

WPP Risk Register Update – December 2022 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 long term targeted investment returns.	8	12		OWG	<ul style="list-style-type: none"> <li>Cycle of reporting has now been completed but continued monitoring is required in line with current controls.</li> </ul>
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"> <li>A WPP sub-fund review document has been formulated which includes the process for developing new sub-funds, review of sub-funds along with the process for any Manager changes.</li> </ul>
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.	5	5		OWG/Oversight Advisor	<ul style="list-style-type: none"> <li>High level custodian review information is being received from Link and details of the regular monitoring process is expected to be part of the Link Management Information template. In line with this and with increased confidence in Link's monitoring mechanisms, the current and target probability scores have been reduced to 1, with the current score in line with target</li> </ul>
I.4	The WPP does not receive or seek expert investment advice when required.	4	4		OWG/Oversight Advisor	<ul style="list-style-type: none"> <li>Work on private markets sub-funds continues to demonstrate the robustness of WPP's collective challenge in the sub fund design stage. This includes additional support from BFinance.</li> <li>Additional resource from Hymans on responsible investment has provided further advice and scrutiny.</li> <li>Current probability scores has been reduced to 1, with the current score now in line with target. This is due to the increased activity in this area and completion of all previous actions.</li> </ul>
I.5	The WPP fails to challenge Manager fees, value for money and mandated objectives.	2	2		OWG/Oversight Advisor	<ul style="list-style-type: none"> <li>The findings of the SAB cost transparency exercise have still not been published. Bearing in mind that this is outside of WPP's control and the risk controls in place, the current probability score has been reduced to 1, with the current score in line with target.</li> </ul>
I.6	The WPP is subjected to counterparty risk	8	8		The Operator/ Investment Manager / Oversight Advisor	<ul style="list-style-type: none"> <li>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 Q4 2022.</li> </ul>

1.7	The WPP puts in place sub-optimal sub-funds.	4	4		The Operator/ Investment Manager / Oversight Advisor	<ul style="list-style-type: none"> <li>There continues to be significant progress in this area. Key activities include: <ul style="list-style-type: none"> <li>Procurement of BFinance to assist the WPP with the allocator appointments for a range of Private Market sub-funds</li> <li>As at 31 March 2022, 72% of all WPP assets are pooled</li> <li>Current probability score has been reduced to 1, with the current score now in line with target. This is due to the increased activity in this area and completion of all previous actions.</li> </ul> </li> </ul>
1.8	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"> <li>There has been significant progress in this area over the past 12 months. Key activities include: <ul style="list-style-type: none"> <li>Robust quarterly reporting of ESG &amp; Climate risk</li> <li>WPP have become signatories of the Stewardship Code following a successful submission in Q4 2021</li> <li>Annual on-going stewardship code reporting process in place</li> <li>Additional resource from the Oversight Advisor to focus on key RI issues &amp; actions</li> <li>Integration of clear climate change ambitions in the design of private markets sub-funds</li> </ul> </li> </ul>
1.9	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"> <li>A WPP sub-fund review document has been formulated which includes the process for developing new sub-funds, review of sub-funds along with the process for any Manager changes.</li> </ul>