Risk Management Framework

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 Risk Management Framework (the Framework) describes the architecture of risk management in the Company: the components through which the Company identifies, measures, evaluates, monitors, reports and controls or mitigates all internal and external sources of material risk, and the way those components operate together as a single system. It is the Company's foundational risk document and gives effect to international standards and guidance on enterprise risk management, including ISO 31000, the COSO Enterprise Risk Management framework, the BCBS Corporate Governance Principles for Banks and the Financial Stability Board's Principles for an Effective Risk Appetite Framework.

The Framework exists to ensure that risk-taking across the Company is deliberate, within Board-approved appetite, and consistent with the maintenance of a sound financial position, the interests of depositors and customers, and the Company's strategic and business plans. It establishes the governance structures, the three lines model, the classification of material risks, and the document hierarchy through which the Risk Appetite Statement, the Risk Management Strategy, material risk policies and assurance activities interact.

This document deliberately operates at the level of architecture. The Company's approach to managing each material risk is set out in the Risk Management Strategy; the quantitative appetite, tolerances, limits and triggers for each material risk are set out in the Risk Appetite Statement; and the expectations, behaviours and measurement of risk culture are set out in the Risk Culture Framework. Those documents form part of the Framework and must be read with it.

This Framework is approved by the Board of Directors, is owned by the Chief Risk Officer, and takes effect from the date of Board approval.

2. Scope

This Framework applies to the Company and all entities it controls, and to all directors, employees, contractors and secondees (together, staff) wherever located. It applies to all business lines, products, services, channels, projects and change initiatives, and to activities performed on the Company's behalf by service providers, including third parties supporting critical operations.

The Framework covers all sources of material risk, financial and non-financial, whether arising from the Company's own operations, from group structures, or from the external environment. No business activity, entity or portfolio is outside the Framework.

- Outsourcing or offshoring an activity does not transfer accountability: risks arising from outsourced activities remain within this Framework and with the accountable executive for the relevant business.
- Where a legal, regulatory or contractual obligation applying to part of the Company conflicts with this Framework, the conflict must be reported to the Chief Risk Officer, and any exemption from a requirement of this Framework

must be approved in writing by the Board on the recommendation of the Board Risk Committee.

- Every exemption must specify the requirement exempted, the compensating controls, a named owner and an expiry date not exceeding [12] months, and must be recorded in an exceptions register owned by the Chief Risk Officer. An exemption may be renewed only by the original approver on fresh recommendation; where one is refused, the requirement applies in full. The Chief Risk Officer must report the register, including exemptions granted, refused, renewed and expired, to the Board Risk Committee at least [half-yearly], and must report to the Board where their aggregate effect places the Company materially outside this Framework.
- This Framework does not restate the detailed requirements of individual material risk policies, the Risk Management Strategy, the Risk Appetite Statement or the Risk Culture Framework; it governs how those documents fit together and who is accountable for them.

Jurisdictional application. This Framework states international best practice drawn from the standards and guidance listed in the Regulatory Framework section. The Company must map the requirements of this Framework to the law and regulatory requirements of each jurisdiction in which it operates, including the requirements of its prudential regulator and any senior manager accountability regime, and must record that mapping in its obligations register. Where the law or regulatory requirements of a jurisdiction impose a stricter or additional requirement, that stricter requirement prevails over this Framework.

3. Definitions

Term	Definition
Risk Management Framework (RMF)	The totality of systems, structures, policies, processes and people within the Company that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk, operating together as a single integrated system consistent with ISO 31000 and the COSO Enterprise Risk Management framework.
Material Risk	A risk that, alone or in combination with other risks, could have a material impact, financial or non-financial, on the Company's financial position, earnings, capital, liquidity, operations or reputation, or on the interests of its depositors and customers, as identified through the risk identification process described in the Risk Management Framework.
Risk Appetite	The aggregate level and types of risk the Board is willing to accept, or to avoid, within the Company's risk capacity and in

	pursuit of its strategic objectives and business plan, as articulated in the Risk Appetite Statement consistent with the Financial Stability Board Principles for an Effective Risk Appetite Framework.
Risk Capacity	The maximum level of risk the Company can assume given its capital, liquidity, funding and operational capabilities, and before breaching regulatory constraints or its obligations to depositors, customers and other stakeholders. Risk appetite must always be set within risk capacity.
Risk Appetite Framework (RAF)	The overall approach, consistent with the FSB Principles for an Effective Risk Appetite Framework, through which risk appetite is established, communicated, cascaded and monitored across the Company, comprising the relevant policies, processes, controls and systems, the Risk Appetite Statement, risk limits, and the roles and responsibilities of those who implement and monitor them.
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.
Risk Management Strategy (RMS)	The Board-approved document that identifies each of the Company's material risks and describes the approach, policies, functions and governance arrangements applied to manage each of them, forming a component of the Company's risk management framework.
Risk Tolerance	The Board-approved quantified boundary of acceptable variation in exposure for a specific risk class or metric, set within the overall risk appetite and recorded in the Risk Appetite Statement; exposure beyond a risk tolerance is a breach requiring escalation.
Risk Limit	A binding, granular constraint on risk-taking allocated by management to a business unit, portfolio, desk, counterparty or product, set within the relevant Board-approved risk tolerance and operationalising the Risk Appetite

	Statement at the level where risk is taken.
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).
Risk Profile	A point-in-time assessment of the Company's actual gross and net risk exposures, by material risk class and in aggregate, measured against the appetite settings, limits, tolerances and triggers in the Risk Appetite Statement.
Inherent Risk	The level of risk inherent in an activity, process, function or auditable unit before taking into account the mitigating effect of any controls, assessed by reference to the likelihood of the risk occurring and the impact if it did.
Residual Risk	The level of risk that remains in an activity, process, function or auditable unit after taking into account the design and operating effectiveness of the controls that mitigate it.
Key Risk Indicator (KRI)	A quantified, forward-looking metric with defined thresholds or tolerance levels used to monitor changes in the level or trend of a risk exposure or in control effectiveness, and to trigger escalation and management action where risk appetite may be approached or breached.
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).
Internal Capital Adequacy Assessment Process (ICAAP)	The Company's documented process, contemplated by Pillar 2 of the Basel Framework, for identifying and measuring all material risks, determining the capital needed to support them, and assessing, managing and maintaining capital commensurate with its risk profile and

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.

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