Legal Risk Framework

Legal Risk Framework | 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 Legal Risk Framework (the Framework) establishes how the Company defines, identifies, assesses, manages, monitors and reports legal risk. It sets the governance architecture for legal risk, assigns accountability for its management, links legal risk to the Board-approved Risk Appetite Statement, and states the principles that govern contract risk, litigation and dispute oversight, regulatory enforcement matters, the engagement of external counsel and the protection of legal privilege.

Legal risk is managed as a sub-category of operational risk within the Company's enterprise risk management framework, consistent with the Basel Framework definition of operational risk and the BCBS Principles for the Sound Management of Operational Risk. This Framework does not replace the enterprise framework; it specialises it, recognising that legal risk has features — privilege, court process, regulator engagement and the professional obligations of lawyers — that require dedicated governance.

This Framework is a Board-level document approved by the Board Risk Committee and owned by the General Counsel. It deliberately confines itself to principles, accountabilities and oversight requirements. The operational detail that gives effect to it — matter intake and triage workflows, panel appointment and instruction processes, litigation management steps, contract review escalation paths and reporting templates — is set out in the Legal Risk Framework Procedures, a CEO-approved companion document. Where this Framework and the Procedures conflict, this Framework prevails.

2. Scope

This Framework applies to the Company and all of its controlled entities, and to all directors, officers, employees, contractors and secondees (together, staff). It applies to all business lines, products, channels and jurisdictions in which the Company operates, and to legal risk arising from the conduct of third parties acting on the Company's behalf, including material outsourced and third-party service providers.

The Framework covers all sources of legal risk, including contractual arrangements, litigation and disputes, regulatory enforcement exposure, statutory non-compliance with legal consequence, and the protection of the Company's legal rights and interests. It governs the work of the in-house Legal Function and the engagement and oversight of external counsel in every jurisdiction in which the Company operates or litigates.

The following are governed by related documents rather than this Framework, although each interacts with it: the identification and monitoring of regulatory obligations and compliance controls (Compliance Management Framework); the reporting of regulatory breaches and incidents (Issues and Incident Management Policy); whistleblower disclosures (Whistleblower Protection Policy); and the day-to-day operation of legal processes (the Legal Risk Framework Procedures).

Where a matter engages both this Framework and the Compliance Management Framework — for example, a compliance breach that is likely to result in enforcement action — the General Counsel and the head of Compliance must agree ownership within [5] business days, defaulting to joint management with the General Counsel leading any privileged workstream.

2.1 Jurisdictional application

This Framework states international best practice and does not restate the law of any single jurisdiction. The Company must map the requirements of this Framework to the laws of each jurisdiction in which it operates — including local rules on privilege, court procedure, limitation periods, security interests and regulatory notification — and record the mapping in the Obligations Register. Where applicable local law imposes a stricter or additional requirement, local law prevails and must be complied with. The General Counsel owns the jurisdictional mapping and must confirm to the Board Risk Committee at least annually that the mapping for each operating jurisdiction is current; the Obligations Register itself is maintained by the head of Compliance under the Compliance Management Framework.

3. Definitions

Term	Definition
Legal Risk	The risk of loss, regulatory sanction, liability or reputational damage arising from failure to identify or comply with legal or regulatory obligations, defective or unenforceable contractual arrangements, litigation, disputes or enforcement action, failure to protect the Company's legal rights, or changes in law or its interpretation; a sub-category of operational risk under the Basel Framework.
Legal Risk Taxonomy	The Board-approved classification of legal risk into defined sub-categories (set out in the Definition and Taxonomy of Legal Risk section and Appendix A) used consistently in the risk register, risk assessments and Board reporting.
Legal Function	The General Counsel and the in-house lawyers reporting to the General Counsel, together with external counsel engaged to act for the Company on instructed matters.
General Counsel	The Company's most senior legal officer, owner of this Framework and the accountable executive for legal risk management.

External Counsel	A law firm, advocate, individual practitioner or other qualified legal professional engaged by or on behalf of the Company to provide legal advice, services or representation in any jurisdiction, whether or not a member of the Legal Panel.
Legal Panel	The set of External Counsel firms approved by the General Counsel as the Company's providers of external legal services, maintained in accordance with the Company's legal risk framework and its supporting procedures.
Material Legal Matter	A legal matter (including litigation, a dispute, a regulatory investigation or a contract issue) with a potential financial exposure exceeding [$X], or with potential licence, prudential, reputational or precedent implications for the Company, regardless of financial value.
Litigation	Any proceeding before a court, tribunal, arbitral body or external dispute resolution or ombudsman scheme to which the Company is, or is reasonably likely to become, a party.
Legal Privilege	The protection from compelled disclosure that applicable local law confers on confidential lawyer-client communications and material prepared for the purpose of legal advice or litigation, however denominated in the relevant jurisdiction; the scope of that protection, and whether it extends to in-house counsel, varies by jurisdiction.
Legal Risk Appetite	The nature and level of legal risk the Board is willing to accept in pursuit of the Company's strategic objectives, as articulated in the Risk Appetite Statement and given effect through this Framework.
Risk Appetite Statement	The Board-approved statement, maintained as part of the Company's enterprise risk management framework, that sets the Company's appetite for each material risk class, including legal risk.
Legal Risk Register	The register of identified legal risks, their assessment, controls, owners and treatment plans, maintained within the Company's risk management system.
Obligations Register	The Company's central register of compliance obligations, maintained under

	the Compliance Management Framework, recording for each obligation its source, jurisdiction, owner, risk rating, associated controls, monitoring activities and review status across the Company's operating jurisdictions.
Senior Manager Accountability Regime	Any statutory or regulatory regime applicable in a jurisdiction in which the Company operates that requires prescribed responsibilities to be allocated to and documented for named senior individuals, holds those individuals personally accountable for the areas they oversee, and requires them to take reasonable steps to prevent failures within those areas.
Three Lines of Defence	The Company's risk governance model allocating accountability across three lines: business and support units that own and manage risk and its controls (first line); the risk and compliance functions that set frameworks and provide independent oversight and challenge (second line); and Internal Audit, which provides independent assurance over both (third line).
The Procedures	The Legal Risk Framework Procedures, the CEO-approved companion document that sets out the operational processes, workflows, delegations and templates that give effect to this Framework.
Board Risk Committee	The committee of the Board responsible for oversight of the Company's risk management framework, including legal risk, and the approver of this Framework.
Regulatory Enforcement Action	Formal action against the Company by a prudential, conduct, financial-crime, competition, data protection or other regulator, including investigations using compulsory powers, penalty notices, binding undertakings, licence conditions, directions and civil or criminal proceedings.

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.