










WPP Risk Register Update – December 2021 JGC

Risk	Focus of the Risk	Target Risk Score	Current Risk Score	Current Status	Responsible Party	Comments
I.1	The WPP Sub-funds failure to achieve their targeted investment returns.	8	12		OWG	<ul style="list-style-type: none"> There has been a significant amount of work undertaken in this area over the past 12 months, with activities including: <ul style="list-style-type: none"> Quarterly reports from Russell, Northern Trust and Link continue to be discussed at OWG & JGC meetings Bi-annual sub-fund benchmarking has commenced - the initial review of the global equity sub-funds will take place in Q4 2021. Fixed Income sub-funds will be reviewed in 2022 and an on-going monitoring programme will be established. RI reporting on climate risk & ESG risks has commenced on a quarterly basis Link have drafted an 'ACS responsibilities matrix' which formalises targeted & benchmark returns, along with other aspects of sub-fund management. The current score will remain until a cycle of these activities has been completed and the effectiveness of the activities as mitigations can be validated.
I.2	One of the WPP's Investment Managers fails/ exits the market, leading to a financial loss to WPP assets.	10	10		OWG	<ul style="list-style-type: none"> There has been good progress in this area over the last 12 months. Key activities include: <ul style="list-style-type: none"> A sub-fund ACS manager rebalancing policy has been drafted and will be delivered to the JGC in December 2021 Reporting on any manager changes (inc. rationale) in non-Russell managed sub-funds Link have drafted an 'ACS responsibilities matrix' which formalises targeted & benchmark returns, along with other aspects of sub-fund management
I.3	Failure of appointed Custodian may lead to assets not being properly managed resulting in financial and/or information loss in relation to investment assets.	10	10		OWG/ Oversight Advisor	<ul style="list-style-type: none"> High level monitoring and information on the custodian has been received. Work is still to be progressed on the annual review of the custodian, which is expected to be part of the Link Management Information template, due to be delivered in Q1 2022
I.4	The WPP does not receive or seek expert investment advice when required.	4	8		OWG/ Oversight Advisor	<ul style="list-style-type: none"> Work on private markets sub-funds demonstrated the robustness of WPP's collective challenge in the sub fund design stage. The action to codify the process by which the WPP should go about considering investment solutions has been discussed. This is expected to be a matrix, including items such as the process by which sub-funds are developed from the 'ideas' stage to launch and roles and responsibilities of various parties (including Link, Russell, Hymans and local/independent advisors). This is expected by Q1 2022. The Oversight advisor will identify which aspects of an investment solution it will advise the OWG on and which will continue to be carried by local level advisors, who have an important role to play when considering the suitability of WPP investment solution for their Constituent Authority

I.5	The WPP fails to challenge Manager fees, value for money and mandated objectives.	4	2		OWG/ Oversight Advisor	<ul style="list-style-type: none"> • Link have provided a value for money document to the WPP, focussing on the cost & value of their services and that of their third parties • Bi-annual sub-fund benchmarking has commenced - the initial review of the global equity sub-funds is due to take place in Q4 2021. Fixed Income sub-funds will be reviewed in 2022 and an on-going monitoring programme will be established. • OWG to consider Cost transparency actions and requirements following receipt of SAB information.
I.6	The WPP is subjected to counterparty risk	8	8		OWG	<ul style="list-style-type: none"> • The report on counterparty risk is expected to form part of the Link Management Information template. Link have appointed a provider to deliver this report and it is due to be delivered in Q1 2022.
I.7	The WPP puts in place sub-optimal sub-funds.	4	8		The Operator/ Investment Manager / Oversight Advisor	<ul style="list-style-type: none"> • There has been good progress in this area over the last 12 months. Key activities include: <ul style="list-style-type: none"> ○ A sub-fund manager rebalancing policy has been drafted and will be delivered to the JGC in December 2021 ○ The ACS responsibilities matrix has been drafted and will be delivered to the JGC in December 2021 - this will cover sub-fund objectives and other information ○ A sub-group of Officers and Hymans Advisers has been formed to look at Private Market sub-funds, including overseeing adviser procurement ○ Launch of the Emerging Markets Sub Fund • The following actions will be carried out: <ul style="list-style-type: none"> ○ The formulation of the document to codify due diligence on non-Russell managed sub-funds ○ Carry out an annual review of the size of investment in sub funds to ensure they are of a reasonable size
I.8	The WPP fails to adequately account for climate change, climate risk and ESG factors.	4	8		OWG/ Oversight Advisor	<ul style="list-style-type: none"> • The WPP RI Sub-Group has established a quarterly cycle of ESG and Climate Risk reporting and will continue to meet with the Investment Managers of the WPP's Sub-funds to understand, challenge and review how they account of RI matter in the formulation of WPP sub-funds. • The RI Sub-Group have prepared a Stewardship Report and this was submitted to the FRC in October 2021.
I.9	The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives.	10	10		Oversight Advisor	<ul style="list-style-type: none"> • The annual consultation questionnaire that seeks to determine Constituent Authorities' individual investment requirements and longer-term aspirations continues to be issued and is used to feed into the WPP workplan. • The target score for probability has been increased to a 2 as it was felt to be a more realistic target, taking into account external factors and the changing needs of Constituent Authorities. . It is anticipated that this questionnaire will mitigate the risk that WPP investment solutions fail to meet the needs of the Constituent Authorities.