurred.
RemCo	The Board Remuneration Committee, or the Board committee performing the remuneration governance functions contemplated by the FSB Principles for Sound Compensation Practices and applicable regulatory requirements.

4. Regulatory Framework

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

Instrument / Standard	**Relevance**

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.