

Testing and Exercising Procedure (2025-26)

Version 1.0

Document Information:

Document Name	Testing and Exercising Procedure
Document Owner	H.O. BCM Team
Document Version number	1.0
Document Version Date	
Prepared By	H.O. BCM Team
Reviewed By	Head-O&FRMD
Approved By	IT Strategy Committee (ITSC)

Change Log/Revision History:

Table of Contents

01.	Introduction	4
02.	Scope	4
03.	Objectives	4
04.	Process flow	5
05.	Methodology	6
06.	Roles and Responsibilities	10
07.	Review Frequency	12
08.	Appendices	13

01. Introduction

Business continuity testing and exercises are critical components of an effective Business Continuity Management System, providing the means to validate response and recovery strategies before an actual disruption occurs. This document establishes a systematic approach to planning, conducting, and evaluating business continuity tests and exercises at <<Client Name>> in accordance with ISO 22301:2019 Clause 8.5 (Exercise program) and Clause 8.6 (Evaluation of business continuity documentation and capabilities).

Testing and exercising serve multiple essential purposes: validating the effectiveness of business continuity plans, increasing awareness and preparedness among staff, identifying gaps in recovery strategies, ensuring compliance with regulatory requirements, and enabling continuous improvement. Regular testing and exercising are fundamental to maintaining a robust and dynamic BCMS that can respond effectively to real-world disruptions.

02. Scope

This procedure applies to all business units, processes, systems, and supporting functions within the scope of <<Client Name>>'s Business Continuity Management System (BCMS). It covers the planning, implementation, evaluation, and improvement of all business continuity tests and exercises conducted across the bank, including:

- All critical and supporting business functions as identified in the BIA
- All dedicated recovery sites and alternate workspace arrangements
- IT disaster recovery capabilities and infrastructure
- Crisis management and emergency response teams
- Third-party service providers critical to business continuity
- Communication systems and notification procedures
- Branch operations and department functions

The procedure encompasses all types of exercises defined herein, from tabletop discussions to full-scale integrated tests, and applies to all <<Client Name>> staff with business continuity roles and responsibilities.

03. Objectives

The primary objectives of this Testing and Exercising Procedure are to:

- a) Validate the effectiveness of <<Client Name>>'s business continuity strategies, solutions, plans, and procedures in alignment with ISO 22301:2019 requirements
- b) Verify the bank's capability to respond to and recover from disruptive incidents within defined Recovery Time Objectives (RTOs) and Maximum Tolerable Periods of Disruption (MTPDs)
- c) Develop and enhance the competence, confidence, and knowledge of staff with business continuity responsibilities

- d) Identify gaps, weaknesses, and opportunities for improvement in business continuity documentation and capabilities
- e) Evaluate compliance with applicable legal, regulatory, and contractual requirements related to business continuity
- f) Assess the business continuity capabilities of critical third-party service providers and partners
- g) Build organizational resilience through regular practice and continuous improvement of response and recovery mechanisms
- h) Ensure that the bank's business continuity arrangements remain suitable, adequate, and effective over time

04. Process flow

The testing and exercising process follows these key steps, in accordance with ISO 22301:2019 Clause 8.6 requirements for evaluation of business continuity documentation and capabilities requirements:

a) Planning Phase:

- Develop annual Testing & Exercise Plan in coordination with stakeholders
- Review and approve the draft BCM Testing & Exercise Plan
- Publish the approved plan among relevant stakeholders
- Determine exercise/test type, scope, and scenario
- Assess potential impact on operations and identify prerequisites/precautions

b) Preparation Phase:

- Request approval from respective Department Heads
- Coordinate with in-scope departments, zones, regions, branches, and vendors
- Prepare test scripts, scenarios, and evaluation criteria
- Secure necessary resources and establish communication channels
- Brief participants on their roles and responsibilities

c) Execution Phase:

- Conduct the test/exercise according to the defined methodology
- Document observations, actions, and outcomes in real-time
- Monitor participation, response times, and adherence to procedures
- Evaluate achievement of objectives and success criteria
- Identify issues, challenges, and improvement opportunities

d) Evaluation Phase:

- Analyze test results against defined objectives and success criteria
- Conduct root cause analysis for any failures or deficiencies

- Prepare comprehensive test/exercise report with findings and recommendations
- Develop action plan to address identified gaps and improvement areas
- Review and approve test report and improvement action plan

e) Improvement Phase:

- Implement corrective actions and improvement measures
- Update relevant plans, procedures, and documentation
- Monitor progress of action items and report status to H.O. BCM Team
- Incorporate lessons learned into future testing activities
- Document and communicate improvements to stakeholders

05. Methodology

Below mentioned are the test types and their methodology:

Test Type	Methodology
	<p>This exercise will help in:</p> <ul style="list-style-type: none"> • Assess the speed and completeness of transmission of the message across various levels of dissemination and response consolidation • Test the two-way communication flow • Verify and validate the reachability of the contact details of the employees available with the bank <p>Procedure for manual call tree:</p> <ul style="list-style-type: none"> • Use the call tree template • Identify team structure for call tree • Collate contact details of all the targeted participants • Conduct the call tree by sharing the message via various modes identified • Document the exercise result • Prepare post exercise report • Prepare root cause analysis (RCA) report (if test failed) <p>Success criteria of the test:</p> <ul style="list-style-type: none"> • Timely response of test participant to the call tree alert within 4 hours • 80% of the responses received within the defined time frame <p>Report:</p> <ul style="list-style-type: none"> • Call tree test report • RCA report (if required)

Test Type	Methodology
Component testing and DR Drills	<p>Disaster recovery is a series of processes for regaining access and functionality to its IT infrastructure after events like a natural disaster, cyber-attack, or even business disruptions. This is to validate the functioning of an individual part or a sub process of a process, in the event of BCP invocation. It focuses on in-depth testing of the part or sub-process to identify and prepare for any risk that may hamper its smooth running. It mainly covers the infrastructure and applications.</p> <p>For example, testing of core switch, applications or specific infrastructure. This exercise will help in:</p> <ul style="list-style-type: none"> • To check if bank IT team can meet the recovery time objectives (RTOs) and recovery point objectives (RPOs) set in the disaster recovery plan. • Discover gaps or flaws in a DR plan • Minimize data loss • Run through DR team actions and ensure that each member understands their role <p>Procedure for DR Drill:</p> <ul style="list-style-type: none"> • Planning of DR drill • Communication of DR drill • Pre DR drill • During DR drill • Post DR drill • DR drill closure <p>Success criteria of the test:</p> <ul style="list-style-type: none"> • Achieve the desired RTO for application • Issue tracker updation

Test Type	Methodology
	<p>Report:</p> <ul style="list-style-type: none"> • DR drill report • Issue tracker report • RCA report
Simulation testing	Simulation is a method of surprise exercise of a real time scenario to evaluate the readiness of an organization to deal with emergencies. It requires the involvement, coordination, and support of multiple teams/departments of the organization. The core objective of the test activity is that the test

Test Type	Methodology
	<p>participants should deal with the situation and recover Business operations using the allotted resources within RTO.</p> <p>This exercise will help to:</p> <ul style="list-style-type: none"> • Check the preparedness and capability to recover during real time • Check the effectiveness of the recovery strategies and to identify the gaps if any • Check the awareness of people regarding their roles and responsibilities designated to them during real time incident <p>Procedure for simulation:</p> <ul style="list-style-type: none"> • Establish list the participants • Develop a scenario in PPT • Schedule the simulation exercise (Day, Date and Time) • Identify the observer from IT/IS Audit Department • Conduct the exercise • Document the observations shared by the observer • Prepare the post exercise report <p>Success criteria of the test:</p> <ul style="list-style-type: none"> • Organizing a situation assessment call • Initiate call tree • Communication of recovery requirements to H.O. and recovery site teams • Travel arrangements to recovery site • Boarding and Lodging [if applicable] at recovery location • Recovery site preparation process • Resuming operations using recovery infrastructure • BCP revocation • Return to primary site • Create a test document • Identify the gaps and take it to closure <p>Report:</p> <ul style="list-style-type: none"> • Simulation report • Issue tracker report • RCA report
Integrated Testing (Complete)	It also helps in identifying the gaps by validating the recovery strategies mentioned in the BC and DR plan are followed and if any challenges/omission in the plan become apparent while conducting the exercise.

Test Type	Methodology
	<p>Rehearsal) Integrated testing moves beyond the testing of individual and isolated components.</p> <p>This exercise will help to:</p> <ul style="list-style-type: none"> • It helps testing and identifying gaps with internal parties and supporting systems, processes, and resources • Perform exercises that include third-party providers' subcontractors, vendors, or services enabling validation of vendor BCM • Helps to demonstrate banks' ability as it's an end-to-end exercise to recover a business process from initiation (e.g., customer contact) through process finalization (e.g., transaction closure). <p>Procedure for Integrated testing:</p> <ul style="list-style-type: none"> • Establish list the participants • Schedule the integrated exercise (Day, Date and Time) • Conduct the exercise • Identify the observer (usually someone from top management) • Prepare the post exercise report <p>Success criteria of the test:</p> <ul style="list-style-type: none"> • Organizing a situation assessment call • Initiate call tree • Communication of recovery requirements to H.O. teams (HO BCM team, IT, facilities, third party vendors and recovery site teams) • Travel arrangements to recovery site • Boarding and Lodging [if applicable] at recovery location • Recovery site preparation process • IT team to prepare for DR • Resuming operations using recovery infrastructure • BCP revocation • Return to primary site • Identify the gaps and take it to closure • Post exercise report <p>Report:</p> <ul style="list-style-type: none"> • Integrated testing report • Issue tracker report <p>RCA report</p>

06. Roles and Responsibilities

Step #	Activity	Activity Owner/s
1	Develop annual Testing & Exercise Plan in coordination with the respective stakeholders	Department Heads and BCM Coordinators in consultation with H.O. BCM Team
2	Review the draft BCM Testing & Exercise Plan and suggest updates, if required. Refer to step 3 - if approved. Refer to step 1 - if rejected	H.O. BCM Team Lead with Head-O&FRMD review
3	Apprise the BCM Testing & Exercise Plan to ORMC	H.O. BCM Team with Head-O&FRMD review
4	H.O. BCM Team determines the exercise / test type, scope and scenario based on the guidance mentioned above in this section, in consultation with the BCM Department Head(s) and BCM Coordinator without losing the confidential nature of the scenario details. The dates and scope of the exercise / test plan shall be decided by the BCM Head in conjunction with the BCM Coordinator.	Department Heads and BCM Coordinators in consultation with H.O. BCM Team
5	H.O. BCM Team in consultation with the BCM Coordinator, determines whether the test would result in downtime. Refer to step 6 - if YES. Refer to step 7 - if NO.	Department Heads and BCM Coordinators in consultation with IT, H.O. BCM Team
6	Ensure all prerequisites and precautions are identified, that must be addressed to avoid any downtime.	Department Head, IT Department
7	Request the respective Department Heads involved in the testing for approval to conduct the testing. Review the precautions and suggest updates, if required. Refer to step 8 - if approved, refer to step 6 - if rejected	BCM Coordinator

Step #	Activity	Activity Owner/s
8	Agree with the in-scope departments, Zone, Region and branch participants, vendors for the test to be conducted	Relevant Department Heads and Vendor Representatives with information to H.O. BCM Team
9	BCM Coordinators coordinate and participates in the test based on the scenario finalized. BCM Coordinator facilitates and closely monitors the execution of response and recovery activities, participation, and other critical aspects of the exercise. Observer from senior management in department shall provide his observations on the overall testing conducted	BCP Coordinators (execution and monitoring), H.O. BCM Team (information). Department Head (to ensure someone from senior management is there to observe the drill activity)
10	An exercise report and improvement action plan shall be prepared based on the output, at the end. This shall include the timings for each activity, key exercise output factors, results, learning outcomes, problems faced during the activity with the corrective action taken shall be recorded in the problem log of the report. The root cause shall be identified and analyzed to determine the action plan for addressing the gaps and improvement areas. Based on this plan, the actions shall be noted and assigned with a completion date to respective BCM Coordinator	BCM Coordinator with information to H.O. BCM Team
11	Review the test report and improvement action plan. Refer to step 12 - if approved Refer to step 10 - if rejected.	Head-O&FRMD basis initial review of H.O. BCM Team Lead
12	Facilitate the implementation of the action plan and report the progress to the H.O. BCM Team	BCM Coordinators

07. Review Frequency

Below mentioned are the test types, applicability, variant and frequency:

Type	Coverage	Variants	Frequency
Table-top	Branch and Department	<ul style="list-style-type: none"> • Include interaction and validate participant's role • Update/ validation • Review/ verification 	Half Yearly
Call-Tree	Branch and Department critical resources, respective BCM Coordinators and QRT Team	<ul style="list-style-type: none"> • Update/ validation • Review/ verification 	Half Yearly
Component testing (DR Drills)	IT department (Applications, network etc.) With information to QRT	<ul style="list-style-type: none"> • To recover operations as per recovery plans for an IT department. • To work with a single documented recovery strategy. 	Half Yearly
Simulation testing	Respective Department BCM Coordinator, IT Department, With information to QRT	<ul style="list-style-type: none"> • To recover operations as per recovery plans for multiple Departments. • To work with the documented recovery strategies • To recover operations from switchover of applications to DR setup 	Half Yearly
Integrated Testing (Complete Rehearsal)	Respective Department BCM Coordinator, , IT department Third Party representative, With information to QRT	<ul style="list-style-type: none"> • To recover operations as per recovery plans for multiple Departments. • To work with the documented recovery strategies • To recover operations from switchover of applications to DR setup 	Half Yearly

08. Appendices

Appendix A: Test Plan Template: Available in the BCMS Approach Note

Appendix B: Issue Tracker Template



Appendix C: Root Cause Analysis Template

