

**29 March 2018**

Australian Securities Exchange  
Company Announcement Office  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir / Madam,

**WPP AUNZ LIMITED – 2017 CORPORATE GOVERNANCE STATEMENT**

Please find attached the 2017 Corporate Governance Statement for WPP AUNZ Limited, pursuant to Listing Rule 4.7.4.

Yours faithfully



Chris Rollinson  
Company Secretary

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WPP AU  
NZ

Corporate Governance  
Statement 2017

## THE COMPANY'S APPROACH TO CORPORATE GOVERNANCE

The Board of WPP AUNZ Limited ("the Company") is responsible for the governance of the Company and its controlled entities ("the Group").

The Board and management recognise their duties and obligations to stakeholders to implement and maintain a robust system of corporate governance. The Company believes that the adoption of good corporate governance adds value for stake-holders and enhances investor confidence.

A description of the Group's main corporate governance practices are set out below.

All of these practices, unless otherwise stated, were in place for the entire year. They comply with the Third Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, unless otherwise stated.

Policies referred to are available on the Company's website [www.wppaunz.com](http://www.wppaunz.com)

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Roles and responsibilities

The Board is accountable to shareholders for the activities and performance of the Group by overseeing the development of sustainable shareholder value within an appropriate framework of risk and regard for all stakeholder interests. The Board provides leadership and strategic guidance and oversees management's implementation of the Group's strategic objectives. The Board has identified the key functions which it has reserved for itself. These duties include those outlined below:

- approval of business plans, budgets and financial policies;
- consideration of management recommendations on strategic business matters;
- establishment, promotion and maintenance of proper processes and controls to maintain the integrity of accounting and financial records and reporting;
- fair and responsible reward of executives, having regard to the interests of shareholders, the performance of executives, market conditions and the Company's performance;
- adoption and oversight of the establishment, promotion and maintenance of effective risk management policies and processes;
- adoption of the Company's Market Disclosure Protocol and monitoring compliance with this policy;
- monitoring the effectiveness of the Company's governance practices;
- determination and adoption of the Company's dividend policy;
- review of the Board's composition and performance;
- appointment, evaluation and remuneration of the Chief Executive Officer, Chief Financial Officer, Company Secretary and other key executives; and
- determination of the extent of the Chief Executive Officer's delegated authority.

Full details are set out in the Board Charter, a copy of which is available on the Company's website.

The Board has established Committees to assist in carrying out its responsibilities and consider certain issues and functions in detail.

The Board Committees are discussed in Principle 2.

Board approved policies and the Code of Conduct define the responsibilities for the day-to-day operations delegated to management, and those requiring Board approval. During 2017 the Company reviewed and updated its policy framework in line with local and global best practice.

## Management responsibility

The Board has delegated to the Chief Executive Officer the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of the Company within the policies and specific delegation limits specified by the Board from time to time.

The Chief Executive Officer may make further delegation within the delegations specified by the Board and is accountable to the Board for the exercise of these delegated powers.

## Executive performance review

The Company's incentive plans are designed to align the interests of executives with that of our shareholders and promote horizontality by encouraging executives to work in partnership across the Group. During 2017 the Company operated three incentive programs:

- Long-Term incentive plan (LTIP) in which the Chief Executive Officer and the executive leadership team participate. The LTIP performance conditions require growth in both net sales and earnings per share.
- Short-Term incentive plan (STIP) in which the Chief Executive Officer and key executives across the Group participate. STIP performance conditions for the senior leaders include both financial measures and individual strategic objectives. STIP financial performance conditions for executives within Group operating companies (OpCo) are set to include both the performance of the Company and that of the executive's OpCo.
- Leaders program – which consists of restricted stock grants for senior leaders within OpCos to foster talent within the wider Group. Participants in the LTIP are excluded from the Leaders Program.

The performance of all executives, including the Chief Executive Officer, is reviewed annually. An evaluation of the performance of the Chief Executive Officer, including setting the Chief Executive Officer's goals for the coming year is facilitated by the Chairman. The performance conditions for the LTIP and STIP are reviewed each year by the Remunerations and Nominations Committee and set by the Board. The Board has general oversight of the review of the performance of the Chief Executive Officer and of the LTIP and STIP. The Chief Executive Officer is responsible for setting performance objectives and reviewing the performance of his direct reports in line with the conditions of the LTIP and STIP.

During the reporting period, a performance evaluation for executives, including the Chief Executive Officer, took place in accordance with this process.

Further information on performance evaluation and remuneration of the Chief Executive Officer and key management personnel is set out in the Remuneration Report contained within the 2017 Annual Report.

## Diversity Policy and objectives

In 2017 the Board reviewed and updated its Diversity Policy (a copy of which is available on the Company's website).

The Remuneration and Nominations Committee is responsible for the regular review of and reporting on the relative proportion of women employed at all levels of the Group.

Following the STW / WPP merger in April 2016 there has been a refreshed focus on elevating the importance of diversity across the Group. A number of different approaches existed across the Group at the time of the merger, 2017 saw progress towards developing a standard approach.

The Group is currently reviewing its Diversity Policy to enrich the commitment of identified minority groups after analysing the employee population 12 months after the STW / WPP merger.

Our 2018 Diversity and Inclusion program includes:

- Executive and leadership seminars facilitated by a professional services firm specialising in diversity, inclusion, unconscious bias and cultural change to develop the knowledge to create inclusive cultures;
- Commencing in 2018 unconscious bias training will be rolled out to all Group employees;
- Review of the Group's procurement policy to implement an Indigenous Procurement Policy;
- Partnering with CareerTrackers, the Group will welcome Indigenous Australian students into the business for a 12-week internship program from Q3 2018;
- The first WPP AUNZ Aboriginal and Torres Strait Islander Scholarship will be granted in 2018;
- A salary benchmarking project will be conducted to include an analysis in gender pay parity to identify any actions for pay equity;
- In Q2 2018, the Company will host Walk the Talk – a women's leadership retreat for 80 of the most senior women in the Group. This is a two-day program sharing practical guidance to empower female senior leaders to pay it forward;

- Continuing to review and amend Group policies to facilitate a more inclusive and diverse culture e.g. MyTime Flexibility Policy, Paid Parental Leave Benefits;
- Talent acquisition strategy includes the attraction and selection guidelines to invite a more inclusive and diverse short list of candidates.

The Diversity and Inclusion program will leverage The Agency Circle [an industry-wide Australian charter to promote equality and diversity in communications], Diversity Council Australia [an independent, non for profit peak body leading diversity and inclusion in the workplace], and Supply Nation [the Australian leader in supplier diversity, connecting Australia's leading brands and government with Indigenous businesses across the country] to implement, monitor and measure the Group's ongoing efforts.

#### Workplace gender equality

Under the Workplace Gender Equality Act 2012, the Company is required to lodge an annual public report with the Workplace Gender Equality Agency. Group companies submitted a number of WGEA reports in 2017 as the Company continued to work towards a common approach across the Group. The figures below are a consolidation of those reports.

Role	31 December 2016	
	Male	Female
Board	80%	20%
Senior Management	57%	43%
Management	42%	58%
Non-management	43%	57%

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### Membership of the Board

The Board comprises Directors who possess an appropriate range of skills, experience and expertise to:

- have proper understanding of, and competence to deal with, the current and emerging issues of the business;
- exercise independent judgement;
- encourage enhanced performance of the Company; and
- effectively review and challenge the performance of management.

Directors' profiles with details of Directors' skills, experience and special expertise are contained within the 2017 Annual Report and also on the Company's website.

The Directors determine the Board's size and composition, within the limits set by the Company's Constitution, which requires the Board to comprise between three and eleven Directors. The table below summarises the current composition of the Board.

The Board has a majority of WPP designee Directors, pursuant to the Governance Deed Poll approved by shareholders at the Extraordinary General Meeting held on 4 April 2016 and consistent with WPP plc's 61.5% holding in the Company [via Cavendish Square Holdings BV].

Name	Position	Independent	Reason for non-independence	First appointed	Length of service
Robert Mactier	Non-executive Chairman	Yes	–	11.12.2006	11 years
Michael Connaghan	Chief Executive Officer and Executive Director	No	Chief Executive Officer	01.07.2008	9 years
John Steedman	Executive Director – Chairman Media Investment Management	No	Associated directly with majority shareholder WPP plc and an Executive Director	08.04.2016	2 years
Paul Richardson	Non-executive Director	No	Associated directly with majority shareholder–WPP plc	28.10.1999	18 years
Geoffrey Wild	Non-executive Director	No	Associated directly with majority shareholder–WPP plc	08.04.2016	2 years
Paul Heath	Non-executive Director	No	Associated directly with majority shareholder–WPP plc	08.04.2016	2 years
Ranjana Singh	Non-executive Director	No	Associated directly with majority shareholder–WPP plc	08.04.2016	2 years
Jonathan Steel	Non-executive Director	No	Associated directly with majority shareholder–WPP plc	08.04.2016	2 years
Graham Cubbin	Non-executive Director	Yes	–	20.05.2008	9 years
Kim Anderson	Non-executive Director	Yes	–	16.11.2010	7 years

### Directors' independence

All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgement.

The Board regularly considers and assesses the independence of each Director in light of the information that the Directors disclose in accordance with the Corporations Act 2001. Directors are required to advise the Company of any material personal interests they have in a matter. In assessing independence, the Board will have regard to whether the Director has any of the following relationships with the Company or another Group company:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed, in an executive capacity by the Company or another Group company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is a material supplier or customer of the Company or another Group company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or a Group company other than as a Director of the Group.

### Role of the Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's executives. In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chairman.

The Chairman's role and responsibilities are separate from those of the Chief Executive Officer. The Chairman is the key link between the Chief Executive Officer and the other Directors and is responsible for effective collaboration between them.

### Meetings of the Board

The Chief Executive Officer, in consultation with the Chairman, establishes the meeting agendas to ensure adequate coverage of strategic, financial and material risk matters throughout the year. The Chief Financial Officer is invited to attend all Board meetings. Other executives are invited to present on relevant matters. Non-executive Directors are available for contact between meetings when required.

Non-executive Directors hold a private session without any executive involvement as part of each Board meeting to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board on corporate governance and regulatory matters. All Directors have unrestricted access to the advice and services of the Company Secretary.

### Board Committees

To assist it in undertaking its duties, the Board has established the Audit and Risk Committee and the Remuneration and Nominations Committee. Each Committee has a Board approved charter setting out its corporate governance roles and responsibilities, composition, structure, membership requirements and operation. The latest charter for each Committee is available on the Company's website.

The Audit and Risk Committee comprises:

- Graham Cubbin (Chair)
- Robert Mactier
- Geoffrey Wild

The Remuneration and Nominations Committee comprises:

- Kim Anderson (Chair)
- Paul Richardson
- Graham Cubbin

### Nomination and appointment of Directors

While WPP plc voting power equals or exceeds 50%, WPP plc is entitled to designate a majority of the Directors. WPP plc must only select candidates who have the appropriate level of skill and experience to serve on the Board. The Board's Remuneration and Nominations Committee recommends new independent Directors and manages the process for identifying and appointing all Directors.

The Committee comprises three Directors, a majority of whom are independent and is chaired by an independent Director. Details of these Directors' attendance at Remuneration and Nominations Committee meetings are set out in the Directors' Report contained within the 2017 Annual Report.

Recommendations for nominations of new independent Directors are made by the Remuneration and Nominations Committee and considered by the Board as a whole. If a new Director is appointed during the year, that person will stand for election by shareholders at the next Annual General Meeting. WPP plc may remove a WPP plc designee at any time and nominate a replacement (who must be proposed as a candidate for election at the next Annual General Meeting of the Company).

Shareholders are provided with appropriate information to judge the adequacy of candidates.

The Remuneration and Nominations Committee conducts periodic assessments of the Board's competencies to determine the appropriate composition of the Board and to consider the desirable depth and range of skills and diversity required for any new Board members. The Remuneration and Nominations Committee will draw on industry contacts and, where appropriate, will engage external consultants to assist with the identification and selection of a diverse range of candidates. The Remuneration and Nominations Committee will also have regard to such criteria as independence, commercial capability, cultural fit and time availability to meet the commitment required.

In selecting candidates for appointment to the Board, both WPP plc and the Remuneration and Nominations Committee have regard to the gender diversity of the Board and the recommendations set out in the ASX Corporate Governance Principles and Recommendations.

### Induction

New Directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, their rights and the terms and conditions of their employment. All new Directors participate in an induction program which covers the operation of the Board and its Committees and financial, strategic, operational and risk management issues.

### Term of office

An election of Directors is held at each Annual General Meeting.

Each Director (other than the Chief Executive Officer) is elected for a three year term (unless otherwise required to be re-elected earlier due to the rotational policy contained in the Company's Constitution) This term is renewable for further periods of 3 years on the review and approval of the other Directors, and re-election by shareholders at an Annual General Meeting.

### Retirement and re-election of Directors

The Company's Constitution provides for new Board-appointed Directors to stand for election by shareholders at the next Annual General Meeting. In addition, at each Annual General Meeting one-third of Directors, other than the Chief Executive Officer, will stand for re-election every year.

An election of Directors is held at each Annual General Meeting.

### Conflicts of interest

In accordance with the Board Charter and the Corporations Act 2001, any Director with a material personal interest in a matter being discussed by the Board must declare such an interest.

Any Director who has an actual or perceived material conflict, or potential conflict, does not, at the discretion of the Board, receive any papers from the Company pertaining to the matter, or participate in any meeting to consider, or vote, on the matter giving rise to that conflict.

### Independent professional advice

Directors have a right of access to Company employees, advisors and records.

In carrying out their duties and responsibilities, Directors have access to advice and counsel from the Chairman and Company Secretary, and are able to seek independent professional advice at the Company's expense, after consultation with the Chairman.

### Review of Board performance

The Board undertakes an annual self-assessment of the performance of the whole Board and Board Committees. The results are discussed by the whole Board where initiatives to improve or enhance Board performance and effectiveness are considered and recommended.

The Chairman assesses the performance of other individual Directors and provides feedback to them. The Chairman's own performance is assessed by the Chair of the Remuneration and Nominations Committee.

A performance review of the Board, Board Committees and individual Directors including the Chairman was undertaken in December 2017.

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

#### Codes of conduct

The Company has developed and implemented policies governing Director and employee conduct that articulate the standards of honest, ethical and law-abiding behaviour expected by the Company. This includes a Code of Conduct which applies to all employees of the Group. The Code of Conduct includes an appendix for Directors and senior managers on disclosing and addressing conflicts of interest.

Employees are actively encouraged to bring any problems to the attention of management or the Board, including activities or behaviour which may not comply with the Code of Conduct, other policies in place, regulatory requirements or laws.

A copy of the Code of Conduct (including the appendix) is available on the Company's website.

#### Related Party Transactions

In the event that a related party transaction arises that is:

- not at arm's length;
- involves financing;
- is a merger or acquisition; or
- requires a financial commitment of more than \$1 million,

the independent Director's meet to consider, assess and, if appropriate, approve the transaction.

### Share Trading Policy

The Company's Share Trading Policy concerning trading in Company securities allows Directors, key management personnel and designated employees to deal in WPP AUNZ securities, subject to obtaining clearance, during the one month period beginning at the close of trading on the day after the Company:

- announces its half-yearly results to the ASX;
  - announces its full-year results to the ASX;
  - holds its Annual General Meeting; and
- at other times as determined by the Board.

All Directors and employees are prohibited from trading in Company securities at any time if they possess price-sensitive information not available to the market and which could, reasonably, be expected to influence the market.

The Company's Share Trading Policy prohibits margin lending, hedging and short selling of the Company's shares by Directors and executives.

The ASX, and all other Directors, are notified of any transactions by a Director in Company securities. Each Director has an agreement to provide information to enable notification to the ASX of any share transaction within three business days.

The Share Trading Policy is available on the Company's website.

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### Audit and Risk Committee

The Board has the responsibility to ensure truthful and factual presentation of the Company's financial position. The Board has established the Audit and Risk Committee to oversee the structure and management systems that ensure the integrity of the Company's financial reporting. The Committee is comprised of a majority of independent Directors, has three members and is chaired by an independent Director. The membership of the Committee is as follows:

- Graham Cubbin (Chair)
- Robert Mactier
- Geoffrey Wild

The Chairman of the Board cannot chair the Audit and Risk Committee. Committee members have financial expertise and understand the industries in which the Company operates.

The details of the Committee members' qualifications are set out in the 2017 Annual Report.

The Committee meets at least three times per year, and during 2017 met four times. An agenda is prepared, and papers circulated to Committee members, before each meeting. The Company's external auditor attends Committee meetings, with management attending at the Committee Chairman's invitation.

The main responsibilities of the Committee are to:

- oversee the financial reporting of the Company including assessing any significant estimates or judgments in the financial reports;
- review, assess and approve the half-year and full-year financial reports and all other financial information published by the Company or released to the market;
- oversee the internal audit function;

- review the independence of the external auditor, including the nature and level of non-audit services provided, and report on this issue to the full Board;
- recommend to the Board the appointment, removal and remuneration of the external auditor, review the terms of their engagement and the scope and quality of the audit and assess performance;
- report to the Board on matters relevant to the Committee's role and responsibilities;
- oversee the effective operation of the risk management framework and ensure that the risk management system takes into account all material risks;
- monitor exposure to social, ethical and environmental risks and ensure that processes are in place to manage any material risks in these areas;
- receive regular reports from management and the external auditor;
- review the processes the Chief Executive Officer and Chief Financial Officer have in place to support their certifications to the Board;
- review any significant disagreements between the auditor and management irrespective of whether they have been resolved;
- meet at least twice a year separately with the external auditor without executive Directors or management present; and
- provide the external auditor with a clear line of direct communication at any time to either the Chair of the Audit and Risk Committee or the Chairman of the Board.

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any executive or external party.

The roles and responsibilities of the Audit and Risk Committee are further set out in the Audit and Risk Committee Charter, which is available on the Company's website.

#### **Assurance**

In respect of the financial report for the year ended 31 December 2017, the Board has received formal assurance from the Chief Executive Officer and Chief Financial Officer that:

- the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and performance; and
- the risk management and internal control systems are sound and operating effectively, in all material respects.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

#### **Independent external auditor**

The Company and Audit and Risk Committee policy is to appoint an external auditor who clearly demonstrates quality and independence.

The performance of the external auditor is reviewed annually. The Company's independent external auditor is Deloitte Touche Tohmatsu ["Deloitte"]. The external auditor will be required to rotate the lead engagement partner assigned to the Company every five years.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, the media and the public.

The Board has approved and implemented a Market Disclosure Protocol. The protocol is designed to ensure compliance with the Corporations Act 2001 and ASX Listing Rules continuous disclosure requirements. Management highlight any potential disclosure issues which are then reported to the Board for determination.

The Market Disclosure Protocol is available on the Company's website.

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

##### **Shareholder communication**

The Company is committed to providing regular communication to shareholders and other investors so that they have all available information reasonably required to make informed assessments of the Company's strategy, operations and financial performance.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

The Company also publishes half-yearly and annual reports, announcements, media releases and other information on its website.

The Company's website contains all recent announcements, presentations, past and current reports to shareholders, notices of meeting and archived webcasts of general meetings and investor presentations.

Internet webcasting is provided for market briefings to encourage participation from all stakeholders regardless of their location.

Where practical, the Company maintains a record of issues discussed at group or one-on-one briefings with investors and analysts, including a list of who was present and the time and place of meeting. Half-yearly and annual reports are provided to shareholders other than those who have requested not to receive a copy.

Shareholders may elect to receive all Company reports electronically.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The management of risk is fundamental to the Company's business and building shareholder value. The Board recognises a broad range of risks which apply to the Company as a marketing communications group including, but not limited to strategic, operational, compliance, reputational, regulatory and financial risks.

The Board is responsible for determining the Group's risk management strategy. Management is responsible for implementing the Board's strategy and developing a risk management and internal control system to manage the Company's material business risks, including policies and procedures to identify, manage and mitigate risks across the whole of the Group's operations. The framework details the overarching risk management controls including:

- guidelines and limits for approval of all expenditure;
- a risk financing program, including risk transfer to external insurers and reinsurers;
- policies and procedures for the management of financial risk and treasury operations;
- annual budgeting, quarterly reforecasting and monthly reporting systems for all businesses;

- guidelines, policies, and training over privacy and related data protection;
- appropriate due diligence procedures for acquisitions and divestments; and
- crisis management systems for all key businesses in the Group.

The Board has established the Audit and Risk Committee to oversee the Company's risk management. The Audit and Risk Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound. The Committee is comprised of a majority of independent Directors, has three members and is chaired by an independent Director. The membership of the Committee is as follows:

- Graham Cubbin (Chair)
- Robert Mactier
- Geoffrey Wild

The Group uses a number of lines of defence in relation to risk management:

- each operating company undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks, supported by Group policies and reviews by management of each operating segment;
- the operational reviews are communicated to the Chief Executive Officer and Chief Financial Officer in monthly management reports and quarterly reviews and in turn to the Board; and
- internal audit reviews are undertaken by Internal Audit and external accounting firms providing an independent review of risk management and internal controls. The reviews are presented to the Audit and Risk Committee.

#### Control environment and monitoring

The Company's Code of Business Conduct sets out the principal obligations of all employees. Senior management throughout the Group are required to sign this Code each year. All employees are required on joining the Group, and at regular intervals, to complete the WPP How We Behave, Anti-Bribery and Corruption, and Privacy & Data Security Awareness training modules, which embed all of the principles of the Code.

Policies and procedures for all operating companies are set out and communicated in the Company's policy handbook and accounting guidelines. The application of these policies and procedures is monitored within the individual businesses and by the head of compliance. Operating companies are required to maintain and update documentation of their internal controls and processes. This documentation incorporates an analysis of business risks, detailed control activities and monitoring, together with controls over security of data and the provision of timely and reliable information to management.

The Group has an independently operated helpline, Right to Speak, to enable our people to report issues they feel they are unable to raise directly to management, anonymously if necessary.

The internal audit function is undertaken by WPP Internal Audit who were responsible for reviews for a sample of Group companies during 2017, the results of which are reported to the Audit and Risk Committee. This is supplemented by third party testing of internal controls on financial reporting on a sample basis.

#### Corporate reporting

When presenting financial statements for Board approval, the Chief Executive Officer and Chief Financial Officer provide a formal statement indicating that:

- the financial statements present a true and fair view, in all material respects of the Group's financial condition and operational results, and are in accordance with the relevant accounting standards; and
- the risk management and internal control systems are sound and operating effectively in all material respects.

The assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks. During the reporting period, the Board has received a statement in the above form from the Chief Executive Officer and the Chief Financial Officer.

#### Environmental and Social Sustainability

The Company actively manages social, ethical and environmental risks to help the Company achieve its business goals and to reinforce the importance of sustainability with clients, employees, regulators and investors. In 2017 the Company reviewed its approach to sustainability in line with best practice adopted by WPP plc. The Group participates in the WPP plc sustainability audit program. The Company is also a key supporter of R U OK?, a health promotion charity which aims to reduce suicide rates and to foster a sense of belonging by connecting regularly with others.

#### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established the Remuneration and Nominations Committee. The Committee is comprised of a majority of independent Directors, has three members and is chaired by an independent Director. The membership of the Committee is as follows:

- Kim Anderson (Chair)
- Paul Richardson
- Graham Cubbin

The Remuneration and Nominations Committee's Charter is available on the Company's website, and further information is provided in the Remuneration Report included in the 2017 Annual Report.

The Remuneration and Nominations Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, senior executives and Non-executive Directors.

The remuneration of Non-executive Directors is structured separately from that of the executive Directors and executives. Up to two WPP designee Directors are entitled to be paid directors' fees. No other WPP designee is entitled to be paid any directors' fees or other remuneration in respect of his or her appointment to the Board. In 2017 no WPP designee Directors were paid directors fees.

It is Company policy that participants in the Company's equity based remuneration schemes are not permitted to hedge or otherwise limit the participant's economic risk of participating in the scheme.

Further information on the Group's remuneration policies and practices, along with remuneration details for the Group's key management personnel and Non-executive Directors, is contained in the Remuneration Report.



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