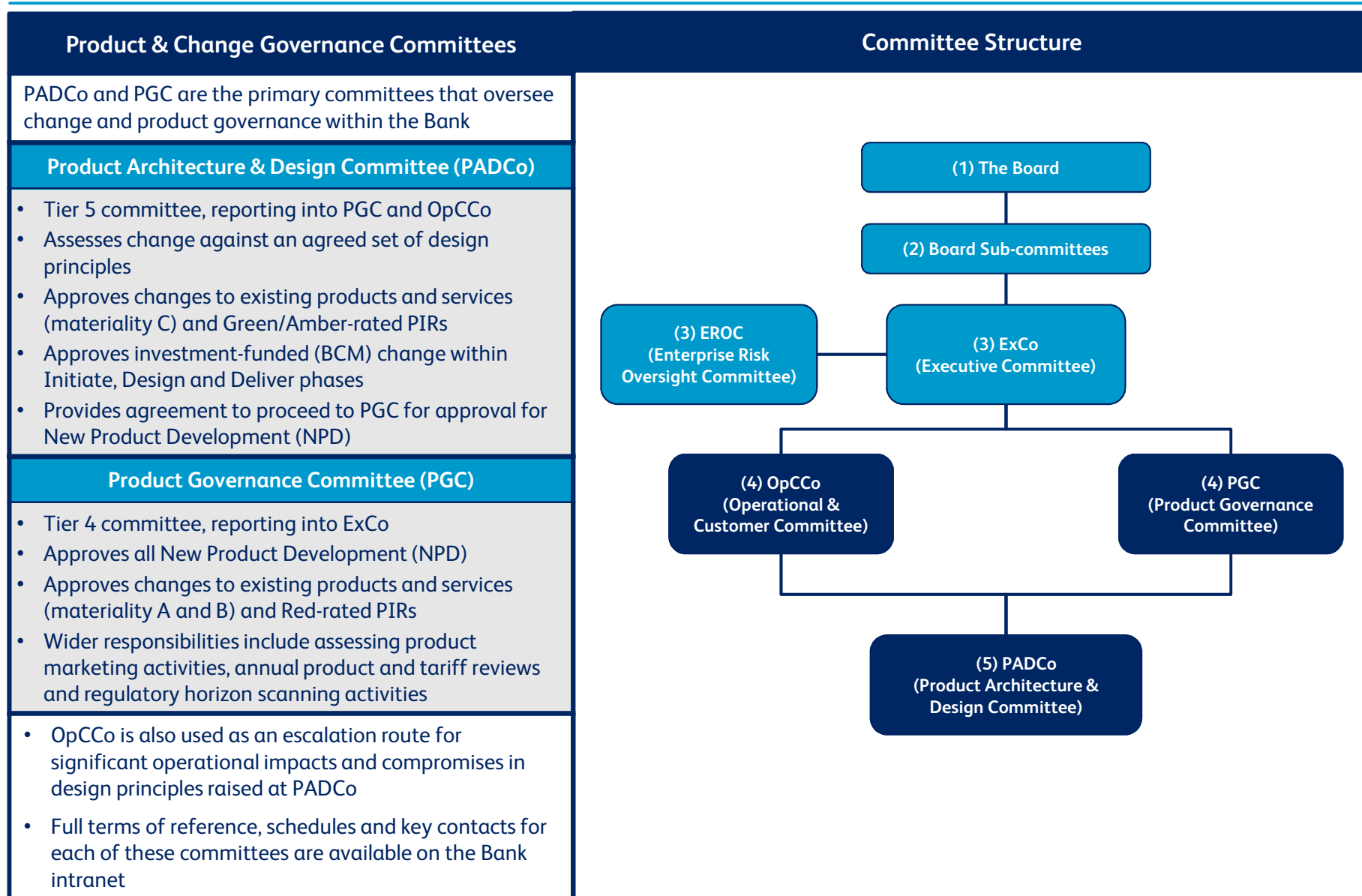


Product & Change Governance Handbook

Version: 1.8

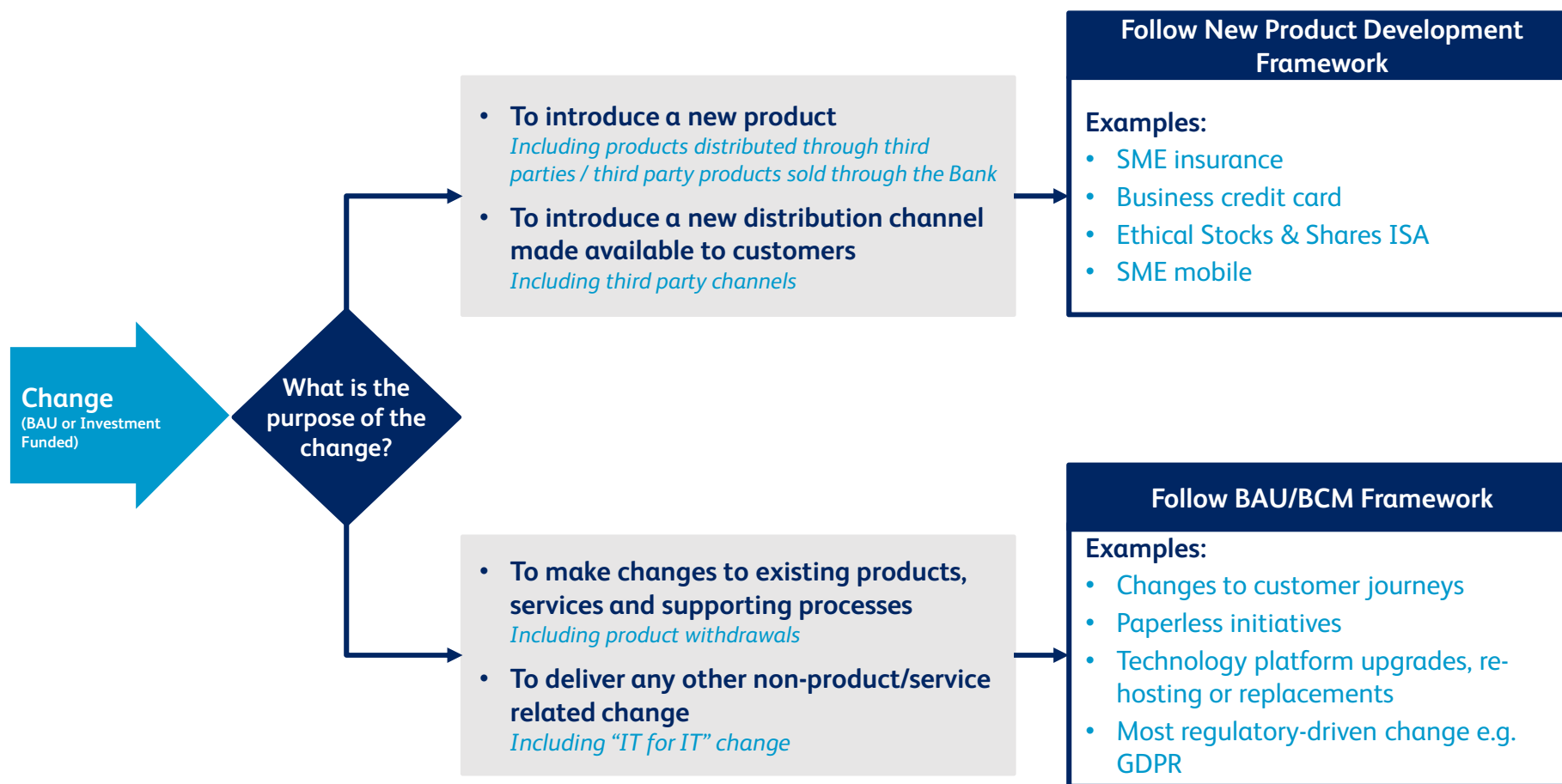
Last Updated: 25/07/2025

Product & Change Governance Structure



Governance Frameworks

There are two distinct frameworks used to govern change within the Bank. The framework followed is dependent on the type and purpose of the proposed change



New Product Development (NPD) Framework in light blue

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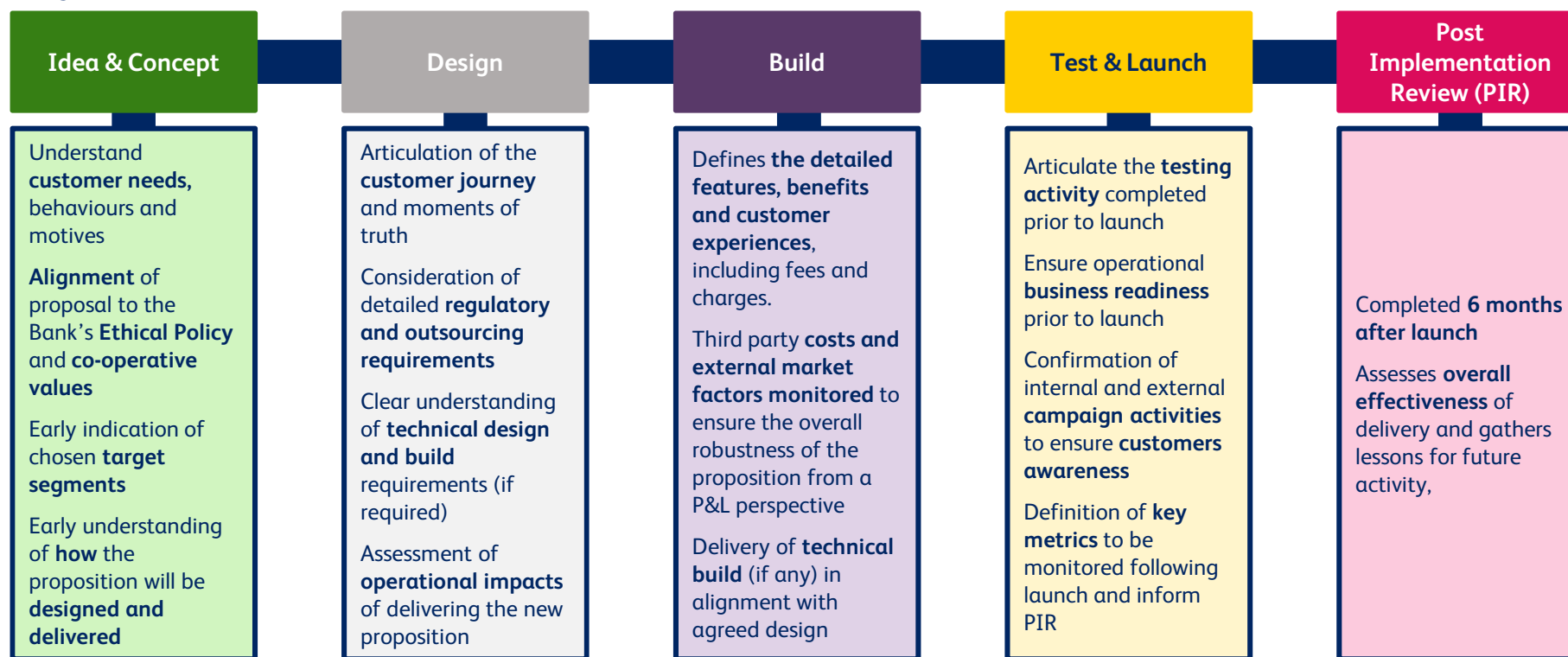
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Overview

The Framework ensures that the Bank's NPD and launch process is robust and is considered against the following risks:

1. The risk that the Bank develops and launches new products that do not support the delivery of the Bank's strategic plan or are not operationally viable resulting in the Bank's failure to achieve its financial targets
2. The risk that the Bank develops and launches new products that do not meet customer needs or the Bank's Values & Ethics, are not understood by customers and/or provide a poor customer journey resulting in poor customer outcomes, customer detriment, regulatory censure and reputational damage

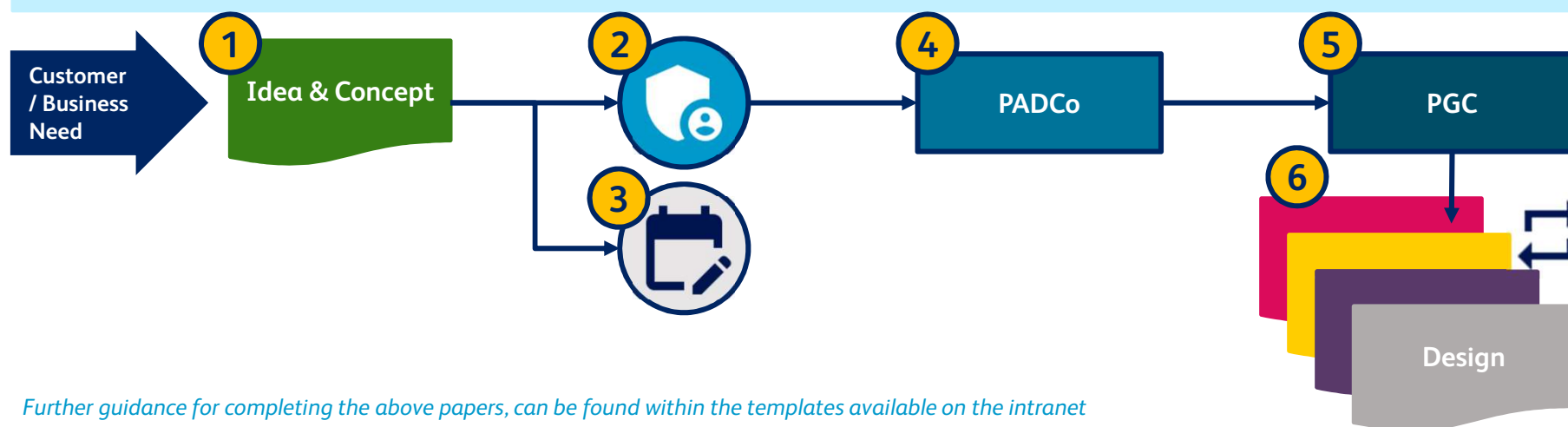
Stages:



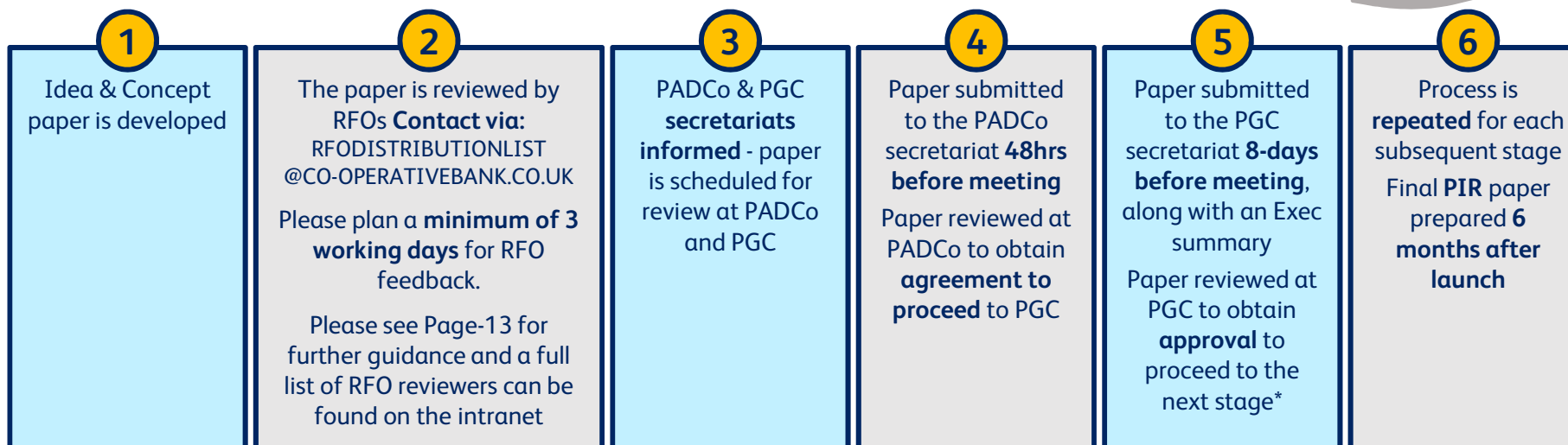
Each stage of the framework requires both a commercial and risk assessment. These assessments will become more detailed as the proposal passes through each stage of the framework

Governance Engagement Process

In order to progress through the framework stages, papers are prepared, reviewed and approved by the appropriate committees. Risk Framework Owners (RFOs) are consulted during each stage. Papers are then submitted to PADCo for agreement to proceed to PGC for final approval



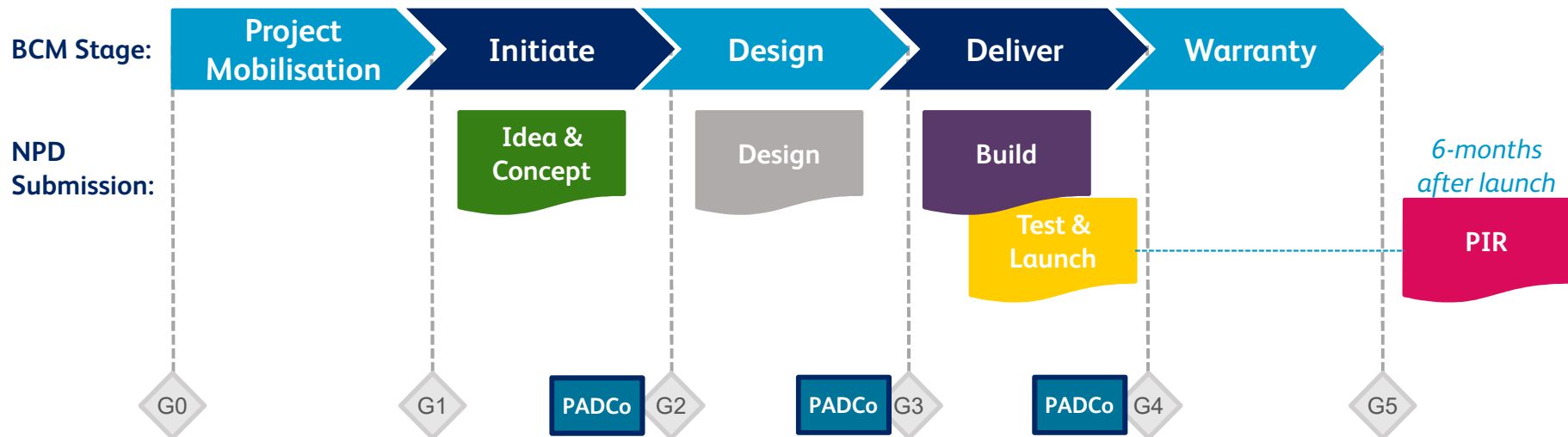
Further guidance for completing the above papers, can be found within the templates available on the intranet



Note – In a situation where a proposal is approved to launch and there is a subsequent delay to launch. If the delay is >6months, **re-approval must be sort from both PADCo and PGC*

NPD Delivered Through Business Change Methodology (BCM)

Some NPD change is delivered through BAU-funded initiatives, led primarily by the relevant product teams. Where NPD change is investment-funded and delivered through the change portfolio, submissions are aligned with the BCM stage gateways and approval process



- When a project's **primary objective** is to deliver a new product or a new distribution channel, the **NPD process is followed** and associated submission templates completed
- It is mandatory for projects to gain **PADCo approval to progress from Initiate, Design and Deliver BCM stages**. The governance engagement process detailed on slide 6 is followed as-is, but aligned to the BCM stages above
- It is the **joint responsibility** of both the **project delivery lead and product teams** to co-ordinate and produce NPD documentation prior to attending governance committees. Submissions will require input from other parties, depending on the type of change e.g. if technology change is required then input will be needed from the relevant architect
- The **product team** aligned to the project must also ensure that NPD submissions are also taken to **PGC for approval** and that a **PIR is completed** 6-months after launch
- More **complex projects or programmes** delivering multiple new products, or wider change outside of new product development, **may need to divide key deliverables across multiple submissions**. A **proposed schedule** of submissions should be agreed with the **Chairs of PADCo and PGC**

BAU/BCM Framework in light blue

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Overview

The BAU/BCM Framework is followed for all non-NPD change within the Bank. The scope of the framework covers:

Changes to Existing Products & Services

Any changes to existing products, services and supporting processes. This includes any existing products or services offered by third parties. It also includes any withdrawals of existing products or services

- These changes can be **BAU or investment funded**
- Proposals are **assessed against the materiality matrix** (across) to determine the level of governance required to introduce the change
- A **post-implementation review** is conducted 6-months after the change has been delivered

Non-Product/Service Related Change

All other non-product/service related changes in the Bank, including all “IT for IT” change

- These changes are generally funded and delivered through the **investment portfolio**
- “**IT for IT**” includes technology remediation and Cyber Security initiatives
- **PADCo approval** is sought to progress with these changes

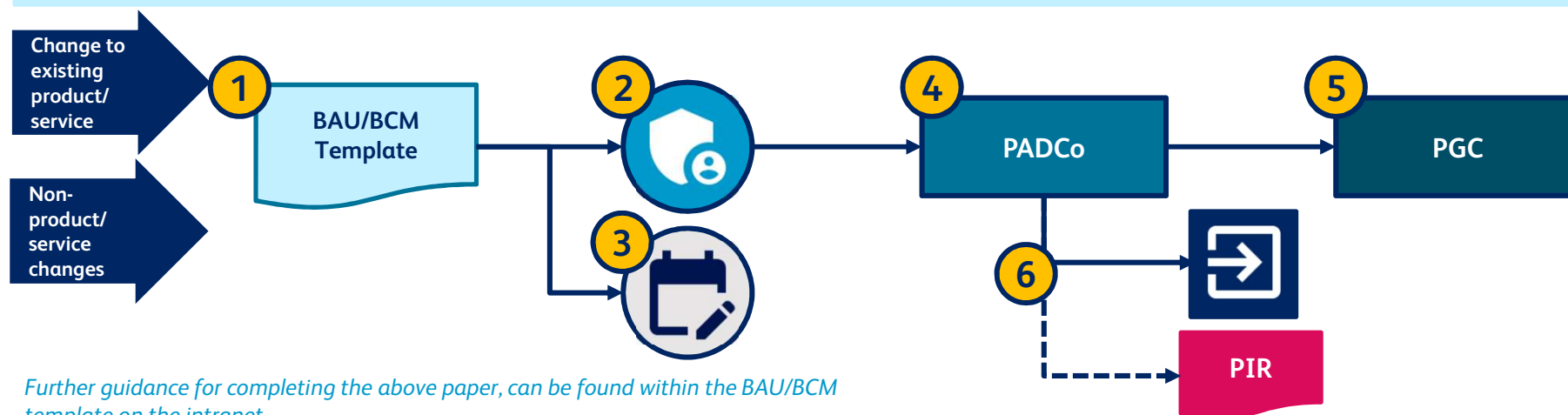
Materiality Matrix

Materiality Level:	A	B	C
Approval Authority:	ExCo following approval at PGC	PGC following approval at PADCo	PADCo approval (Red-rated changes to be escalated to PGC)
Customer Impact	The introduction of a staff incentive scheme specific to the sale of a particular product or service	Significant changes to the product's features and/or benefits or exclusions are being proposed	Changes to the product terms & conditions
		The change will be implemented to a new target market or customer segment	There is a need to communicate with impacted as a result of the change
		The change has the potential to inconvenience a large number of customers (10k+) and generate complaints	The change has the potential to inconvenience a large number of customers (up to 10k) and generate complaints
		The distribution channel/strategy has changed	Any process change to sales, processes or channels that directly impact the customer experience
		The changes will impact on the product's value for money/fair value proposition	Any promotion or customer promise that will be delivered to the customer if they apply for a Bank product
		Outsourcing or charges to all/part of the manufacture, sales, claims, or distribution processes, including joint ventures and strategic alliances	Fee or charge increase/decrease
Bank Impact	A change that is outside of agreed corporate strategy including extension of activities into new business/ geographic areas	Changes to a product/service which is currently subject to regulatory / media scrutiny/focus	Changes made by third parties to third party products sold through the Bank's distribution channels
	A change to a product/service that is outside of agreed risk appetite or risk limits		Charge to third party products instigated by the Bank sold through Bank distribution channels
	A change to a product/service that has the potential to damage the Bank's reputation with an impact score of 4+ on the Bank's risk management framework	Changes driven by regulatory developments	Permanent / temporary withdrawal and/or closure of a product/service
	Changes which require new or altered regulatory permissions		
Commercial Impact	Development, launch or change costs exceed £4m but below £10m or NPV* exceeding £4m but no more than £10m	Development, launch or change costs below £4m or NPV* no more than £4m	N/A

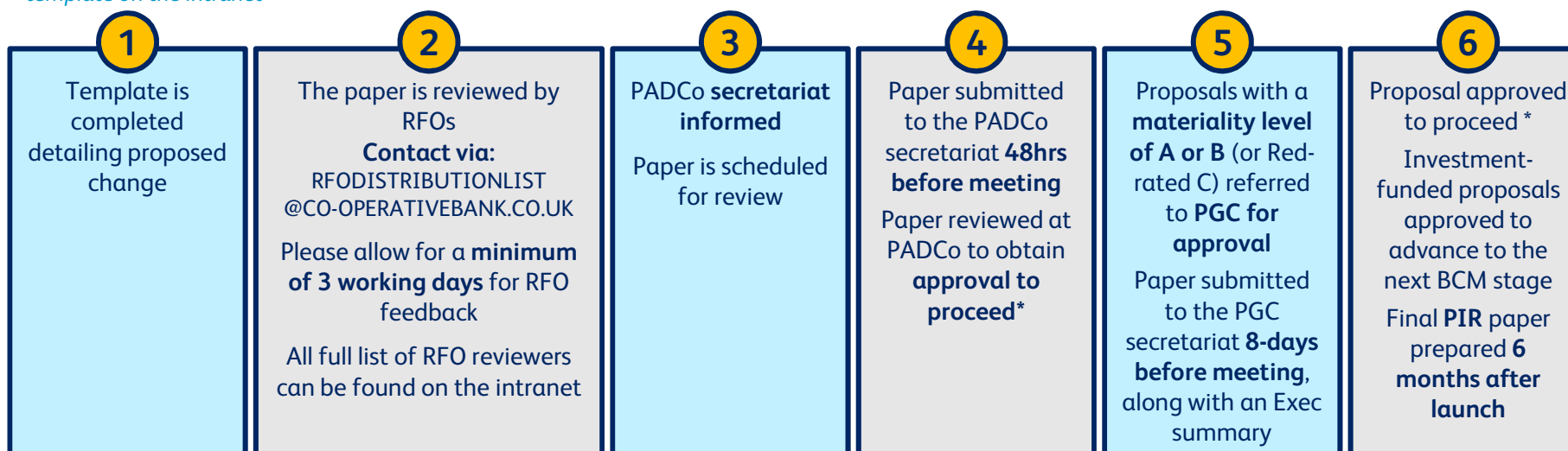
*NPV must be measure over a 3, 5 or 10 year period

Governance Engagement Process

In order to deliver the proposed change and template is prepared and submitted for review and approval at PADCo. Risk framework owners (RFOs) are consulted prior to presentation at PADCo



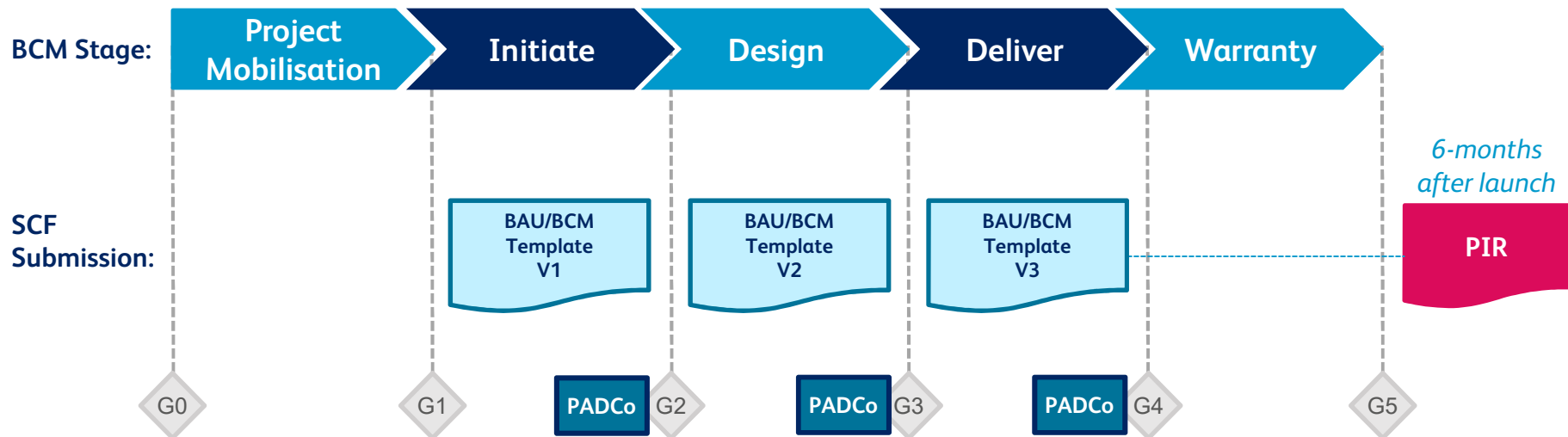
Further guidance for completing the above paper, can be found within the BAU/BCM template on the intranet



**Note – In a situation where a proposal is approved to launch and there is a subsequent delay to launch. If the delay is >6months, re-approval must be sort from both PADCo and PGC*

Standard Change (Non-NPD) Delivered Through Business Change Methodology (BCM)

Where a change is investment-funded and delivered through the change portfolio, submissions are aligned with the BCM stage gateways and approval process



- It is mandatory for projects to gain **PADCo approval to progress from Initiate, Design and Deliver BCM stages**. The governance engagement process detailed on slide 10 is repeated for each of the BCM stages above
- It is the **responsibility of the delivery lead** to co-ordinate and produce the submission document prior to attending PADCo. Submissions will require input from other parties, depending on the type of change e.g. if technology change is required then input will be needed from the relevant architect
- More **complex projects or programmes may need to divide key deliverables across multiple submissions**. A **proposed schedule of submissions** should be agreed with the **PADCo Chair** at an early stage
- For product/service changes delivered through BCM, the associated **product team** must also ensure a **PIR is completed 6-months after launch**

Risk & Design Principle Self Assessment in light blue

Guidance

Risk Self Assessment

- All submissions require a risk self assessment to be completed as part of the paper.
- Proposals are assessed against key risk types listed within both NPD and BAU/BCM templates and assigned a rating aligned to Bank's 5x5 risk matrix.
- The assessment must be completed from a design perspective. This means it should reflect any new risks introduced by a given proposal. It should also reflect any impacts to any existing risks relating to the proposal.
- It is unlikely that a single proposal will have implication across all the risk areas listed. Where there are no risks identified, please mark the rating as "N/A – No risk identified".
- Once the self-assessment has been completed, a copy of the submission paper must be shared round the Bank's RFO reviewers for feedback. This is done by sending the paper to the RFODISTRIBUTIONLIST in advance of the planned PADCo submission. The email title header should include the submission title and the PADCo meeting target date.
- Submitters must plan a minimum of 3 working days for RFOs to review and feedback on any given proposal.
- Ensure where any "N/A – No risk identified" items are identified, the appropriate RFO owner have confirmed the status as part of the RFOs review and feedback.
- When submitting for RFO review, consider calling out the identified critical Risk types impacted in the accompanying request email.
- In practice, if a proposal is to be presented at PADCo (every Friday), a draft copy of the submission paper must be shared with RFOs the preceding Friday at the latest. This enables 3 working days for RFOs to review, feedback and for the paper to be updated prior to the Wednesday 16.00 PADCo submission deadline.
- Any papers not having undergone an appropriate RFO review will be withdrawn from the PADCo agenda by the secretariat.

Design Principles Self Assessment

- All submissions require a self assessment against Design Principles to be completed as part of the paper.
- Proposals are assessed against each design principle listed within both NPD and BAU/BCM templates with a statement to say whether the proposal is aligned or misaligned to each one.
- As with the Risk self-assessment, alignment to design principles can be ratified via distribution of the paper to the Bank's RFO reviewers, which include the principle owners
- Any papers with incomplete principle assessments will be withdrawn from the PADCo agenda by the secretariat.

Post Implementation Reviews in light blue

Post Implementation Reviews (PIRs)

- Post-implementation reviews (PIRs) are conducted 6-months after a change has been delivered
- A PIR is used to assess the overall success of a given proposal after it has been delivered, summarising key lessons learnt, customer outcomes and success indicators for change implementation.
- All PIRs are presented at PADCo for approval. Any PIRs that are rated Amber or Red and/or have materiality level (from when the proposal was approved) of A or B must also be approved at PGC
- A template for the PIR can be found on the intranet

Each section is assigned a **RAG rating**, which is summarised into an overall RAG status for the PIR. This status is subjective however guidance for the overall RAG status can be found below.

PIR Overall RAG Status Guidance:

GREEN

- KPIs set out prior to delivery realised
- No risk events or issues raised
- No regulatory breaches
- No customer complaints upheld and/or negative changes to customer behaviours
- Product / technical design delivered as expected

AMBER

- KPIs not met / benefits not realised as expected
- Risk events / issues raised as a consequence of implementation
- Regulatory breaches
- Upheld customer complaints and/or negative changes to customer behaviours
- Changes to product / technical design
- Unforeseen operational impacts and/or high volumes of exceptions processing

RED

As across with Amber, but with more significant impacts realised including (but not limited to):

- High volumes of customer complaints and/or increased customer attrition
- Significant financial loss and/or reputational damage
- Significant regulatory breach resulting in fines / increased regulatory scrutiny

Please refer to the Bank's **RMF framework** for further guidance when assessing the impact of an implementation

Email & Short Message Service (SMS) Submission Guidance in light blue

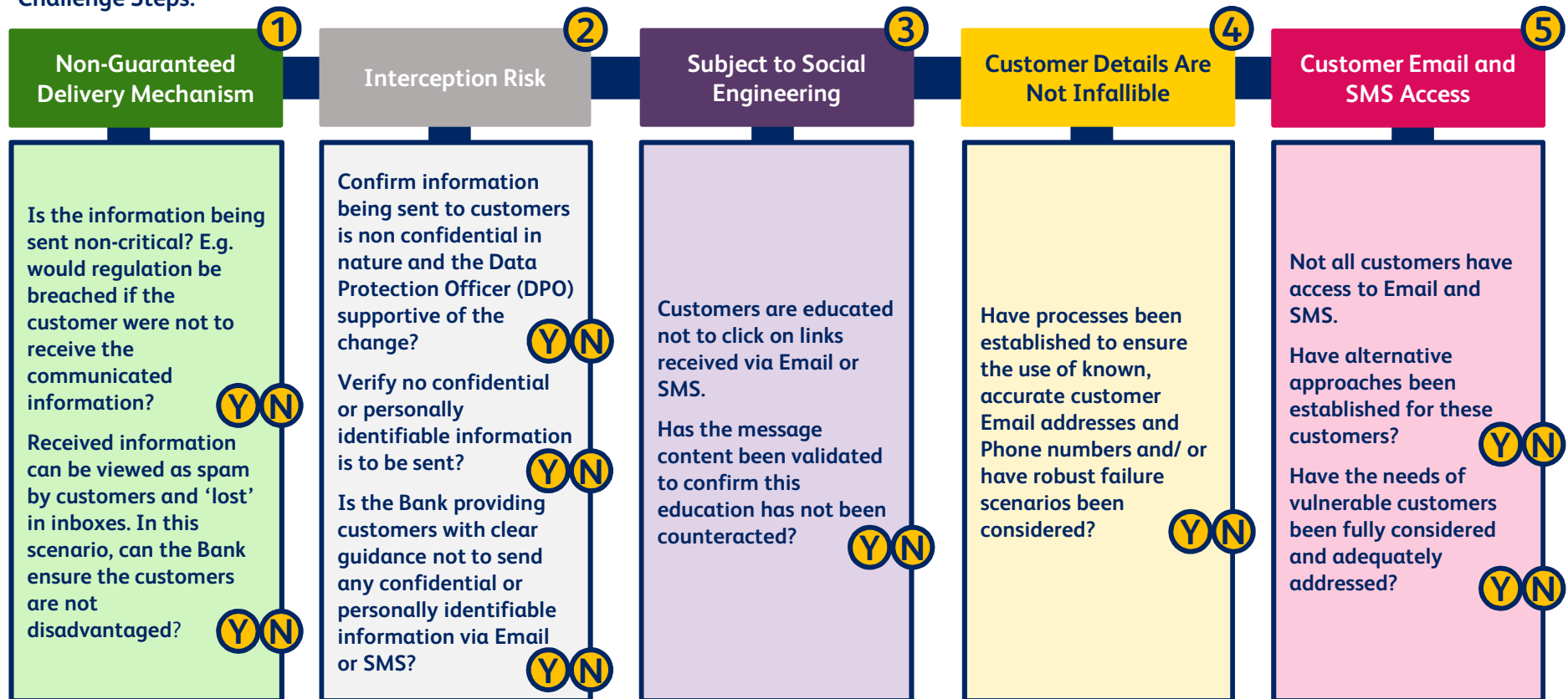
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Email and Short Message Service (SMS) Submission Guidance

When does a new Email or Short Message Service (SMS) communication change require a PADCo submission for approval.
Where any of the five challenge steps outlined below return a 'No' value, a timely PADCo submission is required.

Challenge Steps:



Where any returned value is 'No' = PADCo submission is required
Where all returned values are 'Yes' = PADCo submission is not required