



## **WPP plc**

### **Audit Committee**

#### **Terms of Reference**

Approved by the WPP plc Board on 8 February 2022.

The Board has established a Committee of the Board known as the Audit Committee (the “Committee”).

The Committee’s purpose is to review and monitor:

- The integrity of the financial information provided to shareholders.
- The Company’s system of internal controls and risk management.
- The internal and external audit process and auditors.
- The processes for compliance with laws, regulations and ethical codes of practice.

#### **Membership**

1. The Committee shall comprise a Chair and a minimum of three members, all of whom shall be independent non-executive directors (in accordance with the UK Corporate Governance Code, and US federal securities laws and regulations). At least one member shall have recent and relevant experience working with financial and accounting matters and experience of preparing financial statements under IFRS and shall be an “audit committee financial expert” as required by the US Sarbanes-Oxley Act of 2002. The Committee as a whole should have competence relevant to the communication marketing services sector in which the Company and its services operate.
2. The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee, in consultation with the Chair of Committee.
3. The Chair of the Committee shall be appointed by the Board and must be an independent Non-Executive Director. In the absence of the Chair of the Committee, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be a Committee member but may be invited to attend its meetings.
4. The Group Company Secretary or their nominee shall be the Secretary to the Committee.

#### **Attendance**

5. The Chief Financial Officer, Group Chief Counsel, Group Finance Director, Group Chief Accountant, Group Finance Controller, Head of Internal Audit, Global Director Risk and Controls, General Counsel Corporate Risk and the external auditors shall normally attend meetings. The Chair of the Board, Senior Independent Director and the Chief Executive Officer may attend meetings as appropriate, and other non-members may be invited to attend all or part of any meetings as and when appropriate, at the Chair’s consent.

6. At least once a year the Committee shall meet separately with:

- the external auditors;
- Global Director, Risk and Controls;
- General Counsel, Corporate Risk
- the Head of Internal Audit; and
- Group Chief Counsel;

without the Executive Directors and other management being present.

### **Meetings and Quorum**

7. The Committee shall meet at least four times a year and otherwise as frequently as required in the performance of its duties.
8. The timing and agenda of meetings is the responsibility of the Chair of the Committee.
9. Notice of each meeting confirming the date, venue and time, together with an agenda of items and relevant papers shall be forwarded to each member of the Committee and any other person required to attend, other than in special circumstances, at least three working days prior to the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
10. The quorum necessary for the transaction of business shall be two members, including, whenever possible, at least one member with recent and relevant financial experience.

### **Engagement with Shareholders**

11. The Chair of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

### **Authority**

12. The Committee is authorised to:
  - a) undertake such work as is necessary to make recommendations for approval by the Board and is authorised to seek any information it requires from any employee or the Company in order to perform its duties.
  - b) take outside professional advice, at the Company's expense, as it considers necessary for the fulfilment of its duties.
  - c) to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.
  - d) collectively and individually have direct access to the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the Company's external audit lead partner.

## Duties

The Committee shall carry out the duties set out below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate. The Committee shall, in a way that complies with the responsibilities of audit committees as laid out in the Financial Conduct Authority's Disclosure Guidance and Transparency Rules:

### Financial reporting

13. Review the financial statements of the Company and the Group, including preliminary results announcements, quarterly reports, the interim and annual reports and any other formal announcement relating to its financial performance before submission to the Board, focusing particularly on:
  - a) the integrity of the Company's financial statements, including the strategic report and statements relating to audit and to risk management;
  - b) significant financial reporting issues and judgements having regard to matters communicated to it by the external auditor;
  - c) any changes in accounting policies and practices and to periodically review the appropriateness of critical accounting policies and evaluate alternatives;
  - d) whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views;
  - e) the clarity and completeness of financial reporting disclosures statements, including: viability statements and the appropriateness of adopting the going concern assumption in annual and half yearly financial statements of the Company, and also identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the annual and half yearly financial statements;
  - f) the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible, taking into account the external auditor's views on the financial statements;
  - g) significant adjustments resulting from the external audit and any unadjusted items identified during the external audit;
  - h) compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements;
  - i) compliance with relevant US and UK regulatory and legal requirements;
14. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it should report its views to the Board.
15. Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

## External audit

The Committee shall:

16. Oversee the selection and make recommendations to the Board, to be put to shareholders for approval at the Company's AGM, on the appointment, re-appointment or removal of the Company's external auditor and obtain their consent to the Committee approving the remuneration of the external auditors. The Committee shall have regard to the relevant regulations of the Competition and Markets Authority Order, in particular, the requirement for the Company to put its statutory audit out to tender at least once every 10 years, and the European Union Regulation and Directive on mandatory audit contract tendering and audit firm rotation respectively, as implemented in the UK in the Companies Act, and shall conduct any such tender.

If the auditor resigns, investigate the issues leading to this and decide whether action is required.

17. Be responsible for the remuneration, effectiveness and oversight of the work of the external auditors performed for the purpose of the external audit. Such oversight shall include the:
  - Selection process for the appointment of audit firms;
  - terms of engagement, including any engagement letter, the scope of the audit and the external audit plan;
  - external audit fee;
  - Audit representation letters from management to the external auditors; and
  - resolution of any disagreements between management and the external auditor regarding financial reporting (including fees for both the audit and non-audit services)
18. Receive and discuss periodic reports from the external auditors regarding their independence, including seeking reassurance that they have no relationships with the Company which could adversely affect the auditor's independence and objectivity and, at least annually, seek information from the external audit firm about policies and processes for maintaining independence and monitoring compliance.
19. Assess on an annual basis the qualifications, expertise and resources and independence of the external auditor and the effectiveness of the external audit process. The review should take into account the relevant UK law, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
20. Pre-approve any permitted audit and non-audit services (and fees) undertaken by the external auditor.
21. Develop and recommend to the Board the Company's policy for the provision of non-audit services by the external auditor, taking into account legal requirements, and keep the policy under review.
22. Ensure that procedures are in place to record all non-audit services undertaken by the Company's external auditors in the Company's Annual Report.
23. Require the external auditor to include the following matters in their reports to the Committee:
  - all critical accounting policies and practices used by the Company;
  - all alternative accounting treatments which have been discussed with management and the resultant conclusion by the external auditors;

- all material written communications between the external auditors and the Company's management;
  - any material internal control failures;
  - and any scope restrictions or any restrictions on access to information.
24. Review and approve with the external auditors before the audit commences the nature and scope of the annual audit plan.
  25. Meet regularly with the external auditor to review the findings of the audit and to discuss problems and reservations arising from the external audit and any matters the external auditors may wish to discuss (in the absence of management where necessary).
  26. Review, prior to its consideration by the Board, the external auditor's report to the directors and their management letter, including management's response to the auditor's findings and recommendations, with particular focus on major issues arising from the external audit, significant judgements taken and level of errors identified in the external audit.
  27. At the end of the audit cycle, assess the effectiveness of the audit process including:
    - a) Reviewing whether the auditor has met the agreed audit plan and understanding reasons for changes to the audit plan.
    - b) Considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions.
    - c) Obtaining feedback from key people on the conduct of the audit.
    - d) Reviewing and monitoring the content of the external auditor's management letter and reporting to the Board on the effectiveness of the audit process.
  28. Recommend to the Board guidelines for hiring former employees of the external auditor and monitor the implementation of this policy.
  29. Monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner.

### **Internal audit**

The Committee shall:

30. Approve the appointment and removal or replacement of the Head of the internal audit function.
31. Review and approve the mandate of the internal audit function, monitor and review the effectiveness of its work to ensure it is appropriate for the current needs of the Company.
32. Monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.
33. Consider whether an independent, third party review of processes is appropriate.
34. Ensure internal audit is unrestricted in scope, has adequate resources and appropriate access to information to enable it to fulfil its mandate and ensure that the function has adequate standing to perform its function in accordance with appropriate professional standards.
35. Ensure the internal audit function has direct access to the Chair of the Board and to the Committee.

36. Monitor coordination between the internal and external auditors.
37. Review the annual internal audit plan at the beginning of the year to ensure adequate assurance coverage for all the Group's significant risks.
38. Review at each meeting reports on the internal auditor's work, including significant issues within business units and review management's responsiveness to the internal auditors' findings and recommendations.

### **Risk management systems and internal controls**

The Committee shall:

39. On behalf of the Board (which retains overall responsibility for risk management), review and monitor the Company's risk management system and, at least annually, carry out a review of its effectiveness in supporting the Group's strategy and objectives.
40. On behalf of the Board, ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and advise the Board on the likelihood and impact of the principal risks materialising and the management and mitigation of those risks.
41. Oversee and advise the Board on the Company's and the Group's current risk exposure and future risk strategy.
42. Consider how the remuneration of executives shapes their view of risk.
43. Review and approve the statements to be included in the annual report concerning internal controls and risk management.
44. Review, in accordance with UK requirements, the effectiveness of internal financial controls and internal control systems.
45. Review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to risk and control.
46. Review, in accordance with the requirements in section 404 of the US Sarbanes-Oxley Act 2002, management's assessment and reporting of the effectiveness of internal financial controls over financial reporting and to review the external auditor's reports on management's assessment and the effectiveness of internal control over financial reporting.
47. Receive an annual report from the Chief Financial Officer that they have disclosed to the Committee and to the external auditors all significant deficiencies in internal control which could adversely affect the Company's ability to record and report financial data.
48. Review the Company's procedures for detecting fraud.
49. Review the Company's systems and controls for ethical behaviour and the prevention of bribery and receive reports on non-compliance.
50. Keep under review the adequacy and effectiveness of the Company's Risk Controls Group function.

## Whistleblowing

The Committee shall:

51. On behalf of the Board, review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

## Reporting

52. The Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. .
53. The Committee's report for inclusion in the Company's Annual Report shall describe the work of the Committee in discharging its responsibilities and should also specifically include:
  - a) a summary of the role and work of the Committee;
  - b) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, and how these matters were addressed, having regard to matters communicated to it by the external auditor;
  - c) confirmation that the Board has carried out a robust assessment of the principal and emerging risks facing the Company, a description of those risks and an explanation as to how they are being managed and mitigated;
  - d) an explanation of its assessment of the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company and the Group, auditor objectivity and independence is safeguarded) and its recommendation on the appointment or reappointment of the external auditor, including length of incumbent auditor's tenure, when a tender was last conducted and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
  - e) an explanation of how the Committee has addressed the effectiveness of the internal audit process;
  - f) how the Committee's performance evaluation has been conducted;
  - g) any other issues on which the Board has requested the Committee's opinion.

The Committee shall:

54. Review the statements to be made in the Annual Report on compliance with the corporate governance requirements of the UK Corporate Governance Code, the Disclosure and Transparency Rules, the NYSE listing rules and of the SEC, along with the verification undertaken, including that of the External Auditors, and advise the Board accordingly;
55. Review the statements to be made in the Annual Report relating to the Strategic Report and corporate governance statements on internal control, and risk management, business model reporting and the viability statement including the disclosure of strategic risks and any mitigating actions;
56. Explain any significant issues that the Committee considered in relation to the Annual Report and Accounts and how these were addressed and reported to the Board, including any other issues on which the Board requested the Committee's opinion.

57. Review the Viability Statement to be made in the Annual Report for approval by the Board, including a thorough review of the risk process undertaken to support the making of the statement.
58. If the Board does not accept the Committee's recommendation regarding the appointment, re-appointment and removal of the external auditors, include a statement explaining its recommendation and reasons why the Board has taken a different stance in the annual report.

### **Disclosure Committee**

59. The Committee shall review such information from the Disclosure Committee as the Committee may request (including reports and minutes) from time to time.

### **Acquisitions**

60. The Committee shall approve any acquisition (whether by way of shares or business and assets, reorganisation or scheme or arrangement) ("acquisition") by the Group where the aggregate consideration is estimated by the Company to be at least US\$200m but not more than US\$300m and/or any payment to be made on completion of the acquisition is at least US\$100m but not more than US\$150m.
61. Any acquisition where the consideration is higher than the upper thresholds set out in 3.9(a) above, or which the Audit Committee determines is a significant change of strategy for the Group, or which requires the issue of equity by the Company or where the completion payments for all acquisitions in the financial year under consideration exceeds US\$500m in aggregate (or such higher limit as the Audit Committee shall approve from time to time), shall be approved by the Board.

### **Operation of the Committee**

The Committee shall:

62. Consider any other matters referred to the Committee by the Board.
63. Arrange for periodic reviews of its own performance and, at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
64. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. Any individual training to be discussed and agreed with the Group Company Secretary.
65. Where there is a perceived overlap in the responsibilities between the Committee, and the Board or another committee of the Board, the respective chairs shall have the discretion to agree the most appropriate meeting to fulfil any obligation. Any obligation under the terms of reference of any committee will be deemed by the Board to have been fulfilled, provided it is dealt with by any other committee.