Lloyds Banking Group (“the Group”) is committed to complying with its legal and regulatory responsibilities in relation to Anti-Money Laundering & Counter Terrorist Financing (AML/CTF) and has no appetite for non-compliance. In the United Kingdom AML/CTF are addressed in:

- Proceeds of Crime Act 2002;
- Anti-terrorism, Crime and Security Act 2001;
- Money Laundering Regulations 2007;
- Counter Terrorism Act 2008; and

The Anti-Money Laundering & Counter Terrorist Financing Policy (the AML/CTF Policy) is a mandatory requirement for all businesses, divisions and legal entities within the Group and applies to all colleagues (temporary and permanent) in all jurisdictions in which the Group operates. The Policy clearly articulates a set of minimum standards and requirements that meet and often exceed UK regulatory and legislative obligations and the guidance provided by the Joint Money Laundering Steering Group (JMLSG).

**Customer Impact**

The Group’s vision is to be the best bank for customers. The Groups Anti Money Laundering and Counter Terrorist Financing Policy (AML & CTF) supports this vision with 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 Anti Money Laundering and Counter Terrorist Financing Policy and risk appetite, ensuring that the Group minimises the risk of its products and services being used to launder the proceeds of crime or fund terrorism;
- Guidance on the risk-based training programme which allows colleagues to serve its customers in line with AML & CTF legislation, regulation and the Group’s risk appetite; and
- Guidance which allows Business Units to implement internal processes and controls including appropriate Customer Due Diligence, effective customer screening and transaction monitoring processes.

**SCOPE**

An external party supplying services to the Group or performing services on the Group’s behalf will be expected to comply with the Group’s AML/CTF Policy where those services form part of the Group’s regulated activities.
In all other circumstances, this Policy is not applicable to third-party suppliers of goods or services to the Group.

Typical circumstances that will result in this Policy being applicable include the following services:

- On-boarding or introducing customers;
- Processing customer transactions;
- Providing the Group’s financial products to customers; and
- Providing risk, compliance or audit services to the Group.

Typical circumstances that will not result in this Policy being applicable include:

- Providing goods to the Group;
- Performing services unrelated to the Group’s regulated activities (e.g. security, transport, catering, printing, etc.); and
- Conducting activities outside the scope of Regulation 3 of the UK Money Laundering Regulations 2007 (or equivalent).

MANDATORY REQUIREMENTS – GENERAL

- The supplier must comply with any anti-money laundering obligations to which they are subject in their own right, for example, by virtue of their falling within the scope of Regulation 3 of the UK Money Laundering Regulations 2007 (or equivalent).

- The supplier must not engage in any conduct that results in it, or another party:
  
  - concealing, disguising, converting or transferring criminal property or terrorist funds;
  - entering into, or becoming concerned in an arrangement that facilitates the acquisition, retention, use or control of criminal property or terrorist funds; or
  - acquiring, using or possessing criminal property or terrorist funds.

- Where the Supplier is supplying a service to Lloyds Banking Group or performing a service on behalf of the Group that forms part of the Group’s regulated activities and for which Lloyds Banking Group retains AML/CTF accountability, the Group will define for the supplier the specific requirements of the AML/CTF Policy relevant to that service. This may include some or all of the following:
  
  - Assessment of money laundering and terrorist financing risk;
  - Customer Due Diligence (including Ongoing Customer Due Diligence);
  - Transaction Monitoring;
  - Suspicious Activity Reporting;
  - Responding to Court Orders;
  - Provision of Management Information;
  - Staff Training; and
  - Record Keeping.

- In all cases, Lloyds Banking Group will perform ongoing monitoring, oversight and assurance of the supplier’s activities to ensure compliance with the AML/CTF Policy.
KEY CONTROLS

The following indicators must be monitored and reported on by the supplier to evidence operating effectiveness of the mandatory key controls. Evidence must be provided upon request to the Group Supplier Manager.

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<thead>
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<th>Control Title</th>
<th>Control Description</th>
<th>Frequency</th>
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<tbody>
<tr>
<td></td>
<td>To be defined by Lloyds Banking Group according to the services being provided by the Supplier. Please contact the local the Group Supplier Manager for further guidance.</td>
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MANDATORY REQUIREMENTS – NON-COMPLIANCE

Any material differences between the control requirements placed on the supplier and the supplier’s own controls should be raised with the Accountable Executive for the relationship by the Supplier Manager and with the local risk team.

VERSION CONTROL

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<th>Author</th>
<th>Approval Date</th>
<th>Effective Date</th>
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<td>Amanda Parmenter</td>
<td>04 August 2015</td>
<td>14 August 2015</td>
<td>Launch of Policy</td>
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<td>2.0</td>
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<td>23 December 2015</td>
<td>14 August 2015</td>
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<td>22 September 2016</td>
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