



MEMBER ENGAGEMENT & CONDUCT COMMITTEE (MECC) – TERMS OF REFERENCE

1. Membership & Attendance

The Chairman and members of the Committee shall be appointed by the Board from amongst the non-executive Directors. The Committee Members will normally include:

- Two other non-executive Directors
- Chief Executive
- Operations Director

The quorum shall be three, two of which shall be NEDs. In the event of the unavailability of two NEDs then another NED may be co-opted for the meeting. At least one Executive Director must be in attendance.

The members of the Member Engagement and Conduct Committee should attend all scheduled meetings. In addition to members of the MECC, other attendees may be invited to the Committee. Any member of the Committee may ask the Chairman to invite specific individuals to address topics which will aid the Committee's understanding.

The Chief Risk Officer, Chief Information Officer and the Head of Conduct and Compliance are not Committee members but attend. Other individuals such as the other Non-executive Directors, or other members of the management team and external advisors may also attend meetings as appropriate with the permission of the Chairman of the Committee which will not be unreasonably withheld.

2. Secretary

The Society Secretary or, with the agreement of the Chairman, his nominee shall act as the secretary of the Committee.

3. Frequency of Meetings

The Committee shall normally meet at least four times per annum, unless otherwise agreed by the Committee. The Committee Chairman and members agree a programme of dates and agendas at the start of each year.

4. Minutes of Meetings

The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee.

Any changes to the Declaration of Interest Log, or conflicts of interest declared that are specific to items on the agenda for a meeting will be minuted. Minutes of all Committee meetings shall be made available to the Board.

5. Authority



The Committee is a Committee of the Board of Directors (the 'Board') of Progressive Building Society (the 'Society') from which it derives its authority and to which it regularly reports.

The Committee has delegated authority of the Board in respect of functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.

The Committee has authority to investigate any matter relating to member engagement and conduct matters within the Society. It also has authority to obtain any information as it may require from any Director, officer or employee of the Society.

The Committee has authority to engage independent counsel and other professional advisers at the expense of the Society and to invite them to attend meetings.

6. Purpose and Duties

The Board has established a committee to be known as the Member Engagement and Conduct Committee to support it in achieving its objectives and in overseeing the management of conduct and appropriate Member engagement across the Society.

The Committee will also ensure that Progressive meets its regulatory and legal obligations with regard to Conduct of Business as laid out by its regulator.

The duties of the Committee will include:

Functions	Details
Supporting Board and Executive Management	<ul style="list-style-type: none"> ▪ MECC is required to support Progressive's Board of Directors and the Executive in developing and defining the Conduct of Business regime of the Society and to ensure that Society Members receive a level of service which is in keeping with the requirements of the Board. ▪ On a minimum of an annual basis, the Committee shall review the components of Progressive's Conduct of Business regime to ensure that it satisfies regulatory requirements. Any exceptions to the regime will be highlighted on a quarterly basis. ▪ The Board will receive a comprehensive report on the business of the Committee from the Chairman of the MECC after each Committee meeting. ▪ The Board will receive a copy of the minutes of the MECC and any relevant supporting management information. ▪ Support the Board in ensuring the Society's Corporate Social Responsibility (CSR) agenda is in line with strategic requirements and the cultural outlook of the Board. ▪ Support the Board in ensuring that member engagement is aligned to the Corporate Plan and Strategic Intent of the Society and that appropriate Management Information is available to ensure this support.
Strategic Conduct Management	<ul style="list-style-type: none"> ▪ To consider the implications of changes to the legal and regulatory regime in so far as such changes impact on the Conduct of Business regime.



and regulatory compliance	<ul style="list-style-type: none">▪ Review FCA publications on Conduct and behavioural expectations including the FCA's Business Plan. To receive a quarterly report from the Head of Conduct and Compliance on areas specifically impacting the Society with other publications available to the Committee as reference material.▪ Agree and monitor the key measures of performance, including performance targets, used to assess delivery of the Conduct and Compliance Programme and to minimise the potential of possible shortcomings against what the Society judges to be fair treatment and/or fair outcomes for Members, to include the receipt of monitoring reports from the Head of Conduct and Compliance and reports on specific reviews and/or assessments ("deep dives") initiated from time to time by the Committee into any area to do with ensuring fair treatment for Members and customers.
Customer Outcomes	<ul style="list-style-type: none">▪ On a quarterly basis review key performance indicators (KPI) for each customer outcome by exception. Any KPI failures should be reported to the Committee on a quarterly basis and at least annually the Committee should review the Society's KPI criteria.▪ Be satisfied that the Society continues to have good processes:<ul style="list-style-type: none">• That support the delivery of fair outcomes within the Board's Conduct and Cultural outlook.• For dealing with shortcomings and with complaints when mistakes are made and for ensuring that shortcomings are corrected.• For dealing with Members experiencing financial difficulties and vulnerabilities.▪ Be satisfied that the Society's operational processes provide the appropriate level of service to Members and are in line with the Board's expectations.▪ Be satisfied that the Society's IT Operations provide the appropriate level of service to the Society to allow for Member service provision to be in line with the Board's expectations.▪ Be satisfied that the Society's Training and Competency processes provide the appropriate level of service to Members and are in line with the Board's expectations.▪ Be satisfied that the Society's Outsourcing, Procurement and Contract Management processes deliver the appropriate level of service to Members and are in line with the Board's expectations.▪ Be satisfied that the Society's range of savings and mortgage products are designed to be suitable for the needs and circumstances of Members and are in line with the Strategy of the Society. Furthermore, ensuring appropriate governance and oversight arrangements are in place, including third party products offered for sale by the Society.
New Initiatives and Projects, including the Society's Business Transformation programme	<ul style="list-style-type: none">▪ Consider the impact of new products and services on Progressive's Conduct of Business regime <p>Specifically, in relation to the Society's Transformation programme:</p> <ul style="list-style-type: none">▪ Provide oversight and challenge in respect of progress made with the Society's Transformation Programme and to ensure that future Member experience is in



	<p>line with Board expectations. This should include verification regarding the following key areas:</p> <ul style="list-style-type: none">• Sufficiently skilled resources are available to support the Transformation Programme and are appropriately allocated.• Change is being managed throughout the Society within the Board's cultural outlook.• Appropriate action is being taken to maintain on-going engagement of key internal and external stakeholders.• The programme is aligned with the Society's core business plan and strategy.• All activity is appropriately costed and provides value for money for Members.• Appropriate arrangements are in place to monitor member benefits attributable to delivering the Transformation Programme.• Any interdependencies between the Transformation Programme and other parts of the Society are understood and controlled.• Ensure that there is an appropriate level of assurance in connection with the Transformation Programme and where required liaise with other Board Committees to ensure appropriate assurance coverage.• To be satisfied that controls are being appropriately designed into updated and new processes to ensure the Member value is not diminished.
Regulatory Compliance	<ul style="list-style-type: none">▪ Oversee compliance with the FCA Conduct of Business regime with reference to the following regulatory areas: Mortgage Conduct of Business (MCOB), Insurance Conduct of Business (ICOB) and Banking Conduct of Business (BCOB). Any KPI failures should be reported to the Committee on a quarterly basis and at least annually the Committee should review the Society's Compliance plan and the design of all KPIs.
Financial Crime	<ul style="list-style-type: none">▪ Receive reports on compliance with Fraud, Bribery and Anti Money Laundering legislation.▪ Receive the Compliance and MLRO Report confirming that the Society continues to comply with all relevant statutory and regulatory requirements.▪ Seek confirmation that the findings and recommendations of the report are implemented▪ Ensure the resources available to the Compliance function are appropriate and adequate.
Data Protection and data quality	<ul style="list-style-type: none">▪ Oversee compliance with Data Protection legislation and adherence to data security principles. Receive quarterly reports on any data protection concerns and incidents from the Data protection officer.▪ Oversee the Society's data quality standards and ensure that Member data is being processed in line with Board, Regulatory and Legal expectations.
Whistleblowing	<ul style="list-style-type: none">▪ Ensure the operation of Society policies and procedures to adequately protect the members and stakeholders ensuring fair treatment in line with Board expectation.
Wholesale Market	<ul style="list-style-type: none">▪ Ensure the operation of Society policies and procedures to adequately protect the members and stakeholders ensuring compliance with appropriate behaviours in line with the Board's expectations.

Additional Committee responsibilities shall include, to:

- ensure that existing and emerging member engagement and conduct considerations are highlighted within the Society's Member engagement strategy;
- consider the work of the Marketing, and Product Committees through a review of their minutes;
- ensure that any emerging risks or changes to existing risks are highlighted to the Risk Committee;
- ensure that the Committee shall, at least once a year, review its own performance and terms of reference to ensure that it is operating effectively and if necessary recommend any changes to the Board.

7. Reporting Procedures

Management will ensure that all information relevant to the discharge by the Committee of its responsibilities is provided to the Committee. Management will also ensure that matters of material concern that are relevant to the Committees' responsibilities are brought to the attention of the Committee on a timely basis.