

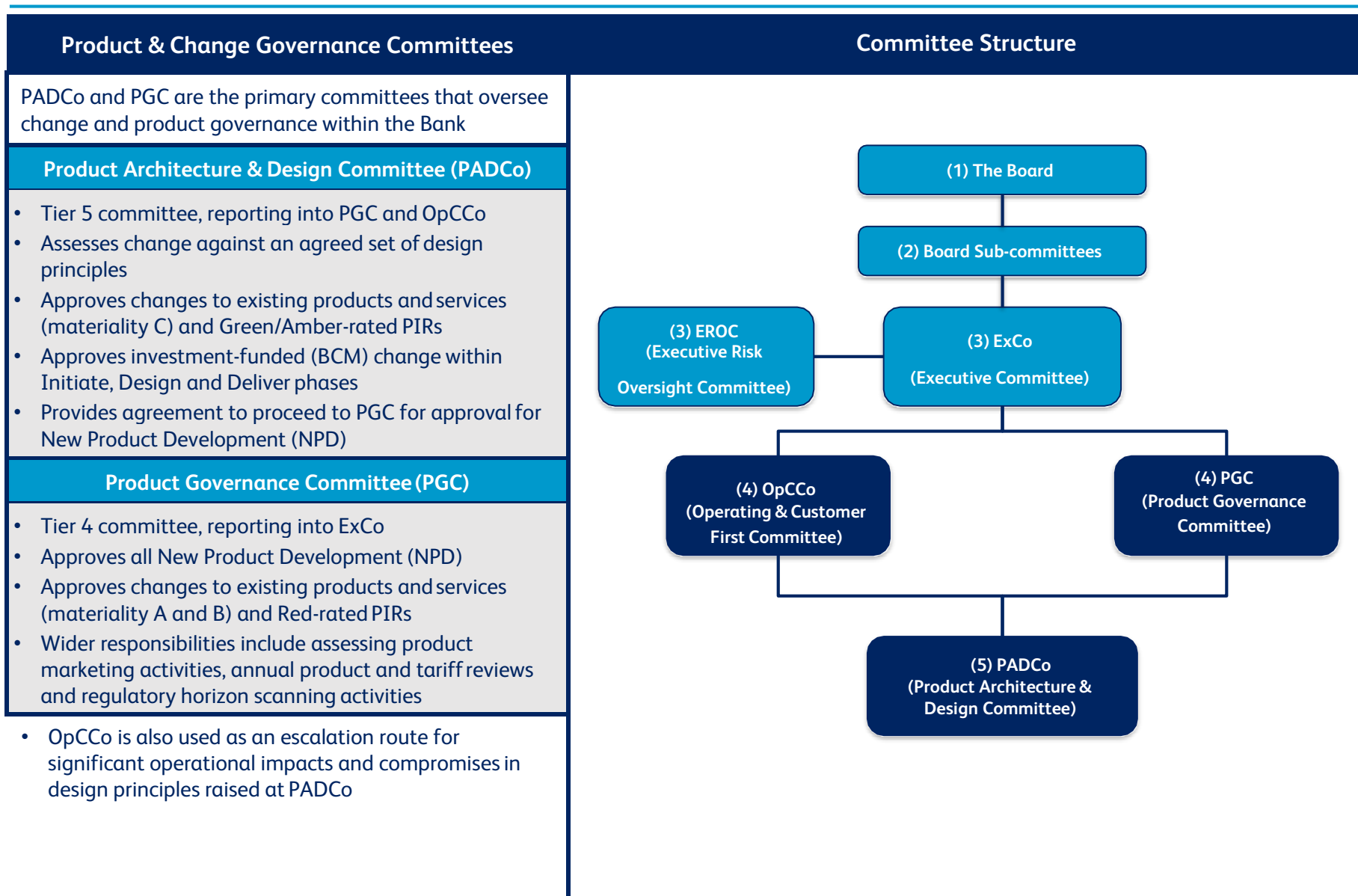
Product Governance Policy Overview

2023

The **co-operative** bank

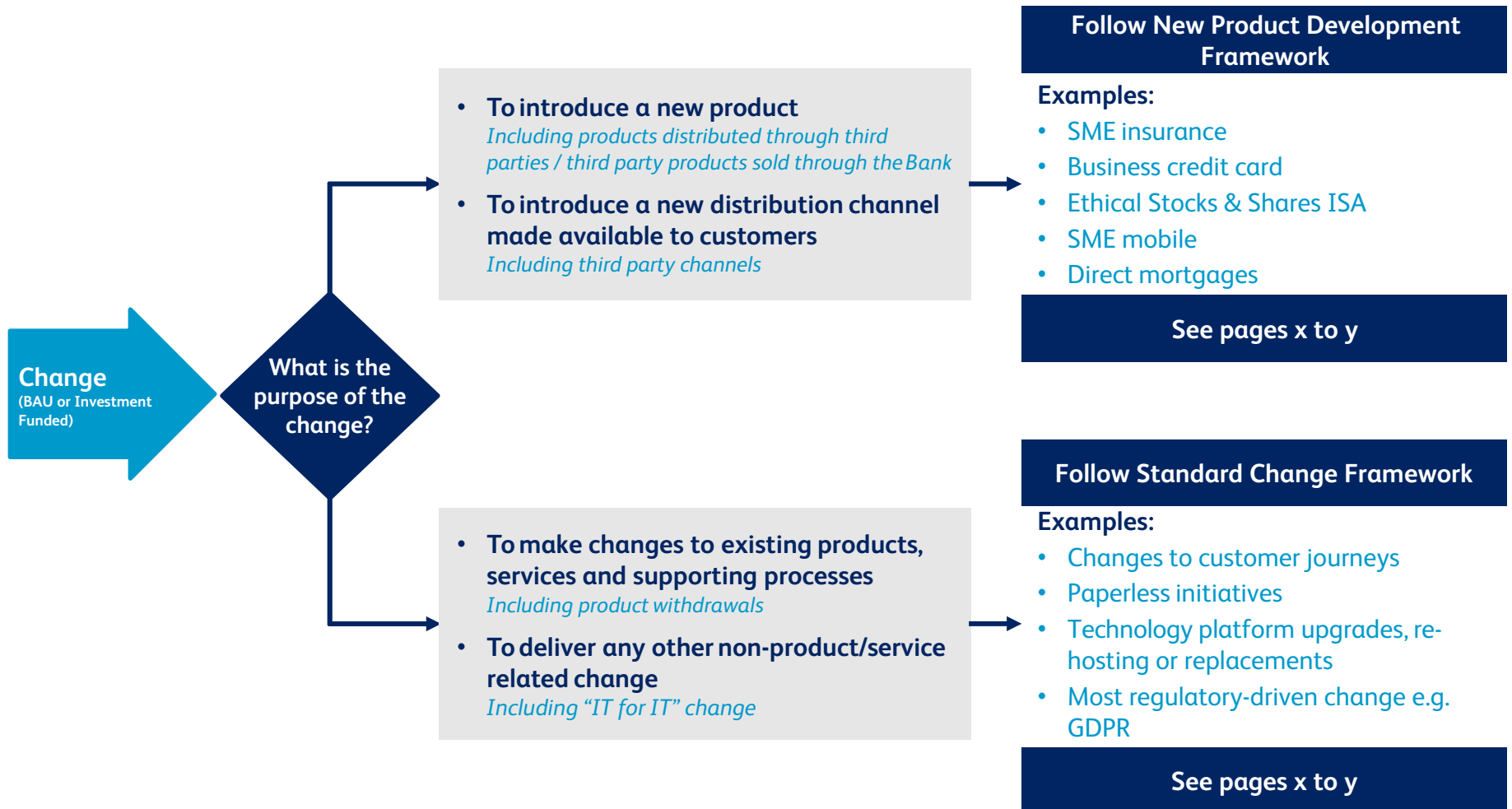
Product Governance Policy Overview

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 on purpose of the proposed change



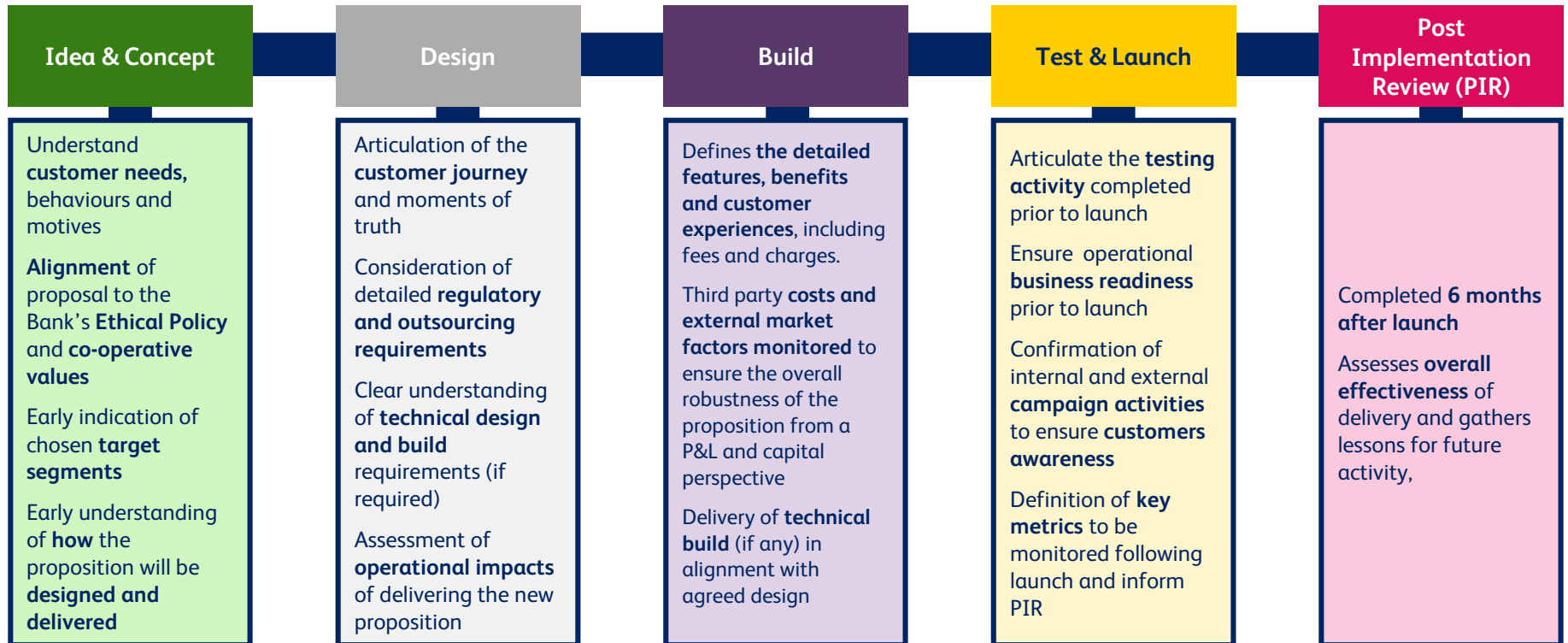
New Product Development (NPD) Framework

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 planned strategic outcomes
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

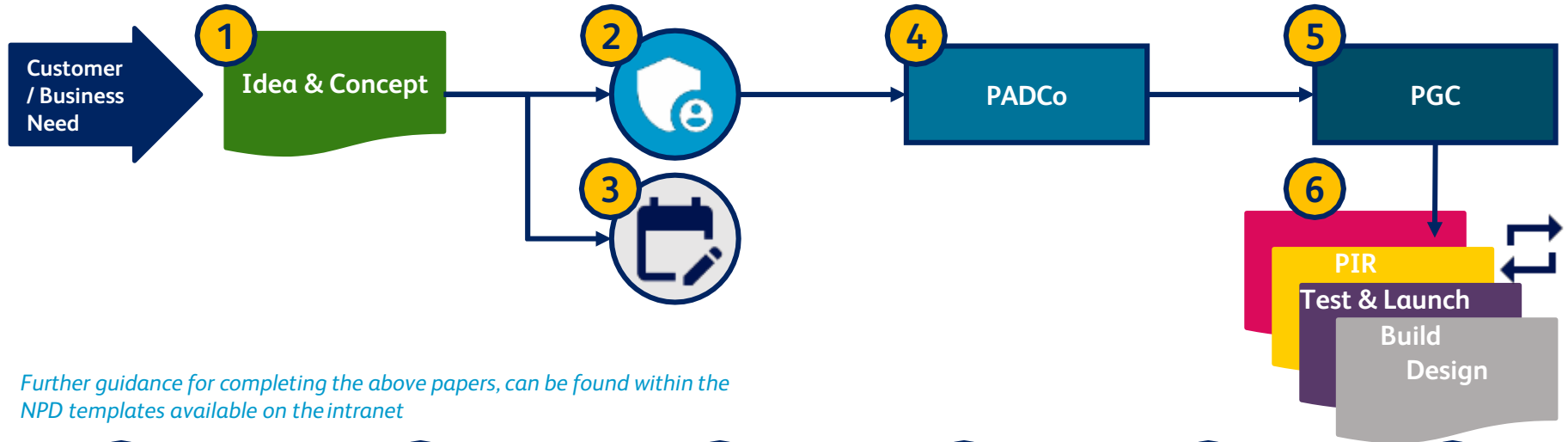
Stages:



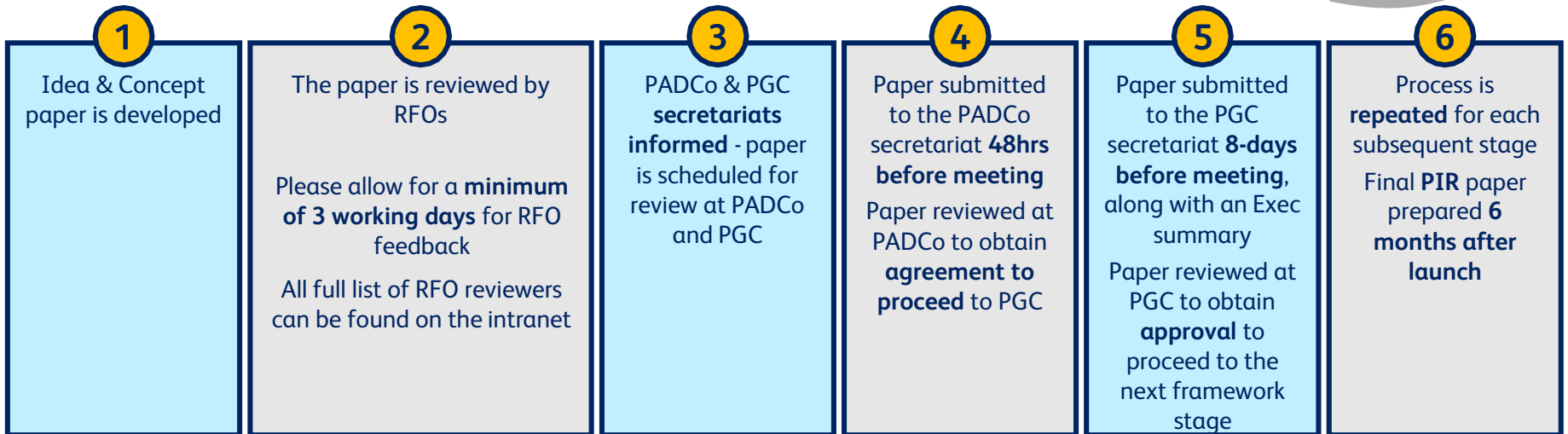
Each stage of the framework requires both a commercial and risk assessment. These assessments will become more detailed as the proposal passes through each stage of the framework

Governance Engagement Process

In order to progress from one stage of the framework to the next, papers are prepared, reviewed and approved by the appropriate committees. Risk framework owners (RFOs) are consulted during each stage. Papers are then passed to PADCo for agreement to proceed to PGC for final approval

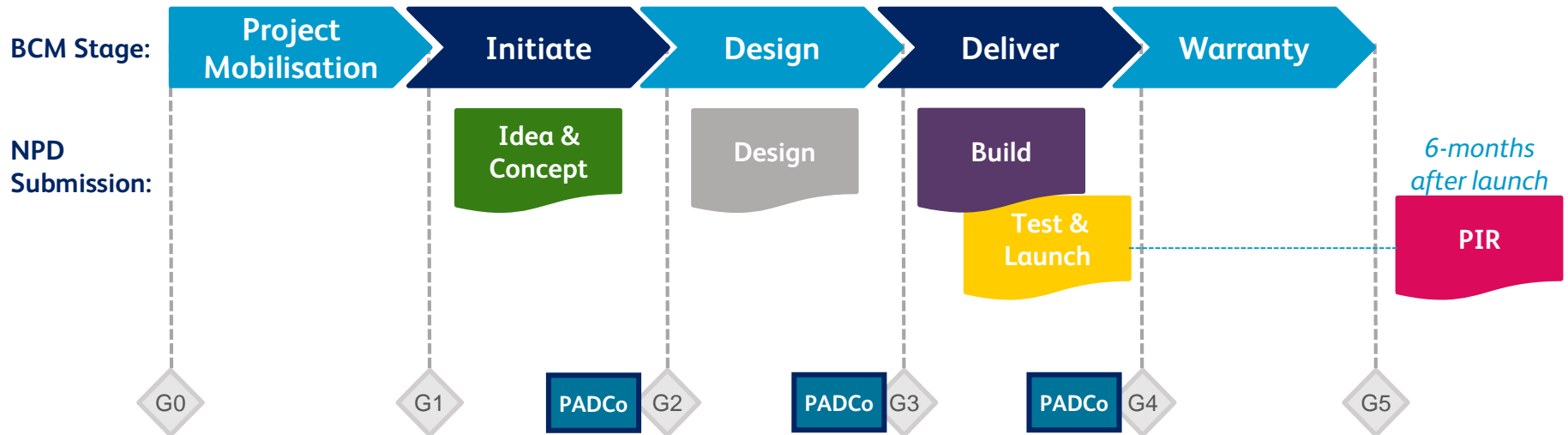


Further guidance for completing the above papers, can be found within the NPD templates available on the intranet



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 and product teams** to co-ordinate and produce NPD documentation prior to attending governance committees
- The **product team** aligned to the project must also ensure 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

Overview

The Standard Change 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

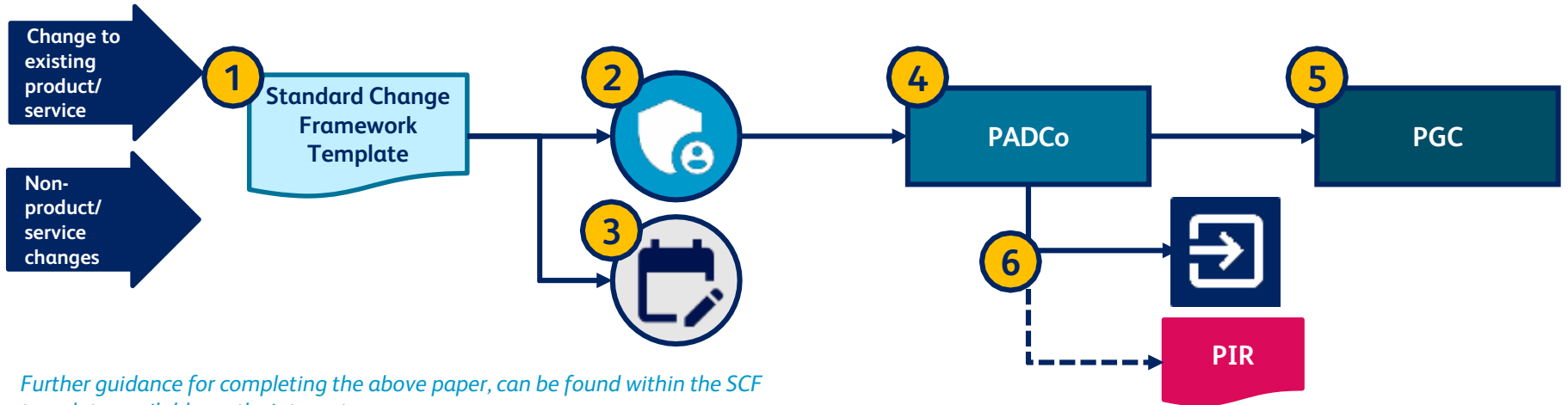
Materiality Matrix

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 SCF template available on the intranet

