



# Audit and Risk Committee Charter

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WPP AUNZ Limited ACN 001 657 370 (**Company**)



# Audit and Risk Committee Charter

## 1. Introduction

- 1.1 The Audit and Risk Committee is a committee of the board of directors of WPP AUNZ Limited (**Company**).
- 1.2 The board established the Audit & Risk Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Audit & Risk Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Audit & Risk Committee is not an executive role.

## 2. Objective

- 2.1 The objectives of the Audit & Risk Committee is to assist the board to discharge its responsibilities in relation to:
  - (a) effective management of financial and operational risks
  - (b) compliance with laws and regulations
  - (c) accurate management and financial reporting
  - (d) maintenance of an effective and efficient audit; and
  - (e) high standards of business ethics and corporate governance;
- 2.2 The Committee will endeavour to:
  - (a) maintain and improve the quality, credibility and objectivity of the financial accountability process;
  - (b) promote a culture of compliance;
  - (c) provide a forum for communication between the board and senior financial management;
  - (d) ensure effective external audit functions and communication between the board and the external auditors;
  - (e) ensure compliance strategies and compliance function are effective
  - (f) ensure that directors and senior management are provided with financial and non-financial information that is of high quality and relevant to the judgements to be made by them.
- 2.2 The Committee does not have responsibility for assisting the Board in



overseeing the effectiveness of the management of the Company's market and credit risk.

### 3. External financial reporting

The Audit & Risk Committee is responsible for:

- (a) reviewing and recommending to the Board proposed material changes in accounting policies;
- (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (c) obtaining an independent judgment from the external auditor about:
  - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
  - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (d) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by:
  - (i) querying management as how they were made; and
  - (ii) querying the external auditors as how they concluded that those estimates were reasonable;
- (e) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth);
- (f) appointment and removal of the Company's Head of Internal Audit;
- (g) reviewing the scope and adequacy of the internal audit work plan;
- (h) being a point of liaison with WPP Plc (**WPP**) internal audit;
- (i) assessing information from external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
- (j) reviewing any half-yearly and annual financial reports (including those prepared on a consolidated basis) with management,

advisers and the internal and external auditors (as appropriate) to assess (among other things):

- (i) the compliance of accounts with accounting standards and the *Corporations Act 2001* (Cth); and
- (ii) the nature and impact of any changes in accounting policies during the applicable period;
- (k) endeavouring to ensure that significant adjustments, adjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditors;
- (l) discussing any draft audit opinion letter with the external auditors before it is finalised;
- (m) receiving any management letter from the external auditors;
- (n) reviewing whether the Company's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (o) recommending for adoption by the board interim and final financial reports and the annual report;
- (p) receiving management confirmation that the integrity of financial reports are founded on a sound system of risk management and internal compliance and control;
- (q) following up on any matter raised by the board regarding financial reports, audit opinions and management letters; and
- (r) monitoring the continuous disclosure process adopted by the Board and recommending to the Board any necessary changes.

#### 4. Risk management and internal control

The Audit & Risk Committee, with the exception of credit and market risk, is responsible for:

***Risk management and internal compliance and control systems***

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (b) approving and recommending to the board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:



- (i) identifying, assessing, monitoring and managing risk; and
- (ii) disclosing any material change to the risk profile;
- (c) regularly reviewing and updating the risk profile and annually satisfying itself that the Company is operating with due regard to the risk appetite set by the board;
- (d) making recommendations to the board in relation to changes that should be made to the risk management framework or the risk appetite set by the board;
- (e) assessing the adequacy of the internal risk control system with management and internal and external auditors;
- (f) monitoring the effectiveness of the internal risk control system;
- (g) ensuring the risk management system takes into account all material risks, including risks arising from:
  - (i) implementing strategies (strategic risk);
  - (ii) operations or external events (operational risk);
  - (iii) legal and regulatory compliance (legal risk);
  - (iv) changes in community expectation of corporate behaviour (reputation risk); and
  - (v) being unable to fund operations or convert assets into cash (liquidity risk);
- (h) considering whether the risk management framework adequately deals with new and emerging risks, including by receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (i) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;

#### Key financial risk

- (j) assessing and prioritising the areas of greatest potential financial risk, including:
  - (i) safeguarding assets;
  - (ii) litigation and claims;
  - (iii) non-compliance with laws, regulations, standards and best practice guidelines that may result in significant financial loss;



- (iv) important judgments and accounting estimates; and
- (v) maintenance of proper accounting records;
- (k) assessing the internal process for determining areas of greatest potential financial risk;
- (l) assessing and monitoring the management of areas of greatest potential financial risk;
- (m) reporting to the board on the adequacy of the financial risk management;

#### Legal and regulatory risk

- (n) assessing and prioritising the areas of greatest legal and regulatory risk;
- (o) assessing the internal process for determining, monitoring and managing areas of greatest legal and regulatory risk;
- (p) receiving reports from management of any actual or suspected fraud, theft or other breach of the law;
- (q) reviewing any material incident involving fraud or a break-down of WPP AUNZ's risk controls and ensuring management actions any lessons learned;
- (r) monitoring compliance with legal and regulatory obligations;
- (s) reporting and making recommendations to the board regarding:
  - (i) the management of areas of greatest legal and regulatory risk (including fraud and theft); and
  - (ii) compliance with legal and regulatory obligations;

#### Environmental and Social Sustainability Risks

- (t) monitoring exposure to social, ethical and environmental risks and ensuring that processes are in place for managing any material risks in these areas;

#### Review

- (u) annual review of the Company's risk management framework and reporting that such review has occurred in accordance with the ASX Corporate Governance Council's Principles and Recommendations.

#### Disclosure and reporting

- (v) ensuring management establishes a comprehensive process to capture information that must be disclosed to ASX;

- (w) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non- financial information (including, among other things, preliminary announcements, interim reporting, open or one-on-one briefings and continuous disclosure);
- (x) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents;
- (y) reviewing the adequacy of WPP AUNZ's corporate reporting processes and internal control framework;
- (z) assessing internal control systems relating to the release of potentially adverse information; and
- (aa) reviewing for completeness and accuracy the reporting of corporate governance practices in accordance with the ASX Listing Rules.

## 5. External audit

The Audit & Risk Committee is responsible for:

- (a) approving and recommending to the board for acceptance, the terms of engagement with the external auditor at the beginning of each year;
- (b) regularly reviewing with the external auditor:
  - (i) the scope of the external audit;
  - (ii) identified risk areas; and
  - (iii) any other agreed procedures;
- (c) approving and recommending to the board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:
  - (i) technical and professional competency;
  - (ii) adequacy of resources; and
  - (iii) experience, integrity, objectivity and independence;
- (d) recommending to the board for approval, the appointment or removal of an external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the effectiveness and independence of the external auditor taking into account:



- (i) the length of appointment;
  - (ii) the last dates lead engagement partners were rotated;
  - (iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and
  - (iv) any relationships with the Group or any other body or organisation that may impair or appear to impair the external auditor's independence;
- (g) recommending to the board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) meeting periodically with the external auditors and inviting them to attend Audit & Risk Committee meetings to:
- (i) review their plans for carrying out internal control reviews;
  - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
  - (iii) make recommendations to the board;
- (i) asking the external auditor if there have been any significant disagreements with management, whether or not they have been resolved;
- (j) monitoring and reporting to the board on management's response to the external auditor's findings and recommendations;
- (k) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate; and
- (l) receiving and reviewing the reports of the external auditor.

## 6. Other responsibilities

The Audit & Risk Committee is responsible for:

- (a) overseeing the implementation of the Company's corporate code of conduct and assessing compliance with it;
- (b) overseeing the implementation of the Company's code of conduct for directors and senior executives of and assessing compliance with it;





- (c) assessing and recommending to the board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime and special accident. This may include assessing the adequacy of the WPP insurance program in covering the Company and the Group and adoption of the WPP insurance policies;
- (d) informing the WPP AUNZ People & Culture Committee about material matters relevant to that Committee that arise at Audit & Risk Committee meetings, where appropriate.

## 7. Audit & Risk Committee composition

7.1 The Audit & Risk Committee must comprise:

- (a) at least three directors;
- (b) all non-executive directors; and
- (c) a majority of independent directors.

7.2 The Audit & Risk Committee will appoint its chairperson. The chairperson must be an independent director and may not be the chairperson of the board.

7.3 The Audit & Risk Committee will appoint a secretary. The company secretary of the Company's board will act as the secretary of the Committee unless the Committee determines otherwise.

7.4 The Audit & Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.

7.5 Each member of the Audit & Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.

7.6 Each member of the Audit & Risk Committee should have an understanding of the industry in which the Group operates.

7.7 The board will decide appointments, rotations and resignations within the Audit & Risk Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

7.8 A member may act by their alternate.

## 8. Audit & Risk Committee meetings

8.1 The Audit & Risk Committee will meet as often as it considers



necessary but not less than three times per year.

- 8.2 A quorum for an Audit & Risk Committee meeting is two Audit & Risk Committee members.
- 8.3 Audit & Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Audit & Risk Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).
- 8.5 The Audit & Risk Committee may invite other persons it regards appropriate to attend Audit & Risk Committee meetings.

## 9. Minutes of Audit & Risk Committee meetings

- 9.1 The Audit & Risk Committee must keep minutes of its meetings.
- 9.2 Minutes of each Audit & Risk Committee meeting must be included in the papers for the next full board meeting after each meeting of the Audit & Risk Committee.
- 9.3 Minutes must be distributed to all Audit & Risk Committee members, after the Audit & Risk Committee chairperson has approved them.
- 9.4 Minutes, agenda and supporting papers are available to directors upon request to the Audit & Risk Committee secretary, except if there is a conflict of interest.

## 10. Reporting to the board

The Audit & Risk Committee chairperson must report the Audit & Risk Committee's findings to the board after each Audit & Risk Committee meeting.

## 11. Access to information and independent advice

- 11.1 The Audit & Risk Committee may seek any information it considers necessary to fulfil its responsibilities.
- 11.2 The Audit & Risk Committee has access to:
  - (a) management to seek explanations and information from management; and
  - (b) internal and external auditors to seek explanations and information from them, without management being present.
- 11.3 The Audit & Risk Committee may seek professional advice from



employees of the Group and from appropriate external advisers, at the Company's cost. The Audit & Risk Committee may meet with these external advisers without management being present.

- 11.4 Prior to engaging any external advisors, consent must be received from the chairperson of the board. This consent may not be unreasonably withheld or delayed.

## 12. Review and changes to this charter

- 12.1 The Audit & Risk Committee will review this charter annually or as often as it considers necessary.
- 12.2 The board may change this charter from time to time by resolution.

## 13. Approved and adopted

This charter was approved by the board and Audit & Risk Committee on 13 December 2019.

A handwritten signature in blue ink, appearing to read 'G. Cubbin', written over a horizontal line.

Graham Cubbin  
Chair Audit & Risk Committee

