Exceptions and Override Policy (Board)

Governance 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 governs how the Company seeks, approves, records, monitors and retires exceptions to Board Policies. Board Policies express the Board's settled position on how the Company must be governed and its risks managed; any departure from them is a governance event that the Board itself must control. This Policy exists so that departures occur only deliberately, prospectively, for a limited time, with the risk understood and mitigated, and with a defined path back to compliance.

The Policy serves three purposes. First, it protects the integrity of the Board's policy framework: no requirement approved by the Board may be set aside by management, by a committee acting outside its charter, or by informal practice. The BCBS Corporate Governance Principles for Banks and the G20/OECD Principles of Corporate Governance both place responsibility for the governance framework — and for any authorised departure from it — squarely with the board, and this Policy gives that responsibility operational form. Second, it provides a disciplined, transparent mechanism for the rare cases in which strict compliance with a Board Policy is genuinely impracticable or would produce a worse outcome than a controlled, temporary departure. Third, it converts the pattern of exceptions into a governance signal: recurring exceptions are evidence that a policy no longer fits the Company's circumstances and must be amended through proper process rather than eroded through repeated relief.

This Policy is approved by the Board of Directors, is owned by the Company Secretary, and applies with immediate effect from its approval date. It operates alongside, and takes precedence over, the Exceptions and Override Policy, which governs exceptions, overrides, limit excesses and control waivers approved under management authority and which terminates at the Executive Risk Committee. Where a matter falling within that policy would depart from a Board Policy, it must leave the management process and be brought to the Board or a Board committee under this Policy; the referral requirements are set out in the Proposal and Sponsorship section.

2. Scope

This Policy applies to the Company and each of its subsidiaries and controlled entities, and to every director, officer, employee, contractor and secondee who proposes, sponsors, assesses, approves, records or reports an exception to a Board Policy, across all business lines, products, channels and locations.

This Policy covers departures from any instrument approved by the Board, including:

- Board-approved policies, including this Policy.
- The Risk Management Strategy, Risk Appetite Statement and supporting Board-approved frameworks.
- Board-approved plans, including the Business Plan, Capital Management Plan, contingency funding plan and recovery planning documents.

- Board and Board committee charters and Board-approved delegations of authority.
- Board-approved limits, tolerances and mandates, wherever they are documented.

The following are excluded from this Policy and are governed by the instruments indicated:

- Exceptions to management-approved policies, procedures and desktop standards, and overrides, limit excesses and control waivers approved under management authority — Exceptions and Override Policy.
- Transaction-level credit exceptions and underwriting overrides within delegated credit authorities — Credit Risk Management Policy and its subordinate credit policies.
- Breaches, incidents and matters reportable to a regulator — Issues and Incident Management Policy and Breach Reporting Policy; a breach is not an exception and must never be processed under this Policy.
- Permanent changes to a Board Policy — the policy amendment and approval process set out in the Policy Framework.

2.1 Jurisdictional application

This document states international best practice for the governance of exceptions to board-approved policies, anchored to the Basel Framework, the BCBS Corporate Governance Principles for Banks and the G20/OECD Principles of Corporate Governance. The Company must map the requirements of this Policy to the law and regulatory requirements of each jurisdiction in which it operates, including any senior manager accountability regime and any statutory breach reporting obligations. Where the law of an operating jurisdiction imposes a stricter or additional requirement, local law prevails; nothing in this Policy, and no exception granted under it, may displace or dilute an obligation imposed by applicable law.

3. Definitions

Term	Definition
Board Policy	A Tier 1 document approved by the Board — including a policy, framework, strategy, plan, charter or standard — that states binding principles and requirements on matters of strategic, prudential or whole-of-Company significance, or that the Board is required to approve under applicable law, regulatory requirements or the Company's governance framework.
Board Policy Exception	A time-limited, prospectively approved permission to depart from a specific requirement of a Board Policy, granted by the Board or a Board committee acting under this Policy before the departure

	occurs.
Management Policy Exception	An approved departure from a management-approved policy, procedure or standard, governed by the Management Exceptions and Waivers Policy and not by this Policy.
Override	A decision by the Board, or by a Board committee acting within its delegated authority, to set aside the outcome that a Board-approved policy would otherwise require in a specific matter before it, recorded and treated as a Board Policy Exception.
Breach	A failure, whether by act or omission, to comply with a mandatory requirement applicable to the Company, including a compliance obligation, a requirement of an approved policy where no exception has been approved in advance, or a Board-approved risk tolerance or limit, regardless of intent, materiality or subsequent justification.
Sponsor	The Chief Executive Officer, or the Accountable Executive with senior executive responsibility for the area to which the relevant Board Policy relates, who formally endorses and presents an exception request and remains accountable for it throughout its life.
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).
Compensating Control	A specific, verifiable control implemented for the duration of an exception to reduce the additional risk created by departing from a policy requirement to a level consistent with risk appetite, with a named owner and a defined method of verifying that it is operating.
Exit Path	The documented plan, with milestones and a completion date, by which the Company will return to full compliance with the relevant Board Policy or amend the policy through the proper approval

	process.
Prohibition Zone	A category of requirement for which no exception may be granted under this Policy, or for which approval is reserved exclusively to the full Board, as set out in the Prohibition Zones section.
Hard Limit	A limit in the Board-approved Risk Appetite Statement expressly designated as a hard limit or zero-tolerance boundary, as distinct from a trigger, target or tolerance range.
Out-of-Cycle Approval	Approval of a Board Policy Exception between scheduled meetings by written resolution of the Board, or by the Chair of the Board acting jointly with the chair of the relevant Board committee, subject to mandatory ratification.
Ratification	Formal confirmation by the Board at its next scheduled meeting of an out-of-cycle approval, following which the exception either continues on the approved terms or is terminated.
Board Exceptions Register	The single authoritative record of all Board Policy Exceptions, whether open, expired, terminated or ratified, maintained by the Company Secretary.
Ageing	The elapsed time since a Board Policy Exception was first approved, measured from the date of original approval and not reset by any renewal.
Regulatory Minimum	A minimum quantitative or qualitative requirement imposed on the Company by applicable law or regulation, a condition of its licence or authorisation, or a written direction or requirement of a regulator, including minimum capital and liquidity requirements implementing the Basel Framework.

4. Regulatory Framework

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

Instrument / Standard	Relevance
BCBS Corporate Governance Principles for Banks	Places responsibility on the board for approving and overseeing the governance framework; a disciplined mechanism for departures from board-approved policies

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.