




WPP SCANGROUP PLC

AUDIT AND RISK COMMITTEE

(the “Committee”)

TERMS OF REFERENCE

	DESIGNATION	SIGNATURE	DATE
Prepared by	Company Secretary		
Reviewed by	Audit and Risk Committee		
Approved by	Board		24.09.2023.

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## **1. PREAMBLE**

- 1.1 There is established a Committee of the Board of Directors (the Board), duly constituted and known as the Audit and Risk Committee ("the Committee").
- 1.2 The Committee is constituted as a statutory Committee of WPP Scangroup PLC ("the Company") in respect of its statutory duties in terms of the Companies Act No. 17 of 2015 ("the Act"), the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (CMA Code), and as a Committee of the Board of Directors ("Board") of the Company in respect of all other duties assigned to it by the Board. The Committee is accountable to the Board.
- 1.3 The Board has delegated certain responsibilities to this Committee. The nature of the delegation is as set forth in the responsibilities hereunder, and the responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 The Committee will assist the board in fulfilling its oversight responsibilities of the Company as well as for its subsidiaries that have requested the Company to perform their committee functions and will perform the statutory functions of Committees. The secretary will maintain and table a list of the subsidiaries and will obtain formal letters from subsidiary boards requesting that their committee functions be performed by the Committee.
- 1.5 The Committee will oversee the integrity of integrated reporting and review the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, performance of the Company's internal audit function, independent auditors, the Company's process for monitoring compliance with laws and regulations and its own Code of Business Conduct and the development and implementation of and ESG strategy.
- 1.6 The Committee will have an independent role with accountability to both the Board and shareholders. In performing its duties, the committee will maintain effective working relationships with the Board, Management, and the internal and external assurance providers.
- 1.7 The Committee will not assume the functions of management, which remain the responsibility of the other members of Senior Management.

## **2. PURPOSE**

- 2.1 The purpose of these Terms of Reference is to set out the Committee's responsibilities as well as the requirements for its composition and meeting procedures.
- 2.2 The Committee serves in an advisory capacity to the Board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, financial risk management and controls, the review of financial information, and the preparation of annual Financial Statements and the other matters incorporated in the Annual Report.
- 2.3 The overall responsibility of the Audit and Risk Committee is to review the financial condition of the company, its internal controls, performance and findings of the internal and external auditors, findings of the regulatory authorities, and recommend appropriate remedial action. The Committee will also review the various risks faced by the company and the management of such risks.

## **3. MANDATE OF THE COMMITTEE**

The Committee is primarily mandated to:

- 3.1 Provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations.
- 3.2 Review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements.
- 3.3 Appoint, compensate, and oversee of the work of the Independent External Auditor.
- 3.4 Review and approve proposed audit approaches and plans, staffing and organization of the function, and meet with Internal Auditors and Management on a periodic basis to discuss matters of concern that may arise.

## **4. ROLES AND RESPONSIBILITIES OF THE COMMITTEE**

### **4.1 INTEGRATED REPORTING**



The Committee shall: -

- 4.1.1 Have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose Management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information.
- 4.1.2 Review, consider and approve and recommend to the Board, audited Financial Statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents.
- 4.1.3 Review significant accounting or reporting issues including:
  - 4.1.3.1 Complex or unusual transactions and highly sensitive areas
  - 4.1.3.2 Major issues regarding accounting principles and financial statement presentations.
  - 4.1.3.3 Review of significant adjustments resulting from the audits.
  - 4.1.3.4 Review of going concern assumptions.
- 4.1.4 Ensure that the Company's Financial Statements comply with applicable International financial reporting standards and the Capital Markets Authority requirements on disclosures.
- 4.1.5 Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.
- 4.1.6 Act as an effective and independent means of communication between the Board on the one hand and the external auditors and the internal auditors on the other.
- 4.1.7 Satisfy the Board that adequate internal and financial controls are in place and that material financial risks have been identified and are being effectively managed and monitored.
- 4.1.8 Assess the impact of the general control environment on the annual statutory audit, by reviewing the information technology environment to ensure that controls exist that support reliable and continuous processing of computerised accounting information and reporting to executive management any areas of perceived control weakness.
- 4.1.9 Enhance the quality, effectiveness and relevance of those financial communications issued by the Company which are referred to the Committee for its review and comments, with particular, specific focus will be placed on the assumptions, parameters, valuations and reporting guidelines and practices appropriate to the activities of the Company.
- 4.1.10 Provide the Board with an independent point of reference in seeking a resolution of interpretative and controversial financial issues, as well as any other matter referred to it which may impact on the annual financial statements and other financial communications issued by the Company.

#### 4.2 **EXTERNAL AUDIT**

- 4.2.1 Make recommendations for the appointment and retention of the External Auditor.
- 4.2.2 Review and discuss the scope of the audit and audit plan, including for the subsidiaries.
- 4.2.3 Consider differences of opinion between Management and the External Auditor, if any.
- 4.2.4 Evaluate the performance, objectivity and independence of the External Auditor.
- 4.2.5 Review the nature and extent of non-audit services provided by the External Auditor.
- 4.2.6 Obtain assurance from the Auditor that adequate accounting records are maintained.
- 4.2.7 On a regular basis, meet with the External Auditors to discuss any matters that the Committee and Auditors should discuss privately.

#### 4.3 **INTERNAL AUDIT**

- 4.3.1 Review the objectives of the internal audit function and the annual plan of action.
- 4.3.2 Review the scope, functions and resources of the internal audit function and its effectiveness.
- 4.3.3 Assess the adequacy and performance of the internal audit function and the adequacy of available resources.
- 4.3.4 Review significant matters reported by the internal auditor.
- 4.3.5 Review significant differences between Management and the internal auditors.



- 4.3.6 Review the cooperation and coordination between the internal and external auditors through reports.
- 4.3.7 On a regular basis, meet with the Internal Auditors to discuss any matters that the Committee and Auditors should discuss privately.

#### **4.4 INTERNAL CONTROL SYSTEMS**

- 4.4.1 Review the systems of internal controls to ascertain its adequacy and effectiveness.
- 4.4.2 Review and discuss any previously identified material weaknesses in controls and deficiencies in systems.
- 4.4.3 Review the effectiveness of systems for monitoring compliance with laws and regulations.
- 4.4.4 Review the findings of any examination by regulatory agencies and any observations.
- 4.4.5 Review the process of communicating the Code of Conduct to employees, the Board and the Stakeholders.
- 4.4.6 Review the effectiveness of the Whistle Blowing channel. If considered necessary, recommend additional procedures to enhance the system of internal controls.
- 4.4.7 Review internal and external auditors' reports (management letter) and management's response thereto and consider status of actions taken by management.
- 4.4.8 Identify any change necessary to the agreed audit scope or to other services as a result of any weaknesses or deficiencies revealed.
- 4.4.9 Approve any major changes in IT strategies, priorities and/or strategies implemented throughout the company.

#### **4.5 RISK MANAGEMENT<sup>1</sup>**

The Committee shall:

- 4.5.1 Focus on risk identification, evaluation, measurement, monitoring and risk management processes.
- 4.5.2 Review enterprise-wide risk management framework and, portfolio risk profile and the portfolio management plan.
- 4.5.3 Review and ensure adequate policies and procedures of risk management are in place.
- 4.5.4 Monitor Environmental, Social and Governance (ESG) aspects of the business which underpin sustainability.
- 4.5.5 Review large exposures and large impaired assets.
- 4.5.6 Review major cases of fraud, irregularities and any legal matters that could have a significant impact on the company's business, together with the legal advisor, if necessary.
- 4.5.7 Risk management in the area of product and service quality.
- 4.5.8 Review adequacy of insurance coverage
- 4.5.9 Monitor Company's culture that could undermine the effectiveness of the risk management process and lead to inappropriate risk taking.

#### **4.6 ENVIRONMENT, SOCIAL AND GOVERNANCE**

- 4.6.1 Review and recommend changes as appropriate to the Company's Sustainability strategy and policy taking into account the Company's strategy, purpose and culture, and ensuring standards of business behaviour are up to date and reflect the best practices of business in this area.
- 4.6.2 Ensure the required actions to effect this strategy are appropriately resourced by Management.
- 4.6.3 Assess the Company's performance in implementing the Sustainability strategy and policy, by receiving and considering updates from the Company's businesses, and internal and external experts.
- 4.6.4 Review the Group's Health & Safety policy arrangements, to ensure that key risks are being identified and that appropriate control measures are put in place by management.

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<sup>1</sup> 6.4 Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015

- 4.6.5 Monitor and review changes in the Company's reputation and its stakeholders' expectations on sustainability, and ensure the Board is kept appropriately informed.
- 4.6.6 Bring best practice thinking and ongoing awareness of global developments in sustainability.

## **5. COMPOSITION**

- 5.1 The Committee shall be made up of at least three Directors, with the Chief Executive Officer and Group Chief Finance Officer as permanent invitees.
- 5.2 The Board shall appoint the Chairperson and each member of the Committee in writing and the formal letters of appointment shall set out the main terms and conditions relative to their appointment.
- 5.3 The Chairperson of the Committee shall be an independent director and be impartial in discharging his or her responsibilities, the chairperson of the Audit and Risk Committee.
- 5.4 The Chairman of the Board shall not be a member or Chairman of the Audit and Risk Committee.
- 5.5 Each member of the Committee shall be appointed for a renewable term of two years.
- 5.6 All the members of the Committee should have financial awareness and at least one member (preferably the Chairman) shall have the necessary accounting, legal and financial management expertise to properly assist and advise the Committee in the execution of its duties and responsibilities.
- 5.7 The Secretary of the Board shall in consultation with the Chairperson of the Committee, draft the agenda convening meetings, attend and maintain records for the Committee meetings.

## **6. REPORTING**

- 6.1 The Chairperson of the Committee shall regularly update the Board on the Committee's activities and make appropriate recommendations to the Board for approval.
- 6.2 The Committee shall refer to the Board any matters that have come to its attention that are relevant for the Board's attention.

## **7. AUTHORITY**

- 7.1 The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:
  - 7.1.1 Appoint, compensate, and oversee the work of the public accounting firm employed by the Group to conduct the annual audit. The external auditor will report directly to the audit committee.
  - 7.1.2 Review with the independent registered public accounting firm any audit problems or difficulties and management's response thereto.
  - 7.1.3 Pre-approve all auditing and permitted non-audit services performed by the Company's external auditor.
  - 7.1.4 Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
  - 7.1.5 Seek any information it requires from employees - all of whom are directed to cooperate with the committee's requests - or external parties.
  - 7.1.6 Meet with the Group's officers, external auditors, or outside counsel, as necessary.
  - 7.1.7 Overseeing the Group's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Group.
- 7.2 The committee may delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full committee at its next scheduled meeting.

## **8. MEETINGS**

- 8.1 The Committee shall meet at least four times a year and may convene additional meetings on need basis.
- 8.2 A minimum of two members including the Chairperson of the Committee shall constitute a quorum.
- 8.3 The Committee shall meet, at least once annually, with Management and Internal Auditors in separate sessions to discuss any matters that each of these groups believes should be discussed separately.

- 8.4 The Committee shall meet the External Auditors, independently of Management, at the start of every Audit Committee meeting to discuss any issue in the absence of Management.
- 8.5 The Committee shall have direct channels of communications with the Internal and External Auditors, if need be.
- 8.6 The Committee shall have a standing agenda item that focuses on risk identification, evaluation, measurement, monitoring and risk management processes.
- 8.7 The Committee shall act by simple majority of the members present at a meeting. Committee members shall have one vote each and in the event of equality of votes, the Chairperson of the Committee shall have a casting vote on any motion.
- 8.8 The Chairperson of the Committee shall preside at each meeting. In his/her absence, the Committee members present shall nominate one of those present to chair the meeting.
- 8.9 The agenda and relevant papers shall be distributed to members at least seven days before a Committee's meeting.
- 8.10 Minutes of the Committee meetings shall be prepared and circulated to the members within reasonable time.

## **9. EVALUATION**

- 9.1 The Board shall annually evaluate the performance of the Committee and assess whether or not the Committee has successfully performed its required duties as stated in the Terms of Reference.
- 9.2 The Committee shall conduct an annual self-assessment to consider the performance of the Committee, the competency of its members, and the leadership of the Chairperson.

## **10. REVIEW OF THE TERMS OF REFERENCE**

The Committee shall periodically review and re-assess the adequacy of these Terms of Reference and recommend any proposed changes to the Board for approval.



## **APPENDIX I: TERMS OF REFERENCE FOR THE WPP-SCANGROUP PLC RISK COMMITTEE**

### **Role**

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

### **Membership**

2. The WPP-Scangroup Risk Committee shall comprise a chairman who shall be the group Chief Executive Officer of WPP-Scangroup and a minimum of two other members who the chairman shall nominate as most capable of carrying out the intended remit of the WPP-Scangroup Risk Committee.
3. The members of the WPP-Scangroup Risk Committee shall include the Chief Executive Officer, the Chief Financial Officer, the Group Human Resources Director, the Chief Information Officer, the Director Risk Assessment & Controls, the Group Head of Legal & the Company Secretary.
4. 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-Scangroup Risk Committee.
5. If any member of the WPP-Scangroup Risk Committee is unable to act for any reason, the chairman of the WPP-Scangroup Risk Committee may appoint a compliance representative as directed by the Group Chief Counsel of WPP and agreed by the other members of the WPP-Scangroup Risk Committee to act as that member's alternate.
6. Each member of a WPP-Scangroup 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-Scangroup 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-Scangroup 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 of directors of WPP-Scangroup or the WPP Risk Committee) shall resign from the WPP-Scangroup Risk Committee.

### **Meetings**

7. Each WPP-Scangroup 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-Scangroup's financial reporting and audit cycle.
8. Outside of the formal meeting programme, the chairman shall maintain a dialogue with key individuals involved in WPP-Scangroup's governance, risk management systems and internal controls, including the Group Chief Counsel of WPP and WPP's business integrity function.
9. No one other than the chairman and members of each WPP-Scangroup Risk Committee is entitled to be present at a meeting of that WPP-Scangroup Risk Committee. The chairman and members of each WPP-Scangroup Risk Committee shall, however, have the discretion to decide if other individuals such as WPP-Scangroup's Board audit committee members, WPP Risk Committee members, members of

WPP's business integrity function and external auditors or other professional advisers may be invited to attend for all or part of any meeting, as and when appropriate.

10. The quorum for meetings of each WPP-Scangroup Risk Committee shall be three members present throughout the meeting in person or by audio or video conference. If there is difficulty in achieving a quorum, a compliance representative as directed by WPP's Group Chief Counsel may be co-opted as members for individual meetings. A duly convened meeting of a WPP-Scangroup 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 that WPP-Scangroup Risk Committee.
11. Meetings of a WPP-Scangroup Risk Committee shall be called by the chairman of the WPP-Scangroup Risk Committee at the request of any member or if he or she considers it necessary.
12. 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-Scangroup 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 a WPP-Scangroup Risk Committee to all members of it and to arrange such meetings so that members are able to attend them.
13. 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 chairman of a WPP-Scangroup Risk Committee shall have a casting vote.
14. If a matter that is considered by the 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 chairman may ask any attendees of a committee meeting to leave the meeting to allow discussions of matters relating to them.
15. The chairman (or his or her nominee) shall minute the proceedings and resolutions of all meetings of WPP-Scangroup Risk Committees, including the names of those present and in attendance. Draft minutes of WPP-Scangroup Risk Committee meetings shall be circulated promptly to all WPP-Scangroup Risk Committee members. Once approved, minutes shall be circulated to all members of the board of directors of WPP-Scangroup and the WPP Risk Committee, unless in the opinion of the WPP-Scangroup Risk Committee chairman it would be inappropriate to do so.

#### **Duties**

16. The duties of the WPP-Scangroup Risk Committee shall be:
  - (a) to provide reports and insights to the board of directors of WPP-Scangroup and the WPP Risk Committee on the current risk exposures of WPP-Scangroup's businesses and future risk strategy in respect of the matters set out in these terms of reference, including the prompt completion at least once in each financial and audit cycle of an assessment of WPP-Scangroup's business integrity risks (the **WPP-Scangroup BI Risk Assessment**);
  - (b) to identify new risk types within WPP-Scangroup and report them to the WPP's business integrity function and, if so required, the WPP Risk Committee;
  - (c) to assist the WPP business integrity function and, if so required, the WPP Risk Committee with advising the board and the Group Chief Counsel of WPP on proposed strategic transactions including acquisitions or disposals and with due diligence appraisals of propositions;
  - (d) to report to the WPP business integrity function and, if so required, the WPP Risk Committee any breaches of risk limits and to implement promptly and pro-actively all proposed action points (including those arising from the responses to the WPP-Scangroup BI Risk Assessment);



- (e) to follow and apply throughout WPP-Scangroup, WPP 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;
- (f) to maintain adequate and secure arrangements by which staff and contractors of WPP-Scangroup may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, ensure that arrangements are in place for the proportionate and independent investigation of such matters and take appropriate follow-up action;
- (g) to maintain adequate and secure arrangements for employees of WPP-Scangroup to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensure that these arrangements allow proportionate and independent investigation of such matters and take appropriate follow-up action;
- (h) to follow and apply throughout WPP-Scangroup, WPP procedures for detecting non-compliance and unethical behaviour, including bribery, corruption, and fraud;
- (i) to follow and apply throughout WPP-Scangroup, WPP's systems and controls for ethical behaviour and the prevention of bribery, to receive reports on non-compliance and to report any such non-compliance to WPP business integrity function and, if so required, the WPP Risk Committee; and
- (j) to ensure that all employees of WPP-Scangroup are provided with and complete promptly all necessary and relevant training in respect of the matters set out in these terms of reference.

#### **Reporting responsibilities**

- 17. The chairman of the WPP-Scangroup Risk Committee shall report formally to the board of directors of WPP-Scangroup and the WPP business integrity function and, if so required, the WPP Risk Committee on its proceedings after each meeting on all matters within its duties and responsibilities.
- 18. The WPP-Scangroup Risk Committee shall make whatever recommendations to the board of directors of WPP-Scangroup and the WPP business integrity function and, if so required, the WPP Risk Committee that it deems appropriate on any area within its remit where action or improvement is needed.
- 19. Final copies of the minutes of the WPP-Scangroup Risk Committee meetings shall be maintained for WPP-Scangroup and WPP records, both in hard and soft copies.

#### **Performance and training**

- 20. The WPP-Scangroup Risk Committee shall also:
  - (a) make available these terms of reference on the WPP-Scangroup intranet;
  - (b) consider other duties determined by the board of directors of WPP-Scangroup and the WPP business integrity function or, as the case may be, the WPP Risk Committee from time to time;
  - (c) work and liaise as necessary with all WPP-Scangroup board committees, the WPP business integrity function and the WPP Risk Committee;
  - (d) arrange for the 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 of directors of WPP-Scangroup supported by consultation with WPP's Group Chief Counsel for approval;
  - (e) 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; and
  - (f) give due consideration to laws and regulations, the provisions of the Kenyan Companies Act 2015, the Kenyan Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Kenyan Anti-Money Laundering (Amendment) Act 2017, the UK Corporate Governance Code, the requirements of the UK Financial Conduct Authority's Listing, Prospectus and Transparency Rules, the guidance in the UK Financial Conduct Authority's Disclosure Guidance and any other applicable laws and guidance, as appropriate.



21. Each WPP-Scangroup Risk Committee member is authorised to seek any information it requires from any employee of any of WPP subsidiaries within WPP-Scangroup in order to perform its duties and to call any employee to be questioned at a WPP-Scangroup Risk Committee meeting as and when required and all employees are directed to co-operate with any request made by a WPP-Scangroup Risk Committee.
22. The WPP-Scangroup Risk Committee is authorised collectively and individually to have direct access to the board of directors of WPP-Scangroup, the WPP Risk Committee and the Group Chief Counsel of WPP.

## APPENDIX II: TERMS OF REFERENCE FOR THE WPP SCANGROUP PLC CONTROLS COMMITTEE

### Role

1. The role of the WPP Scangroup Plc Controls Committee (hereinafter, the "WPP Scangroup Plc Controls Committee") is to assist the WPP Scangroup Plc Risk Committee and WPP Controls Committee in fulfilling its oversight responsibilities by reviewing, monitoring and advising on:
  - (a) compliance with laws, regulations, internal procedures and industry standards relating to internal controls (including internal controls over financial reporting "ICFR") matters;
  - (b) the design and implementation of WPP Scangroup Plc's internal controls framework including setting clear standards and performance expectations for the accurate and timely performance of key financial, key operational, financial, operational and compliance related controls;
  - (c) risks that present themselves throughout WPP with respect to policies and practices relating to internal controls, internal controls over financial reporting, controls relating to the risk appetite framework, and other significant strategic initiatives.

### Membership

2. The WPP Scangroup Plc Controls Committee shall comprise a chair, who shall be the **Chief Financial Officer of WPP Scangroup Plc**, and a minimum of four members (not including the chair), who the chair shall nominate as most capable of carrying out the intended remit of the WPP Scangroup Plc Controls Committee. The WPP Scangroup Plc Controls Committee can invite members from the WPP Scangroup Plc Risk Committee, the WPP Risk Committee or the WPP Controls Committee to attend its meetings.
3. The WPP Scangroup Plc Controls Committee must include members who have experience with issues and practices relating to control and process design, implementation and evaluation.
4. The members of the WPP Scangroup Plc Controls Committee shall be the Chief information officer, representation from Specialist communication agencies & the Director Risk Assessment & Controls.
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 Scangroup Plc Controls Committee.
6. If any member of the WPP Scangroup Plc Controls Committee is unable to act for any reason, the chair may appoint another individual who meets the experience requirements in paragraph 3 above and as agreed by the other members of the WPP Scangroup Plc Controls Committee and the WPP Scangroup Plc Chief Executive Officer in their capacity as chair of the WPP Scangroup Plc Risk Committee to act as that member's alternate.
7. Each member of the WPP Scangroup Plc Controls 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 Scangroup Plc Controls 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 Scangroup Plc Controls Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the WPP Scangroup Plc Risk Committee) shall resign from the WPP Scangroup Plc Controls Committee.

### Meetings

8. The WPP Scangroup Plc Controls 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. The meetings shall follow, as closely as practicable, the schedule set out in **Appendix A**.
9. Outside of the formal meeting programme, the chair shall maintain a dialogue with members of the WPP Scangroup Plc Risk Committee and key individuals involved in WPP's governance, risk

management systems and internal controls including WPP Business Integrity and WPP Risk & Controls Group.

10. No-one other than the chair and members of the WPP Scangroup Plc Controls Committee is entitled to be present at a meeting of the WPP Scangroup Plc Controls Committee. The chair and members of the WPP Scangroup Plc Controls Committee shall, however, have the discretion to decide if other individuals such as members of the WPP Scangroup Plc Risk Committee, members of the WPP Risk Committee, members of the WPP Controls Committee, members of WPP Business Integrity and/or WPP Risk & Controls Group 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 quorum for meetings of the WPP Scangroup Plc Controls Committee shall be three members present throughout the meeting in person or by audio or video conference. If there is difficulty in achieving a quorum, a member of the WPP Scangroup Plc Risk Committee who is not a member of the WPP Scangroup Plc Controls Committee (or another compliance representative as directed by the WPP Scangroup Plc Chief Executive in their capacity as chair of the WPP Scangroup Plc Risk Committee), may be co-opted as members for individual meetings. A duly convened meeting of the WPP Scangroup Plc Controls 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 Scangroup Plc Controls Committee.
12. Meetings of the WPP Scangroup Plc Controls 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.
13. 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 Scangroup Plc Controls 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 the WPP Scangroup Plc Controls 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 a co-chair. All reasonable efforts shall be made to give notice of meetings of the WPP Scangroup Plc Controls Committee to all members of it and to arrange such meetings so that members are able to attend them.
14. A member of the WPP Scangroup Plc Controls Committee may participate in committee meetings by audio or video conference.
15. Each member of the WPP Scangroup Plc Controls Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the WPP Scangroup Plc Controls Committee (whether in person or by audio or video conference). In the event of an equality of votes, the chair shall have a casting vote.
16. If a matter that is considered by the WPP Scangroup Plc Controls 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.
17. The chair (or his or her nominee) shall minute the proceedings and resolutions of all meetings of the WPP Scangroup Plc Controls Committee, including the names of those present and in attendance. Draft minutes of the WPP Scangroup Plc Controls Committee meetings shall be circulated promptly to committee members. Once approved, minutes shall be circulated to all members of the WPP Scangroup Plc Risk Committee, unless in the opinion of a co-chair with the agreement of the Group Chief Counsel it would be inappropriate to do so.

#### **Duties**

18. The duties of the WPP Scangroup Plc Controls Committee shall be:
  - (a) to advise the WPP Scangroup Plc Risk Committee and WPP Controls Committee on risks relating to internal control matters as set out in these terms of reference;



- (b) to provide reports and insights on internal controls design and effectiveness relating to the matters set out in these terms of reference, to determine and oversee the prompt implementation of appropriate remediation actions and to keep under continuous review the adequacy of any such proposed action points;
- (c) to report to the WPP Scangroup Plc Risk Committee and the WPP Controls Committee any deficiencies in internal control design and effectiveness relating to the matters set out in these terms of reference, to implement promptly and pro-actively all remediation actions and proposed action points, and to recommend, where applicable, the actions indicated in the Internal Controls Accountability Framework set out in **Appendix B**; and
- (d) to ensure that all relevant employees of WPP Scangroup Plc are provided with and complete promptly all necessary and relevant training in respect of the matters set out in these terms of reference.

#### **Reporting responsibilities**

- 19. The chair of the WPP Scangroup Plc Controls Committee shall report formally to the WPP Scangroup Plc Risk Committee and the WPP Controls Committee on the proceedings of the WPP Scangroup Plc Controls Committee after each meeting on all matters within its duties and responsibilities.
- 20. The WPP Scangroup Plc Controls Committee shall make whatever recommendations to the WPP Scangroup Plc Risk Committee and the WPP Controls Committee that it deems appropriate on any area within its remit where action or improvement is needed.
- 21. Final copies of the minutes of the WPP Scangroup Plc Controls Committee's meetings shall be maintained for WPP's records, both in hard and soft copies.

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

- 22. The WPP Scangroup Plc Controls Committee shall also:
  - (a) consider other duties determined by the WPP Scangroup Plc Risk Committee and WPP Controls Committee from time to time;
  - (b) work and liaise as necessary with the WPP Scangroup Plc Risk Committee and the WPP Controls Committee;
  - (c) 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 WPP Scangroup Plc Risk Committee and WPP Controls Committee for approval;
  - (d) 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;
  - (e) give due consideration to applicable laws, regulations and guidance.
- 23. The WPP Scangroup Plc Controls Committee is authorised to seek any information it requires from any employee of WPP Scangroup Plc in order to perform its duties and to call any employee to be questioned at a WPP Scangroup Plc Controls Committee meeting as and when required and all employees are directed to co-operate with any request made by the WPP Scangroup Plc Controls Committee.
- 24. The WPP Scangroup Plc Controls Committee is authorised collectively and individually to have direct access to each member of the WPP Scangroup Plc Risk Committee and the WPP Controls Committee.

## Appendix A – Meeting Schedule

Network Controls Committee Meeting Schedule:

Month	Meeting Purpose
May	<ul style="list-style-type: none"><li>• Annual internal controls program kick-off</li><li>• Inform on Opco scoping</li><li>• Action plan status for any prior year "red" units</li></ul>
September	<ul style="list-style-type: none"><li>• Results to date of Opco internal controls testing</li></ul>
November (early)	<ul style="list-style-type: none"><li>• Results to date of Opco internal controls testing</li></ul>
December (mid-late)	<ul style="list-style-type: none"><li>• Final annual results of Opco internal controls testing</li><li>• Review of "red" units subject to formal action plans</li></ul>
February	<ul style="list-style-type: none"><li>• Review of formal actions for all "red" units</li></ul>

## Appendix B – Internal Controls Accountability Framework

Based on Internal Audit's testing and reporting framework, any Opco unit that results in a "red" rating as of year-end is subject to the following accountability framework:

<b>Level 1</b>	First red rating, not a repeat red from prior year	<ul style="list-style-type: none"><li>• Requires formal remediation plan (including specificity on tasks, due dates and owners) presented to Network Controls Committee</li><li>• Opco CFO and CEO must present remediation plan to the Network Controls Committee</li></ul>
<b>Level 2</b>	Second red rating, first repeat	<ul style="list-style-type: none"><li>• Requires formal remediation plan (including specificity on tasks, due dates and owners) presented to Network Controls Committee</li><li>• Regional Network CFO and Regional Network CEO must present remediation plan to the Network Controls Committee</li><li>• Potential employee discipline including impact on compensation or STIP</li></ul>

Further, failure to meet an agreed remediation timeline for any control issues identified will be assessed by the Committee and appropriate disciplinary action considered including potential employee discipline including impact on compensation or STIP.