Economic Crime Prevention Policy – Sanctions

Summary for Third Party Suppliers

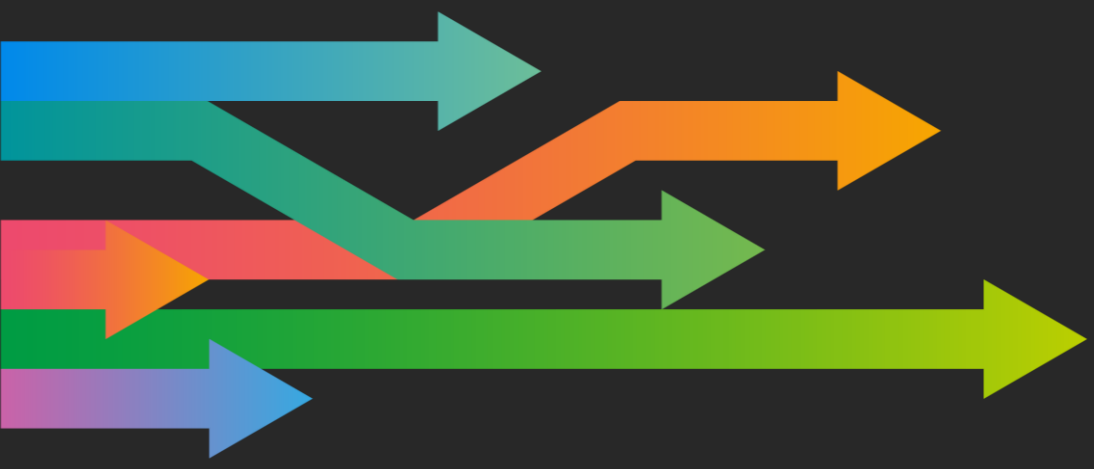

Table of Contents

Version	Effective Date
1.0 – New Template	03 November 2025

1. Rationale/Purpose

Financial and Trade Sanctions (collectively Sanctions) are part of a package of measures applied by individual countries, International Organisations or Regional Bodies to fight aggression, terrorism, criminal behaviour or violations of human rights. These Sanctions measures are intended to motivate a change in behaviour by the individual, regime or jurisdiction concerned or to deprive terrorists and criminals of access to funds.

Lloyds Banking Group (the Group) must not provide funds or financial services to those subject to Sanctions. A failure to comply with these obligations can carry serious consequences, including criminal penalties against the Group and its colleagues.

Governments and Regulators place specific responsibilities on firms relating to Sanctions regimes.

In order for Sanctions to work, they need to be applied in an effective and informed manner. In support of this, the purpose of the Group's Economic Crime Prevention Policy is to ensure that:

- the legitimate aims of the international community are achieved by applying Sanctions in a timely and diligent manner;
- the Group is not knowingly involved in attempts to frustrate or circumvent Sanctions;
- the Group best protects its customers, businesses, colleagues and reputation;
- the Group is compliant with applicable Sanctions in the jurisdictions in which it operates; and
- outsourced service providers acting on behalf of the Group are compliant with the Group's Economic Crime Prevention Policy irrespective of the jurisdiction in which the activity is undertaken.

In jurisdictions where the local legislative and regulatory requirements exceed the requirements set out in this document, the Supplier must comply with any higher standards.

Customer Impact

The Group's vision is to be the best bank for customers. The Economic Crime Prevention Policy supports this vision and the aim of providing investors with strong, stable and sustainable returns by helping to maintain the financial stability of the Group. The Policy also gives our investors and customers confidence in the strength and integrity of the Group's compliance with legal and regulatory requirements. This is achieved by providing:

- Clarity on the Group's economic crime risk appetite, ensuring the Group complies with Sanctions legislation and regulation;
- Guidance on the risk-based training programme which requires colleagues to comply with legislation and regulations and clearly articulate the Group's risk appetite to customers; and
- Clear guidance which requires businesses to implement internal processes and controls including appropriate Customer Due Diligence and effective customer and payment screening processes.

2. SCOPE

Certain external parties supplying services to the Group or performing on the Group's behalf will be expected to comply with the Group's Economic Crime Prevention Policy, where those services form part of the Group's regulated activities.

Typical circumstances that will result in this Policy being applicable include but not limited to the following services:

- On-boarding new customers;
- Processing customer transactions;
- Third Party Resource providers;
- Providing the Group's financial products to customers; and
- Providing risk, compliance or audit services to the Group.

3. MANDATORY REQUIREMENTS

Dealing with Prohibited Countries and Geographical Regions

The Group will not maintain any relationships, process payments to or from (directly or indirectly), or undertake commercial transactions with entities or individuals based in the countries listed below. This prohibition applies to all transactions and payments in all currencies:

- Syria
- North Korea

In addition to the above, certain restrictions and prohibitions apply when dealing with **Iran, Cuba, Belarus, Russia,** the **non-Government controlled regions of Ukraine; Luhansk, Donetsk, Kherson, Zaporizhzhia, and the Crimean Peninsula (including Sevastopol).**

Therefore, we require in scope suppliers to the Group to ensure they do not deal with any of these countries on behalf of the Group without prior agreement.

Suppliers must ensure that they meet all UK, and UN Sanctions obligations

In addition, EU and US Sanctions obligations must be applied when there is an EU or US nexus to the supplier or any associated transaction.

EU nexus:

- The supplier or any party associated with the activity are incorporated or constituted under the law of an EU Member State.
- The activity is conducted at least partly within the EU, even if the parties involved are non-EU persons or entities

US Nexus

- Involvement of US Persons:
  1. All US citizens and permanent residents, regardless of where they are located.
  2. All individuals and entities within the United States.
  3. All US incorporated entities and their foreign branches.

- Use of US Financial System:
  1. Transactions that pass-through US banks, even if the parties are non-US persons.
  2. Use of US dollars in international transactions often triggers US jurisdiction due to clearing through US financial institutions.

Due Diligence

The Supplier must complete risk-based Sanctions due diligence on persons (including individuals and incorporated and unincorporated bodies) who will perform services for or on behalf of the Group which is appropriate and relevant to such services.

In determining whether a person is acting for or on behalf of the Group, the Supplier must consider the nature of the activity being undertaken. As a minimum, an agent, subsidiary or any other person obtaining, retaining or conducting business on behalf of the Group must be subject to due diligence.

Screening

The Supplier must have procedures for screening transactions, individuals, entities and employees against relevant sanctions lists:

- OFSI Consolidated List of Financial Sanctions Targets in the UK (Asset Freeze and Financial & Investment Ban)
- OFSI restricted List
- OFAC Specially Designated Nationals and Blocked Persons List
- OFAC Consolidated Sanctions List (Non-SDN Lists)
- EU Consolidated List
- EU Financial Restrictions List

2. Conduct

In order to ensure the effective implementation of Sanctions and the traceability of funds connected with terrorist financing, it is essential that the Group is not knowingly involved; in attempts to frustrate or circumvent the Sanctions regime of any country or regional body. Activities which are expressly forbidden, may include but are not limited to:

- Omitting, deleting or altering information in payment messages for the purpose of avoiding detection of that information by other financial institutions in the payment process;
- Using a particular payment messaging system for the purposes of avoiding detection of that information within the Group and/or other financial institutions in the payment chain; and
- Encouraging or providing guidance to customers and suppliers on circumventing any Sanctions prohibitions or restrictions.
- In addition, procedures must be in place to inform the Group if the Supplier breaches financial and trade sanctions regulatory requirements.

3. Training

The supplier must ensure all employees / contractors complete Sanctions training no later than 8 weeks from the commencement of their employment and annually thereafter to understand how the requirements of relevant sanctions legislation and this Policy Summary affect their role and individual responsibilities.

Where employees are identified as working in roles considered high risk for Sanctions, role specific training should be considered to ensure that employees are aware as to the increased Sanctions risks associated with their roles.

4. Key Controls

KEY CONTROLS		
Control Title	**Control Description**	**Frequency**
The following indicators must be monitored and reported on by the business to evidence operational effectiveness of the mandatory key controls.		
Ensure that the supplier has a Sanctions Policy or a Statement for managing sanctions which summaries relevant legislative responsibilities	The Supplier's Sanctions Policy should document how they comply with UK, and UN requirements, as well as EU or US requirements, where applicable. Suppliers outside of the UK must also demonstrate compliance with any local requirements.	Annually
Sanctions Training Third Party Suppliers must ensure that all staff (new and existing staff) complete Sanctions Training within the appropriate time scales.	1. Sanctions training program in place. 2. Management information: • Number of staff expected to complete annual training; • Number of staff who have completed annual training; • Number of new staff expected to complete training no later than 8 weeks from the commencement of their employment; • Number of new staff who have completed training no later than 8 weeks from the commencement of their employment; • Ensure evidence is available upon request by the Group supplier manager.	1. Annual review or any changes in appliable regulation/legislation. 2. Annually
Procedures in place detailing the appropriate Regulatory reporting requirements	1. Procedures must be in place that provide a mechanism for reporting actual or suspected breaches of financial and trade	1. Procedures reviewed at least annually

	sanctions regulatory requirements. 2. MI: Number of actual or suspected breach reports raised.	2. Monthly.

5. Non-Compliance

If a Supplier identifies any breach of the above requirements it must be reported to the Supplier Manager or usual business contact as soon as possible after identification.