

## TERMS OF REFERENCE FOR THE WPP RISK COMMITTEE

### Role

1. The role of the WPP Risk Committee is to assist the board of directors of WPP plc (the **board**) in fulfilling its oversight responsibilities by reviewing, monitoring and advising on:
  - (a) compliance with laws, regulations, internal procedures, and industry standards, including anti-bribery and corruption matters;
  - (b) the design and implementation of WPP's risk and compliance framework (including setting clear standards and reporting lines for the accurate and timely identification and monitoring of exposures and certain risk types of importance);
  - (c) compliance policies and practices; and
  - (d) risks that present themselves throughout WPP.

### Membership

2. The WPP Risk Committee shall comprise a chair who shall be the Group Chief Counsel of WPP and a minimum of three members (not including the chair) who the chair shall nominate as most capable of carrying out the intended remit of the WPP Risk Committee and can invite other members of risk committees to attend its meetings.
3. The WPP Risk Committee must include members who have experience with regard to risk management issues and practices. The WPP Risk Committee as a whole shall have competence relevant to the sector in which WPP operates.
4. The members of the WPP Risk Committee shall be the Group Chief Counsel (chair), Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Client Officer, Chief Communications Officer, Chief Information Officer, Chief People Officer, Director of Internal Audit and General Counsel Corporate Risk.
5. Each member shall hold office as a committee member for a period of up to three years, which may be extended for further three-year periods, so long as the member continues to meet the criteria for membership of the WPP Risk Committee.
6. If any member of the WPP Risk Committee is unable to act for any reason, the chair may appoint an independent non-executive director of WPP plc or a member of WPP's business integrity function as agreed by the other members of the WPP Risk Committee to act as that member's alternate.
7. Each member of the WPP Risk Committee shall disclose to the committee:
  - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the WPP Risk Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the WPP Risk Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the WPP Risk Committee.

## Meetings

8. The WPP Risk Committee shall meet as many times as its role and responsibilities require but should meet at least four times a year at appropriate times in WPP's financial reporting and audit cycle.
9. Outside of the formal meeting programme, the chair shall maintain a dialogue with key individuals involved in WPP's governance, risk management systems and internal controls, including the board chairman, the group chief executive officer, the group chief financial officer, the group chief operating officer, the audit committee and WPP's business integrity function.
10. No one other than the chair and members of the WPP Risk Committee is entitled to be present at a meeting of the WPP Risk Committee. The chair and members of the WPP Risk Committee shall, however, have the discretion to decide if other individuals such as the chairman of the board, the chief executive officer, audit committee members, other directors, members of the Network Risk Committees (defined below) and external auditors or other professional advisers may be invited to attend for all or part of any meeting, as and when appropriate.
11. The attendance of a representative from each of WPP's business integrity and internal audit functions shall be required at all meetings.
12. The quorum for meetings of the WPP Risk Committee shall be four members present throughout the meeting in person or by audio or video conference. If there is difficulty in achieving a quorum, independent non-executive directors of WPP plc, who are not members of the WPP Risk Committee, may be co-opted as members for individual meetings. A duly convened meeting of the WPP Risk Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the WPP Risk Committee.
13. Meetings of the WPP Risk Committee shall be called by the chair at the request of any member or at the request of the chair if he or she considers it necessary.
14. Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed, shall be forwarded to each member of the WPP Risk Committee and any person invited to attend no later than three calendar days prior to the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time, but committee papers may be forwarded at shorter notice with the approval of the committee chairman. All reasonable efforts shall be made to give notice of meetings of the WPP Risk Committee to all members of it and to arrange such meetings so that members are able to attend them.
15. A member of the WPP Risk Committee may participate in committee meetings by audio or video conference.
16. Each committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a committee meeting (whether in person or by audio or video conference). In the event of an equality of votes, the chair of the WPP Risk Committee shall have a casting vote.
17. If a matter that is considered by the WPP Risk Committee is one where a committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. The committee chair may ask any attendees of a committee meeting to leave the meeting to allow discussions of matters relating to them.

18. The chair (or his or her nominee) shall minute the proceedings and resolutions of all meetings of the WPP Risk Committee, including the names of those present and in attendance. Draft minutes of WPP Risk Committee meetings shall be circulated promptly to all WPP Risk Committee members. Once approved, minutes shall be circulated to all members of the board, unless in the opinion of the WPP Risk Committee chair it would be inappropriate to do so.
19. The chair of the WPP Risk Committee shall be available at the board's request to answer questions about the committee's activities and areas of responsibility at the annual general meeting of WPP plc. All members of the WPP Risk Committee shall also attend the annual general meeting.

## **Duties**

20. The duties of the WPP Risk Committee shall be:
  - (a) to advise the audit committee and, if so required, the board on WPP's overall risk appetite, tolerance and strategy in respect of the matters set out in these terms of reference, taking account of the current and prospective macroeconomic and financial environment;
  - (b) to advise the audit committee and, if so required, the board on the likelihood and the impact of principal risks materialising and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact and to keep under review WPP's procedures to manage or mitigate principal risks and to identify emerging risks;
  - (c) to oversee and to advise the audit committee and, if so required, the board on the current risk exposures of WPP and future risk strategy in respect of the matters set out in these terms of reference including through:
    - (i) the maintenance of a risk committee for each network within WPP (**Network Risk Committees**);
    - (ii) the establishment and maintenance of sub-committees for WPP and for each network within WPP to review, monitor and advise in further depth on such risk categories as the WPP Risk Committee determines necessary from time to time; and
    - (iii) the collection of reports and insights provided by such Network Risk Committees and sub-committees as well as WPP's business integrity function;
  - (d) in relation to disclosure:
    - (i) to consider any necessary disclosure implications of the process that has been applied by the board to deal with material risk management and/or internal control aspects of any significant problems disclosed in the annual report and accounts;
    - (ii) to consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate; and
    - (iii) to review such information from the Disclosure Committee as such committee may request (including reports and minutes) from time to time;
  - (e) in relation to risk assessment:

- (i) to keep under review WPP's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;
  - (ii) to review regularly and to approve the parameters used in these measures and the methodology adopted; and
  - (iii) to review regularly and approve any updates proposed by WPP's business integrity function to standards and reporting lines for the accurate and timely monitoring of exposures and certain risk types of importance;
- (f) to review the capability of WPP to identify and manage new risk types;
  - (g) before a decision to proceed is taken by the board, to advise the Group Chief Counsel and, if so required, the board on the risk aspects of proposed strategic transactions including acquisitions or disposals; and to ensure that a due diligence appraisal of the proposition is undertaken, including a focus on risk aspects and implications for the risk appetite, tolerance of WPP in respect of the matters set out in these terms of reference. Independent external advice should be obtained where appropriate and available;
  - (h) to review reports on any breaches of risk limits and keep under continuous review the adequacy of proposed action points (including those arising from the responses to the assessment of business integrity risks conducted across all networks at least once in each financial and audit cycle (**BI Risk Assessment**));
  - (i) to keep under review the adequacy and effectiveness of WPP's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risks) in respect of the matters set out in these terms of reference and to monitor and review WPP's internal control and risk management systems, as well as review the statements to be included in the annual report concerning internal controls and risk management;
  - (j) to review the adequacy and security of arrangements by which staff and contractors of WPP may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the proportionate and independent investigation of such matters, and for appropriate follow-up action;
  - (k) to review the adequacy and security of WPP's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
  - (l) to review WPP's procedures for detecting non-compliance and unethical behaviour, including bribery, corruption, and fraud;
  - (m) to review WPP's systems and controls for ethical behaviour and the prevention of bribery and receive reports on non-compliance;
  - (n) to review the appropriateness of WPP's values and culture and reward systems for managing risk and internal controls and the extent to which the culture and values are embedded at all levels of WPP;
  - (o) to consider and approve the remit of WPP's business integrity function to:

- (i) ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards; and
  - (ii) ensure it has adequate independence, being free from management or other restrictions;
- (p) to review promptly all reports on WPP from WPP's business integrity function;
  - (q) to review and monitor management's responsiveness to the findings and recommendations of the WPP Risk Committee and WPP's business integrity function;
  - (r) to give to WPP's business integrity function and each Network Risk Committee the right of unfettered direct access to the WPP Risk Committee; and
  - (s) to review periodically its own performance, and review annually its constitution and terms of reference, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.
21. The WPP Risk Committee is authorised by the board to investigate any activity within the scope of its duties.

### **Reporting responsibilities**

- 22. The chair of the WPP Risk Committee shall report formally to the audit committee and, if so required, the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 23. The WPP Risk Committee shall make whatever recommendations to the audit committee and, if so required, the board that it deems appropriate on any area within its remit where action or improvement is needed.
- 24. The WPP Risk Committee shall review and contribute to the statement to be included in WPP's annual report concerning risk management (such statement to be approved by the audit committee before publication).
- 25. Final copies of the minutes of the WPP Risk Committee's meetings shall be maintained for WPP's records, both in hard and soft copies.

### **Performance, resources and training**

- 26. The WPP Risk Committee shall also:
  - (a) make available these terms of reference, explaining the role and the authority delegated to it by the board, by including the information on WPP's website;
  - (b) have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required;
  - (c) consider other duties determined by the board from time to time;
  - (d) work and liaise as necessary with the audit committee and all other board committees;

- (e) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
  - (f) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - (g) give due consideration to applicable laws, regulations and guidance; and
  - (h) oversee any investigation of activities which are within its terms of reference.
27. The WPP Risk Committee is authorised by the board to obtain outside legal, or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary, at WPP's expense.
28. The WPP Risk Committee is authorised to seek any information it requires from any employee of WPP or any of WPP plc's subsidiaries in order to perform its duties and to call any employee to be questioned at a WPP Risk Committee meeting as and when required and all employees are directed to co-operate with any request made by the WPP Risk Committee.
29. The WPP Risk Committee is authorised collectively and individually to have direct access to the board chairman, the group chief executive officer, the group chief financial officer, the group chief operating officer, the group chief counsel and the audit committee.