

GROUP CHANGE THIRD PARTY SUPPLIER POLICY

LLOYDS
BANKING
GROUP



GROUP CHANGE POLICY SUMMARY FOR THIRD PARTY SUPPLIERS

RATIONALE

Group Policy Rationale

This Policy has been designed to assist in managing the risk that the Group fails to deliver change safely which could result in consequences such as negative customer and colleague experience, operational losses, regulatory non-compliance or reputational damage.

The overall risk includes the following risk drivers:

- (Policy Risk 01) – The Group fails to define, scope, budget and validate changes, increasing the Group’s exposure to risk (including operational failure, system outages, reputational damage and regulatory censorship).
- (Policy Risk 02) – The Group fails to develop and appropriately deploy changes delivered, increasing the Group’s exposure to risk (including operational failure, system outages, reputational damage and regulatory censorship).

Customer Impact

The Group’s vision is to be the best bank for customers. The Policy supports this vision and the aim of providing investors with strong, stable and sustainable returns by:

- Ensuring the impacts of change on the Group’s customers are fully considered and effectively managed.
- Supporting the delivery of desired business outcomes aligned to our strategy.
- Tracking impacts on the Group’s customer experiences post implementation.

SCOPE

The requirements of this third party summary of the Group Policy apply to all suppliers who provide goods and services to the Group’s customers and deliver changes on behalf of/impacting the Bank to their own IT systems and/or processes.

(This policy sets out clear requirements for delivering and embedding change into business operations and is in addition to any specific contract agreements in place).

REQUIREMENTS

Governance

- Ensure that all changes delivered supporting Group services, including downstream supplier relationships, comply with contractual agreements and schedules of work.
- Ensure that changes delivered are compliant with local, international, statutory, legislative, contractual and regulatory requirements.

The following delivery principles should be applied to all changes managed by the supplier:

1. Evidence adherence to the principles of this Policy by use of an appropriate change methodology.

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2. Identify resource needs at the outset. Establish an effective team organisation with the appropriate skills and experience requisite to the relative complexity/risk profile of the change.
3. Ensure the business requirements are understood and traceable to ensure the business objectives are met.
4. Identify and manage the risks relating to change delivery and to ongoing business operations, ensuring any operational risks are understood, accepted and managed as appropriate and in line with the Group's risk appetite and any material risks are escalated within 48 hours.
5. Review the impacts on the Group's customers, processes and systems incorporating appropriate metrics to track expected post implementation outcomes.
6. Ensure business/implementation readiness (including testing and post implementation support) is undertaken with the approval of appropriate Group governance applied throughout the lifecycle of the change.
7. Ensure progress is reported in line with appropriate with the Group's governance.
8. Handover and close the change in line with the appropriate governance and a process for post change problem management is documented.

KEY CONTROLS

Control Title	Control Description	Frequency
Change methodology in place	Change methodology in place that evidences adherence to key principles of this Policy	Annually
Risk Management	Risk identification and management in place evidenced through risk log or equivalent including business acceptance of risks	Ad hoc
LBG customers, processes and systems impacts	Evidence of impact assessment of changes on LBG customers, processes and systems is in place	Ad hoc
Implementation Readiness	Sign off from the Group is obtained ahead of each implementation	Ad hoc

REQUIREMENTS – NON-COMPLIANCE

Any control failures or material differences between the requirements set out above and the supplier's own controls should be raised by the supplier with the Group's Supplier Manager or relevant Business contact.

The Supplier Manager or relevant Business contact will then discuss the control failure or material difference with the appropriate Group representative for the relationship and local Risk team to agree way forward.

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Version Number	Effective Date
1.0	29 May 2019
2.0	15 May 2020
3.0	13 Apr 2021
4.0	22 Apr 2022