

How we behave and how we're rewarded

Directors' report



Report by Roberto Quarta
Chairman of the Company
and chairman of the Nomination
and Governance Committee

Dear share owner

This is my first letter as chairman of your Company, having taken up the role last June.

I have run companies in sectors as diverse as manufacturing, engineering, distribution and electronics so, while my background is not in advertising and marketing services, I would like to think that this degree of separation from the business, and the breadth of my own experience, lend both independence and perspective – two qualities essential for any chairman.

Over the years people have asked me: what is the chairman's agenda? That's easy. There is none. There is only the agenda of our stakeholders: whether they are our people, clients, share owners or the broader communities with whom we have relationships.

With that in mind, here are some notes from a relative newcomer after what has been yet another record year for WPP.

First, reasons to celebrate. We have an excellent business. It is well run. It produces stellar results year in, year out and enjoys – on balance – contented investors.

One of the differences between our business and many others is that its principal assets are not plant and machinery, but human. Senior staff retention is strong. The business was built in part through acquisition and many founders of acquired companies are still with us long after their earn-outs have ended.

Speaking of entrepreneurs, it hardly needs me to say that your Company's founder has made an extraordinary contribution to this business as CEO. The accolades Sir Martin receives on a regular basis say it better than I ever could. In the last year alone he was named the world's fifth best performing CEO by the *Harvard Business Review*, and voted the joint most impressive business person in the UK in the Ipsos MORI *Captains of Industry* survey.

This recognition matters, because it adds to the reputation of your Company and all the operating businesses within it. Sir Martin's public profile, as one of the world's most successful CEOs and a leading commentator on global economic affairs, is of enormous material value to WPP, bringing prestige, talent and new business to the Group.

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Second, some reflections. Times are always changing. WPP's succession planning, as my distinguished predecessor Ambassador Philip Lader said last year, is "steadily more rigorous and comprehensive."

We are obliged to consider succession from two angles: first, as an orderly, planned process; and second, as something potentially more sudden as recent tragic events have shown. As Philip said, "Sir Martin, like all of us, is not immune from being hit by the proverbial bus."

At some point we all leave our jobs. The question is when. Whether, in Sir Martin's case, that happens tomorrow, in one, two, three, four or five years, or even over a longer period, we have already begun to identify internal and external candidates who should be considered.

Since joining your Board, I have seen first-hand a rigorous and comprehensive process, where independent members of the Board and the chairman regularly meet not just those who report directly to Sir Martin, but also the senior tier below.

Seeing people regularly, gives your Board insight into individual businesses and helps us get to know senior management and consider whether they have the attributes for a future chief executive of this Group.

Do they understand the Group or just their own business? Familiarity with clients, familiarity with strategy are key. What would they do if they became chief executive?

Before and since my appointment, the Board has had a very productive session in which all members shared views on who, specifically, might or could succeed Sir Martin now or in the more distant future. The list of candidates discussed must be constantly refined and reconsidered and I and the other independent members of the Board will continue to focus on this in 2016 and beyond.

Share owners should have no doubt that we already have a strong pool of internal and external candidates to draw from.

Third, some predictions. This may be my first year as your chairman, but I am aware of the rhythms and rituals of the Company calendar.

In the lead-up to our AGM there will be debate about compensation.

The record performances that form executive pay mean that share owners have been handsomely rewarded over the years as their investments increase in value substantially. But there are critics.

The first thing to remember about compensation schemes is that they don't happen overnight. The headlines we will inevitably read concern obligations and agreements put in place several years ago for our executives.

The Board must assess whether pay is aligned with share owner interest. That's not about quantum. It's about alignment. Was the pay plan approved by a majority of share owners? The answer is yes. The plan was laid out; the results are laid out. The performance is there; the metrics are there. This is a matter of record, contract and history. It is not the future.

Other changes are on the horizon. This year we have instituted an externally-facilitated Board review by a leading expert in this field.

I promised share owners that we would appoint a well-known, respected professional to review our Board composition and effectiveness and that we would report in due course on the outcome.

The review has evaluated Board processes, Board discipline, composition, dynamics and effectiveness. Our expert has attended Board and committee meetings as an observer and held one-to-one discussions with each director and the Company Secretary.

The full report will be considered by the Board at the end of April and will help us to be a more effective and efficient Board, whose agenda reflects the needs of the Board, and the Company's stakeholders. This is my job and one I aim to do with fresh eyes and ears.

As part of the Board evaluation process, we are identifying its strengths and weaknesses. Perspective is vital. My idea of a great Board is a group of diverse people sitting round the table who bring informed, well thought-out, experienced perspectives and who, when combined, add value to the business.

While the proportion of women on our Board, for example, is in line with internal targets of 30%, there is always room for further improvement.

Fourth, a thank you and a sad farewell. As I complete my first letter to share owners, I would like to thank Philip Lader for his outstanding 14 years as your chairman. His ready wit, fine style and tremendous scope of vision are well known.

On behalf of every Board member I wish him the very best for the future and register our deep gratitude for his service.

I would also like to remember and honour the wisdom and service of Roger Agnelli, a non-executive director since 2013 who died tragically in March this year.

Finally, in conclusion, a pledge. I am well aware that I can only claim the status of newcomer for so long, and that I have a window of opportunity to deliver the things I have described. I do not intend to delay.

Whatever issues we identify collectively will not be solved by revolution – they'll be solved by evolution. Logical steps, clearly understood by all, taken in the interests of everyone with a stake in the future of this remarkable Company.

Roberto Quarta
15 April 2016



How we behave and how we're rewarded

Directors' report

Review of the Company's governance and the Nomination and Governance Committee

Report by Roberto Quarta

Chairman of the Nomination and Governance Committee

Nomination and Governance Committee members

	Attendance at 4 meetings in 2015
Roberto Quarta (Chairman) ¹	3
Philip Lader ²	2
Charlene Begley	4
Roger Agnelli ^{3,5}	2
Ruigang Li	1
Daniela Riccardi ⁴	1
Jeffrey Rosen ²	2
Hugo Shong	4
Tim Shriver ³	3
Sally Susman	3

¹ Appointed to the committee on 9 February 2015.

² Retired from the committee on 9 June 2015.

³ Retired from the committee on 10 October 2015.

⁴ Appointed to the committee on 10 October 2015.

⁵ Roger Agnelli tragically died on 19 March 2016.

Dear share owner

Committee responsibilities and how they were discharged in 2015

The principal focus of the four meetings of the Nomination and Governance committee in 2015 were:

- succession planning for the CEO and senior management;
- Board and committee composition;
- the appointment of a new senior independent director and chairman of the Audit Committee;
- Board evaluation; and
- share ownership guidelines for non-executive directors.

Succession planning

As the new chairman and chairman of the Nomination and Governance Committee, I have had extensive discussions with share owners on the issue of succession and understand their request for greater transparency of reporting and to integrate the Board evaluation process with succession planning. The committee and the full Board fully appreciate that strategic, thoughtful and practical succession planning is critical to the long-term success of the Company.

The Board has for some time had a strategy in place for an agreed or foreseen departure of the senior management team including the CEO and CFO and also in the event of sudden emergencies, where an individual cannot continue working.

During 2015, the Board has held three detailed senior management and CEO succession planning reviews and has met with the senior management teams of all of the major operating companies within the Group and in many cases the tier of managers below to develop their understanding of the diversity of the pipeline of internal candidates and continually reassess the succession plans.

The committee has also considered the attributes for future non-executive director appointments in the context of the strategic development of the Group, which include business-specific and digital or data analytics expertise, back office integration and UK governance experience.

New senior independent director

The Board announced the appointment of Nicole Seligman as senior independent director on 4 April 2016, following the recommendation of the committee and succeeding Jeffrey Rosen who retired at the 2015 AGM. Ms Seligman was appointed to the Board in January 2014 and has served on the Compensation Committee and attended the other committee meetings at the invitation of the chairmen of those committees.

Committee composition

Jacques Aigrain succeeded Colin Day as chairman of the Audit Committee with effect from the close of the 2015 AGM following the recommendation of this committee. Jacques Aigrain has been a member of the committee since joining the Board in May 2013 and is considered as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and together with Charlene Begley as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code.

The committee reviewed the composition of each of the Board Committees and the Board agreed following that review to realign and reduce committee memberships in October 2015, to reflect the skills and interests of respective directors. Subject to their appointment and reappointment at the AGM, the amended composition of our three main committees will continue to be as follows:

Committee composition 2016	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta		•	Chair •
Jacques Aigrain	Chair •	•	
Charlene Begley	•		•
Sir John Hood		Chair •	
Ruigang Li			•
Daniela Riccardi			•
Nicole Seligman			•
Hugo Shong			•
Tim Shriver		•	
Sally Susman			•
Sol Trujillo	•		

Board and committee evaluation

The annual evaluation of the Board's and all committees' effectiveness was commenced at the end of 2015 following the appointment of the new chairman and the realignment of the committee memberships. The evaluation process is being externally facilitated by Dr Tracy Long of Boardroom Review Limited who has no other connection with the Group. Dr Long has attended Board and committee meetings as an observer and has held one-to-one discussions with each director and the Company Secretary. Dr Long's observations from these discussions and meetings are being reviewed by the Board with proposals being made to the full Board as to improving Board effectiveness.

The results of the evaluation will be considered in the 2015 Sustainability Report to be published in June 2016 and discussed as part of the ongoing dialogue with share owners.

UK Corporate Governance Code

During the year, the Board was briefed on regulatory and corporate governance developments. This principally included the anticipated impact of the new UK and EU rules on auditing market reform and the changes to the UK Corporate Governance Code. The briefing focused especially on the changes related to remuneration, ongoing risk management and internal control and the requirement for directors to provide a longer term viability statement in respect of the financial year ended 2015 taking into account the Group's current position and principal risks.

Share Ownership Guidelines

The committee reviewed the guidelines for non-executive director share ownership considering practices in the UK and the US and investor guidance. The committee recommended and the Board approved that non-executive directors should accumulate shares with a value equivalent to one year's fees on a post-tax basis during their tenure, to align the interests more fully with share owners.

Sustainability

Paul Richardson, chairman of the Company's Sustainability Committee, presented a comprehensive assessment of the Group's sustainability performance and risks to the committee for 2015. A more detailed review of our sustainability performance and activities can be read on pages 155 to 161 and in our 2015/2016 Sustainability Report and Pro bono book to be published in June 2016.

Terms of reference

The committee's terms of reference, which are reviewed with the Board annually and most recently in April 2015, are on the Company's website at wpp.com/investor.

Roberto Quarta

15 April 2016

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Directors' report

Review of the Audit Committee

Report by Jacques Aigrain

Chairman of the Audit Committee

Audit Committee members

	Attendance at 8 meetings in 2015
Jacques Aigrain (Chairman)	8
Colin Day ¹	5
Sol Trujillo	7
Jeffrey Rosen ¹	5
Roger Agnelli ³	8
Charlene Begley	8
Hugo Shong ²	5

¹ Colin Day and Jeffrey Rosen retired from the committee on 9 June 2015.

² Hugo Shong retired from the committee on 10 October 2015.

³ Roger Agnelli tragically died on 19 March 2016.

Dear share owner

We held eight meetings during the year, which were attended by Deloitte LLP, the Company's external auditor, the Company's chairman, the Group finance director, the director of internal audit, the Group chief counsel, the Group chief accountant and the Company Secretary.

Committee responsibilities and how they were discharged in 2015

The main matters we dealt with during 2015 were as follows:

- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgements;
- reviewing internal controls and internal audit activities;
- assisting the Board in meeting its responsibilities in respect of carrying out a robust assessment of the principal risks affecting the Group and reviewing and reporting on the systems and key elements of risk management as they affect the Group;
- reviewing the Group Treasury policy with particular focus on debtors, funding foreign exchange and cash management and the continued ability of the Group to adopt the going concern basis in preparing financial statements;
- reviewing reports on any material litigation or regulatory reviews involving Group companies;

- reviewing the Group's mergers and acquisitions strategy, any significant acquisitions, the earnout payments profile review and integration processes and the debt financing by the Group;
- reviewing GroupM's trading model and its risk assessment processes;
- reviewing the Group's tax strategy;
- monitoring the accounting and legal reporting requirements, including all relevant regulations of the UK Listing Authority, the SEC and NASDAQ and the Jersey Financial Services Commission and changes to the UK Corporate Governance Code;
- overseeing continued compliance with Section 404 of SOX, through regular status reports submitted by the internal and external auditors;
- reviewing the Group's IT transformation project and integration initiatives; and
- reviewing issues raised on our Right to Speak helpline and the actions taken in response to those calls.

Fair, balanced and understandable

A sub-committee of the Board including two members of this committee examined whether the Annual Report and Accounts for 2015 was fair, balanced and understandable and provided the information necessary for share owners to assess the Group's position, performance, business model and strategy. The sub-committee received an early final draft of the report for review and comment, as well as a report from the Disclosure Committee as to the governance relating to compilation of the report. The Board subsequently considered the report as a whole and discussed the report's tone, balance and language for compliance with these standards. The Board's statement on the report is on page 169.

Financial reporting and significant financial judgements

The management team make key decisions and judgements in the process of applying the Group's accounting policies. These key judgements were detailed in reports to the committee in respect of 2015 which were then examined by the committee and discussed with management.

Deloitte also reported to and discussed with the committee whether suitable accounting policies had been adopted in the financial statements for the year ended 2015 and whether management had made appropriate estimates and judgements. The areas of significant judgement considered by the committee and how these were addressed

are set out below and reflect a number of the principal risk areas identified by the Board on pages 44 to 47:

- the assessments made for goodwill impairment. The committee confirmed, based on management's expectations of future performance of certain businesses, the level of goodwill impairment charges required in 2015;

- the restructuring charges incurred as part of a restructuring program in 2015 relating to Kantar, GroupM and IBOPE and whether these are exceptional. The committee supported management's analysis of the nature of the restructuring charges;

- the judgements made in determining the gains on investments made in 2015 on the comScore, eRewards and Chime transactions. The committee agreed that the approach adopted by management is appropriate;

- the judgements made in respect of the recoverability of other media income and revenue recognition, particularly as these relate to media volume income and media trading income. The committee received briefings from Deloitte and management on the appropriateness of the policies adopted and the controls in place and challenged management to demonstrate the effectiveness of such controls;

- the valuations of non-controlled investments, which are based on local management forecasts, recent third-party investment and other supporting information such as industry valuation multiples. The committee examined the valuations with management and considered the sample testing of the investments performed by Deloitte and agreed that the valuations were appropriate;

- the accuracy of forecasting the potential future payments due under earnout agreements in respect of acquired businesses. The committee considered the forecasting with management and the testing undertaken by Deloitte and agreed that earnouts have been accounted for on a consistent basis to previous periods;

- the approach taken by management to accounting for exceptional expenses incurred in relation to the ongoing IT Transformation project, which the committee considered was appropriate;

- the valuation of year-end provisions in respect of working capital. The committee received briefings on the approach taken by management in assessing the level of exposure across the Group and agreed it was consistent and appropriate;

- accounting for the judgemental elements of remuneration, including pensions, bonus accruals, severances and share-based payments. The committee agreed that the assumptions applied by management are reasonable;

- the judgements made in respect of tax, in particular the level of central tax provisioning. The committee

supported management's assumptions in both these areas and believe the current level of provisions is reasonable; and

- the going concern assessment and viability statement and key forecast assumptions. The committee concur with management's going concern assumptions as set out on page 47.

External audit

Deloitte have been WPP's auditors since 2002. The lead partner rotates every five years and the latest rotation took effect during 2015. In 2015, the effectiveness of the audit process was evaluated through a committee review of the audit planning process and discussions with key members of the Group's finance function. The 2015 evaluations concluded that there continued to be a good quality audit process and constructive challenge where necessary to ensure balanced reporting. The committee held private meetings with the external auditors and the committee chair met privately with the external auditors before meetings. The committee continues to be satisfied with the performance of Deloitte and confirmed that Deloitte continues to be objective and independent and noted the principal findings of the FRC 2014 Audit Quality Review on Deloitte. The committee recommends the reappointment of Deloitte at the AGM on 8 June 2016.

The committee considered the Group's position on its audit services contract in the context of the regulations concerning the audit market. Although there is no immediate intention to tender the audit contract, the Company will re-tender at the latest by the 2022 year end in compliance with the transitional arrangements for competitive tender that require mandatory rotation after the 2023 fiscal year-end.

The Company confirms that it has complied with the Competition and Markets Authority final order on mandatory tendering and audit committee responsibilities.

Internal audit

The annual internal audit plan is approved by the committee at the beginning of the financial year. Progress against the plan is monitored through the year and any changes require committee approval. Significant issues identified within audit reports are considered in detail along with the mitigation plans to resolve those issues. The committee also considers the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the principal risks and controls throughout the Group.

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Non-audit fees

The committee has established a policy regarding non-audit services that may be provided by Deloitte, which prohibits certain categories of work in line with relevant guidance on independence, such as ethical standards issued by the Auditing Practices Board and SEC. The policy was reviewed by the committee in 2014 and advice on remuneration was included in the prohibited category with effect from the beginning of 2015 allowing for a transition period. Other categories of work may be provided by the auditors if appropriate and if pre-approved by the committee, either as individual assignments or as aggregate amounts for specified categories of services. All fees are summarised periodically for the committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2015 is shown in note 3 on page 189.

Committee Evaluation

The committee and its members were formally assessed by the Nomination and Governance Committee as part of the review of committee composition in 2015 and as part of the evaluation process described on page 117 for their technical suitability to be members and also for its overall effectiveness. The Board has designated me as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and together with Charlene Begley as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code. The members of the committee have financial and/or financial services experience as set out in their biographies on pages 108 to 110.

Terms of reference

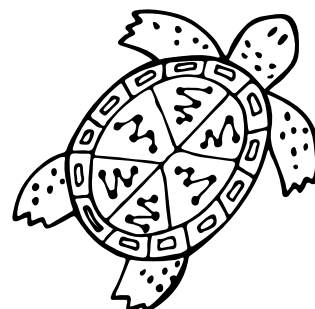
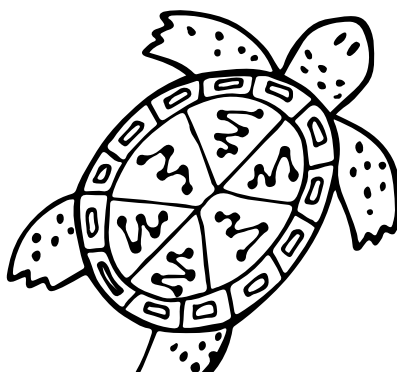
The committee's terms of reference, are reviewed annually and most recently in April 2015 and can be viewed on the Company's website at wpp.com/investor.

Committee membership

This is my first report as chairman of the committee and I would like to thank Colin Day for his hard work over many years as a member of and subsequently chairman of the committee. We will greatly miss Roger Agnelli from the committee – his commitment and wisdom were appreciated by all of us who were privileged to work with him.

Jacques Aigrain

15 April 2016



Letter from the chairman of the Compensation Committee

Dear share owner

As Chairman of the Compensation Committee, I am pleased to present this report on directors' compensation for the year ended 31 December 2015. This report sets out how we have implemented the compensation policy that you as share owners approved in 2014, and for your convenience, provides a reminder of the details of that policy. I would also like to take this opportunity to describe the key topics that have been considered in 2015.

During the year, the Nomination and Governance Committee reviewed the composition of each of the Board committees, including the Compensation Committee. Following this review, it was agreed to reduce directors' committee membership, to most effectively align their skills and interests with the needs of each of the Board committees. The result of this review is that the Compensation Committee now comprises myself as Chairman, Roberto Quarta, Jacques Aigrain and Tim Shriver.

At the 2015 AGM, 80% of share owners voted in support of the 2014 Compensation Committee Report. The committee carefully reviewed the reasons why 20% of share owners felt they needed to abstain or vote against the report and considered what was necessary to address their concerns. The primary reason for their vote related to the 2014 total compensation for the CEO. This 'single figure' was largely driven by the vesting of a five-year long-term incentive award that was granted under a plan approved by share owners in 2009 ('LEAP IIP'), based on a plan first approved in 1999 ('Original LEAP'). Of this 'single figure', 84% of the value realised resulted from the vesting of this long-term incentive award, with a further 8% being awarded to reflect short-term performance. The committee, while aware of the concerns, needs to remind share owners that the LEAP stock awards are contractual and it is not possible to reduce awards if the targets have been achieved. The committee was and remains comfortable that the value realised under LEAP aligned with very strong returns in terms of share price growth and strong dividend payments. It also reflected excellent annual and multi-year operating performance, with 2014 being another record-breaking year for the Group. The secondary reason for some share owners abstaining or voting against the report was the provision of a spousal travel benefit to the CEO. As a result, this benefit was removed, with the CEO's

agreement, as of 2015. Furthermore, Sir Martin Sorrell decided to repay the sum he received for spousal travel disclosed in last year's report.

2015 was yet another record-breaking year for the Group with many performance highlights, including EBITDA exceeding £2 billion for the first time. Against this backdrop of excellent sustained long-term performance, the committee again expects share owner and media focus in 2016 to be on the total compensation for Sir Martin Sorrell. I will explain this in more detail in the sections below, but again, it is driven by the outstanding performance of the Company over the last five years relative to our peers and the market-leading returns delivered to share owners.

Pay for performance in 2015

A focus on performance and an ownership mindset are central to the culture at WPP, and the committee firmly believes the compensation programs are an important part of this principle. WPP incentivises its Executive Directors and other senior executives to deliver and drive sustainable share owner returns, with plans that measure performance over the short- and long-term. The annual performance of the Company is measured and rewarded under the short-term incentive plan. In 2015, performance against our key measures of like-for-like PBT growth of 9.3%, like-for-like net sales growth of 3.3% and constant currency net sales margin improvement of 0.4% were all excellent. For the financial component of the short-term incentive plan, this resulted in awards of 162% of target. The individual component for each Executive Director was based on areas of strategic importance to the Group, for which they are directly accountable. Details are set out later in the report, but in general performance was equally strong.

Since 2013, WPP has granted long-term incentive awards under a new plan: the Executive Performance Share Plan (EPSP). The design of this plan was strongly informed by share owner feedback, including the removal of the upside of five times the executives' investment, potentially available under LEAP, and the incorporation of additional performance metrics. The historic long-term incentive plan, LEAP, under which the 2011 award was made, was a co-investment plan that required executives to pledge shares that would be matched at the end of the five-year performance period depending on the TSR performance of the Company relative to our peer group.

How we behave and how we're rewarded

Letter from the chairman of the Compensation Committee

The 2011 awards, which vested in full on 14 March 2016, were based on performance over the five financial years to 31 December 2015. Over this period WPP achieved TSR of 134.9%, out-performing our peers and broader market indices in Europe and the US. This was underpinned by strong financial performance. The key performance highlights over the five-year performance period were:

- More than doubling of market capitalisation to £20.2bn, represented by a 14.6% compound annual increase in share price
- a 31.1% increase in revenue
- a 44.4% increase in headline PBIT
- a compound annual growth in the dividend of 20.2%
- TSR that out-performed our most direct competitors, Omnicom and Publicis, as well as 95% of the FTSE 100, weighted by market capitalisation
- An increase in permanent employees of 23% to 124,930

While the value of Sir Martin Sorrell's award is very large, it was the result of an outstanding set of returns to share owners.

Pay policy and implementation

At the end of January 2015, Mark Read stood down from the Board to take up the role of CEO of Wunderman. We have pro-rated his compensation and benefits to reflect his time on the Board, as outlined in the report that follows.

During the year, the committee reviewed the base salary of the Chief Executive and Chief Financial Officer. The committee decided that in light of other pay and incentive rewards, no change to the level of base salary would be made. This means there haven't been any changes to the Executive Directors' base salaries since January 2013 for Sir Martin Sorrell, when his salary was reduced to its current level, and July 2013 for Paul Richardson.

Finally, in accordance with commitments made last year, we have implemented clawback arrangements to the cash bonus and EPSP awards. These arrangements take effect for 2016 and subsequent awards and permit a clawback of incentives for a period of up to three years after payment in the case of a prescribed event occurring. This amendment will work in tandem with the pre-existing malus clauses in the incentive plans.

Performance targets for 2016

As part of the Committee's normal practice, in preparation for the 2016 EPSP awards, we have reviewed the ranges applied to the ROE and EPS measures and have concluded they remain appropriate, stretching and aligned to the guidance issued to share owners. The short-term incentive plan financial measures will remain the same as used in 2015.

Consultation with share owners

Our Executive Remuneration Policy will be re-presented to share owners for approval at the AGM in 2017. We plan to consult with our major share owners and representative bodies during 2016 to present our thoughts and seek their views.

Sir John Hood

Chairman of the Compensation Committee

15 April 2016

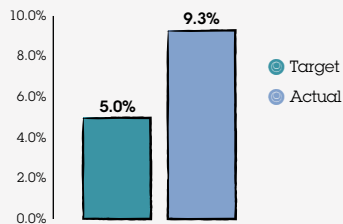


At a glance

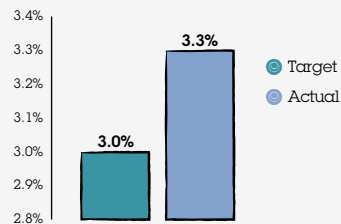
How we performed in 2015

Group financial performance measures:

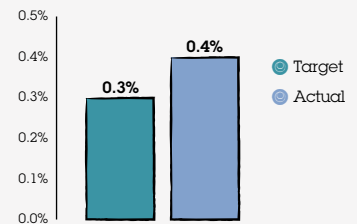
Headline PBT growth



Growth in net sales

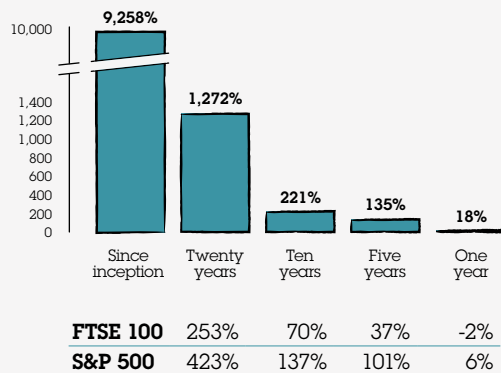


Headline net sales margin improvement



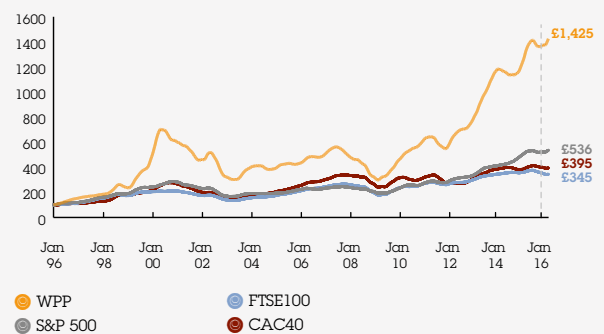
Long-term total shareholder return performance¹

WPP Total Shareholder Return ("TSR")



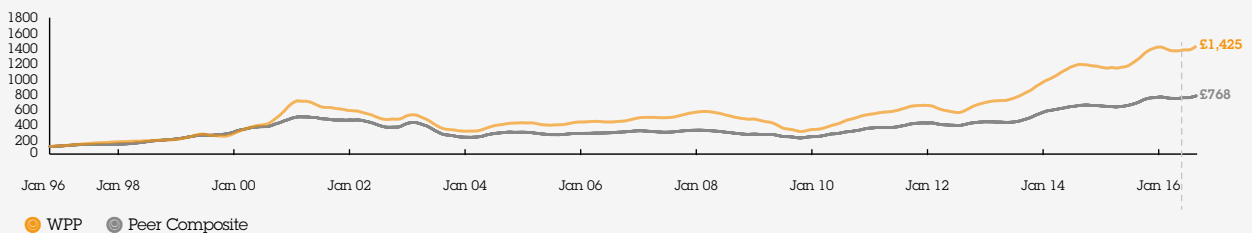
Source Datastream. TSR calculated up until 31 December 2015.

Change in value of a £100 investment in WPP over 20 years relative to indices



Source Datastream. TSR calculated up until 31 March 2016.

Change in value of a £100 investment in WPP over 20 years relative to a composite index of peers



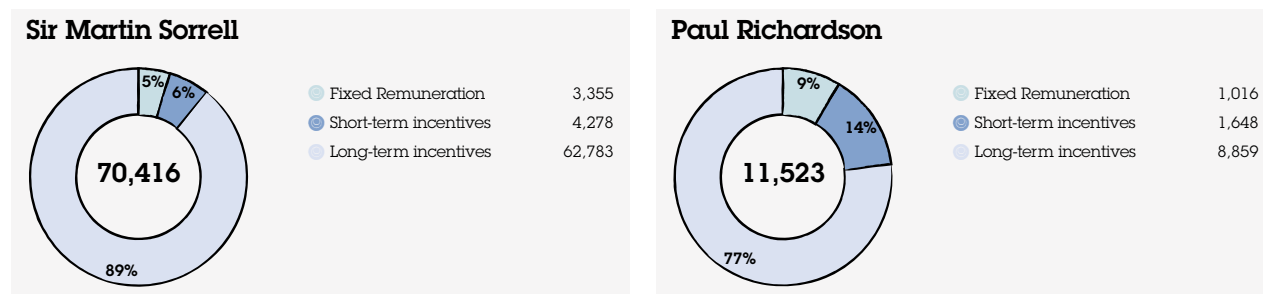
Source: Datastream. TSR calculated up until 31 March 2016. "Peer Composite" comprises Havas, IPG, Omnicom and Publicis, and from its date of listing in 2001; Dentsu. All data has been converted on a daily basis into GBP. It is assumed that an investment is made on a market-cap weighted basis across all companies, redistributed at the end of each day.

¹ TSR calculated using an averaging period of one-month (one-year TSR) or six months (longer-term TSR) in common currency.

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Letter from the chairman of the Compensation Committee

How much the executive directors earned in 2015 (£000)



How we will implement our compensation policy in 2016

Key measures of five-year performance

	Policy	Implementation ¹		
		2016	Sir Martin Sorrell	Paul Richardson
Base salary and fees	■ 24-month review period	No change	£1,150,000	\$945,000 + £100,000
Short-term incentives	■ 70% financial and 30% personal strategic ■ One-year performance ■ 50% cash, 50% deferred WPP shares (two years)	No change	Opportunity: 0% – 435% Target: 217.5%	Opportunity: 0% – 300% Target: 200%
Long-term incentives	■ TSR, EPS and ROE ■ Five-year performance ■ 100% WPP shares	No change	Opportunity: 0% – 975%	Opportunity: 0% – 400%

¹ Opportunity and target expressed as a percentage of base salary and fees.

Implementation report

This section of the Compensation Committee report contains details of how the Company's Executive Remuneration Policy was implemented in 2015.

We start by setting out the details of the Compensation Committee – those setting and implementing the Executive Remuneration Policy. We then present a summary of the 2015 executive remuneration together with a summary of pay across the Group.

Governance in relation to compensation

Compensation Committee members

	Attendance at 5 meetings in 2015
Committee effective 10 October 2015	
Sir John Hood (Chairman)	5
Jacques Aigrain	5
Roberto Quarta ¹	5
Tim Shriver	5
Pre-October committee members	
Roger Agnelli ^{2,3}	4
Colin Day ⁴	4
Ruigang Li ²	3
Daniela Riccardi ²	3
Jeffrey Rosen ⁴	4
Nicole Seligman ²	4
Hugo Shong ²	4
Sol Trujillo ²	4

¹ Appointed to the Compensation Committee at the WPP Board meeting held on 9 February 2015.

² Retired from the Compensation Committee on 10 October 2015.

³ Roger Agnelli tragically died on 19 March 2016.

⁴ Retired from the WPP Board on 9 June 2015, following the AGM.

During 2015, the Nomination and Governance Committee reviewed the composition of each of the Board committees and the Board agreed, following that review, to realign and reduce committee memberships in October 2015. The goal was to reflect the skills and interests of the respective directors, matching these with the needs of the Board. Therefore the Compensation Committee membership was amended as detailed in the table above.

During 2015, the Compensation Committee met five times on a formal basis, with additional meetings held as needed.

The committee members have no personal financial interest (other than as a share owner as disclosed on page 136) in the matters to be decided by the committee, potential conflicts of interest arising from cross-directorships or

day-to-day involvement in running the Group's businesses. The terms of reference for the Compensation Committee are available on the Company's website wpp.com/wpp/about/howwebehave/governance, and will be on display at the AGM, as set out in the Notice of AGM.

Advisors to the Compensation Committee

The Compensation Committee regularly consults with Group executives. In particular, the Committee invites certain individuals to attend meetings, including the Group chief executive (who is not present when matters relating to his own compensation or contracts are discussed and decided), the company secretary, the chief talent officer and the worldwide compensation & benefits director.

The latter two individuals provide a perspective on information reviewed by the Committee and are a conduit for requests for information and analysis from the Company's external advisors.

External advisors

The committee retains Willis Towers Watson to act as independent advisors. Willis Towers Watson is engaged to provide advice to the Compensation Committee and to work with management on matters related to our Executive Remuneration Policy and Practices. Willis Towers Watson is a member of the Remuneration Consultants Group and has signed the code of conduct relating to the provision of advice in the UK. In light of this, and the level and nature of the service received, the committee remains satisfied that the advice is objective and independent.

Willis Towers Watson provides limited other services at a Group level, however some of the operating companies may engage advisors, including Willis Towers Watson, at a local level.

In 2015, Willis Towers Watson received fees of £87,190 in relation to the provision of advice to the Committee. The Committee receives external legal advice, where required, to assist it in carrying out its duties.

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Statement of share owner voting

In 2015, a number of share owners expressed concern at the overall level of pay for the Executive Directors. The compensation levels were driven by the maturing of a five-year LEAP award and the increase in the Company's share price. The Committee acknowledges these concerns, but also recognises that the majority of share owners supported the remuneration resolution last year (see below). The Committee is content that the LEAP program has performed as intended and in the manner approved, with very strong share returns and share price performance delivering significant value to both share owners and management.

Resolution	Votes for		Votes against		Votes cast		Votes withheld
	Number	%	Number	%	Number	Number	Number
To approve the Implementation report of the Compensation Committee	757,414,100	79.97	189,727,858	20.03	947,141,958		26,502,257

The Compensation Committee reinforced the existing malus provisions by implementing clawback. This will allow, in respect of performance year 2016 onwards, recovery of performance-related remuneration should it be determined that fraud, breach of fiduciary duty or a material misstatement caused determination of the amounts of performance-related remuneration paid or vested to be incorrect. Clawback will apply for three years post payment or vesting of an incentive award. As noted in the committee Chairman's letter, the policy will be resubmitted to share owners in 2017 for approval. Major share owners and representative bodies will be consulted in advance of the new policy being submitted for approval.

Executive directors' total remuneration received (audited)

Single total figure of remuneration in 2015 and 2014

		Base salary and fees	Benefits ⁴	DEPs ⁵	Pension	Short-term incentives ⁶	Long-term incentives ⁷	Total annual remuneration
		£000	£000	£000	£000	£000	£000	£000
Sir Martin Sorrell ¹	2015	1,150	200	1,545	460	4,278	62,783	70,416
	2014	1,150	179	1,288	456	3,590	36,041	42,704
Paul Richardson ^{1,2}	2015	718	82	–	216	1,648	8,859	11,523
	2014	674	67	–	202	1,542	8,734	11,219
Mark Read ³	2015	37	2	–	5	–	2,175	2,219
	2014	440	8	–	63	737	2,187	3,435

¹ Any US dollar amounts received in 2015 have been converted into sterling at an exchange rate of \$1.5288 to £1.

² Paul Richardson's base salary figure is denominated in US dollars other than his fee for directorship of WPP plc which amounts to £100,000. There has been no change in base salary over 2014 and differences to the 2014 value are due to a change in exchange rates.

³ Mark Read's remuneration figures have been pro-rated to align with the time spent as an Executive Director of WPP. The long-term incentive figure has been pro-rated to reflect the 4 years and 1 month of the 5-year performance period in which Mark Read served as a member of the WPP Board. There was no short-term incentive entitlement in relation to his time on the Board in 2015. Mark Read stepped down from the WPP Board on 27 January 2015.

⁴ Details of benefits are set out on page 127. The 2014 benefits figure for Sir Martin Sorrell has been adjusted to reflect his personal decision to repay a sum of £274,000 in respect of spousal travel costs.

⁵ Sir Martin Sorrell receives payments in accordance with the approval granted by share owners of amounts equal to the dividends that would be payable during 2015 totaling £1,545,340, £1,288,191 during 2014, in respect of the shares reflected in the UK and US Deferred Stock Units Awards Agreements, these agreements that now comprise the awards granted under the Capital Investment Plan in 1995.

⁶ This is the aggregate amount awarded for the 2015, and 2014, financial years' performance. The awards are delivered equally in a deferred share bonus in the form of an ESA which vests two years from the date of grant subject to continued employment and cash.

⁷ This is the value of the 2011, and 2010, LEAP awards which vested in 2016, and 2015, following the end of the five-year performance period on 31 December 2015, and 31 December 2014.

Fixed elements of remuneration (audited)

Base salary and fees

	Effective/ last review date	Contractual salary and fees 000	Base salary and fees received in 2015 000
Sir Martin Sorrell	1 January 2015	£1,150	£1,150
Paul Richardson	1 July 2015	\$945 and £100	\$945 and £100
Mark Read¹	1 July 2013	£440	£37

¹ Mark Read's base salary and fees value represent the pro-rated amount up to his retirement from the Board on 27 January 2015.

Each Executive Director receives a fee of £100,000 for their directorship of WPP plc, included above. The base salary and fees for the Executive Directors are reviewed, but not necessarily changed, every 24 months.

Benefits, dividend equivalent payments and pension

	2015 Benefits £000	2015 DEPs £000
Sir Martin Sorrell	200	1,545
Paul Richardson	82	–
Mark Read¹	2	–

The benefits shown are those provided to the executive directors that are deemed taxable in the UK, or those that would be taxable if Paul Richardson were resident in the UK. The value of benefits received that are detailed in the numbers above include car and/or car allowance, healthcare, life assurance, long-term disability allowance and a per diem housing allowance paid when the executive uses their own accommodation when travelling outside of their home country. The table above also includes share owner-approved dividend equivalent payments of £1,545,340, £1,288,191 during 2014, which are due on certain of Sir Martin Sorrell's deferred share awards. The following table provides a breakdown of the key taxable benefits for 2015:

	Car benefits £000	Healthcare £000	Accommodation allowance £000	Other expenses £000
Sir Martin Sorrell	37	54	47	62
Paul Richardson	24	12	23	23
Mark Read¹	–	0.2	–	2

	Contractual pension (% of base salary and fees)	2015 Pension £000
Sir Martin Sorrell	40%	460
Paul Richardson	30%	216
Mark Read¹	15%	5

¹ Mark Read's benefit and pension values represent the pro-rated amount up to his retirement from the Board on 27 January 2015.

All pension benefits for the executive directors are provided on either a defined contribution or a cash allowance basis. Only the aggregate of base salary and fees is pensionable. No changes have been made to pension contribution rates in the last year.

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Variable elements of pay (audited)

Short-term incentive

This section summarises the Compensation Committee's assessment of the Executive Directors' performance during 2015 under the short-term incentive plan. Mark Read was ineligible for a short-term incentive in respect of his Executive Director role from 1 January 2015 to 27 January 2015.

2015 short-term incentive plan outcome (percentages expressed relative to base salary and fees)

	Actual short-term incentive received	Attributed to financial objectives	Attributed to personal objectives	Total 2015 short-term incentives £000
Sir Martin Sorrell	372%	247%	125%	4,278
Paul Richardson	230%	184%	46%	1,648

According to our policy, 50% of the 2015 short-term incentive will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral requirement. ESAs are subject to malus provisions.

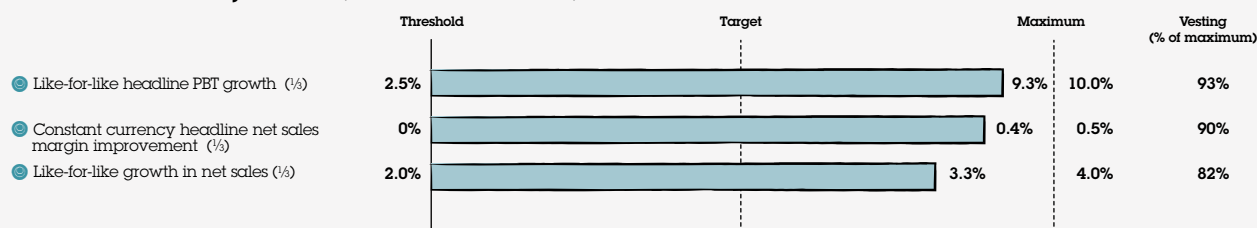
Performance against financial objectives

Performance against all financial objectives is calculated on a pro forma ('like-for-like') basis other than Net Sales margin that is calculated on a constant currency basis. The key financial short-term incentive plan objectives for all the Executive Directors are consistent with 2014 and provide a robust basis for assessing financial achievement.

As illustrated below, the 2015 financial performance of the Group was very strong. For the Group CEO and CFO, strong PBT and net sales margin improvement produced performance well above target, achieving 93% and 90% of the maximum award respectively. The net sales growth achieved an above target performance equivalent to 82% of the very ambitious maximum.

Group performance (CEO and CFO)

2015 financial objectives (70% of the award)



Performance against individual strategic objectives (30% of the award)

Executive director	Personal measure 2015	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of maximum)
Sir Martin Sorrell	Leadership planning	Actively managing the process of strengthening the Group's senior leadership teams through internal development, promotions, transfers and external hires.		
	Strategic planning & execution	Key focus areas include maintaining creative excellence; driving strategy in the digital, data, analytics and new markets; improving the effectiveness of the WPP horizontality approach to enhance client service delivery.	131% ¹	95%
Paul Richardson	Working capital management	Improving year-on-year rolling average net working capital as a percentage of the annual revenue trend.		
	WPP IT transformation	Implementing a transformational program of outsourcing IT services to produce enhanced service and cost savings in future years.	90% ²	51%
	Financial control	Demonstrating measures taken to improve operating company balance sheet control and management.		

¹ Figure relates to 30% of the 435% maximum bonus potential for Sir Martin Sorrell.

² Figure relates to 30% of the 300% maximum bonus potential for Paul Richardson.

2015 short-term incentive plan awards

Based on the performance set out above, the short-term incentive award for each executive was:

	Base salary and fees 000	Target bonus % of base salary and fees	Maximum bonus % of base salary and fees	2015 award % against target/maximum	Total 2015 short-term incentive award 000
Sir Martin Sorrell	£1,150	217.5%	435%	171%/86%	£4,278
Paul Richardson	\$945 + £100	200%	300%	115%/77%	£1,648

As noted above, 50% of the 2015 bonus is delivered in the form of WPP shares as an Executive Share Award (ESA). These shares are granted post determination of the annual bonus achievement and will vest, subject to continued employment, two years later.

Short-term incentive weightings and measures for 2016

The Committee has reviewed the performance objectives and weightings for 2016 to ensure continued alignment with the Company's strategies. The weighting of financial objectives (70%) and individual strategic objectives (30%) will remain unchanged as will the Group financial measures of headline PBT growth, net sales margin improvement and net sales growth.

As stated in the Executive Remuneration Policy, the committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. To the extent targets are no longer commercially sensitive they will be disclosed at the end of the relevant performance period in that year's Annual Report.

Long-term incentives (audited)

2011 – 2015 LEAP III awards vesting

The 2011 awards were granted under LEAP III, the long-term incentive plan which in 2013 was replaced by the EPSP. Vesting of LEAP awards was solely dependent on WPP's relative TSR performance measured in common currency, against a custom group of WPP's comparators (Aegis, Arbitron, Dentsu, GfK, Havas, Interpublic, Ipsos, Omnicom and Publicis) weighted by their respective market capitalisation.

Over the five-year investment and performance period, WPP out-performed 93% of the weighted peer group including both Omnicom and Publicis, WPP's largest and most comparable multi-line competitors. Over the period, WPP delivered TSR of 135% which means that a shareholding of £100 at the start of the period would be worth £235 at the end. On a relative basis, underlying financial and operational performance was also strong over the five-year period, consistent with the TSR outcome.

Aegis and Arbitron, two of the comparator companies, were taken over during the investment and performance period by Dentsu and Nielsen, respectively. In line with the guidelines previously established by the committee, the two companies remained in the comparator group as they were both listed for more than 40% of the investment and performance period. Their TSR performance was calculated assuming reinvestment into a synthetic stock of the remaining comparators. This was with effect from the date immediately before which it was independently determined that the share price was affected by either a takeover premium or speculation.

WPP's TSR performance relative to the comparator group resulted in a match to the executive directors pledged shares of 500%, equating to the maximum award.

	Number of shares vesting	Share price on vesting £	Value of match at grant price of £6.6475 £000	Value added due to share price appreciation and dividends £000	2015 Long term incentives £000
Sir Martin Sorrell	3,982,605	15.76435	23,637	39,146	62,783
Paul Richardson	561,940	15.76435	3,335	5,524	8,859
Mark Read¹	137,959	15.76435	819	1,356	2,175

¹ Mark Read was an executive director of WPP plc until 27 January 2015. Accordingly, his LEAP award shown in the table represents the pro-rated amount of his total award.

2015 EPSP awards granted

In 2015, the executive directors, along with a select number of senior executives within the Group, were granted awards under the Executive Performance Share Plan (EPSP). The 2015 awards are subject to three equally weighted independent performance conditions, being relative TSR, EPS and ROE. Performance is measured over the five financial years starting in 2015 as follows:

Measure	Total Shareholder Return (TSR)	Earnings Per Share (EPS)	Return On Equity (ROE)
Weight	One-third	One-third	One-third
Nature	Relative to peers	WPP growth	WPP absolute
Performance zone (threshold to maximum)	Median to upper decile	7% – 14% compound annual growth	15% – 18% annual average ¹
Payout	Below threshold: 0% of element vests Threshold: 20% of element vests Maximum or above: 100% of element vests Straight-line vesting between threshold and maximum		
Performance period	Five-years ending on 31 December 2019		

¹ The ROE measure for EPSP awards issued in 2013 and 2014 was a 10% to 14% average return.

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. In 2015, the comparator group comprised Dentsu, GfK, Havas, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance will be calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.

The following interests were awarded on 9 June 2015 at the preceding five-day average share price of £15.172 (ordinary shares) or \$115.88 (ADRs).

	Basis and level of award (% of salary and fees)	Award over	Number of interests awarded	Face value at date of grant '000
Sir Martin Sorrell	974%	Ordinary Shares	738,267	£11,201
Paul Richardson	400%	ADRs	37,970	\$4,400
Mark Read	200%	Ordinary Shares	65,910	£1,000

EPSP measures and targets for 2016 – 2020

Following review, the committee agreed that the EPSP measures and targets that will be applied to awards made in 2016 will be the same as used in 2015 and detailed above.

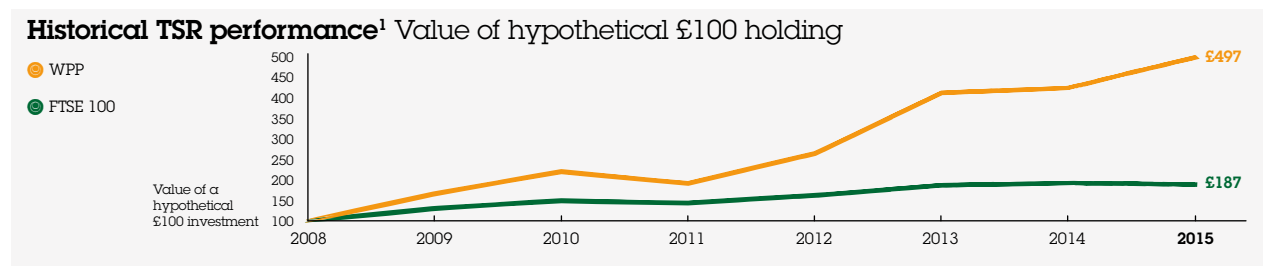
How we behave and how we're rewarded

Implementation report

Aligning pay and performance

As set out in the Executive Remuneration Policy, the Committee seeks to align variable remuneration with the key strategic priorities of WPP, maximising the dynamic between pay and performance.

This dynamic is contingent upon the Committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last seven years for the Group chief executive.



Financial year 31st December	2009	2010	2011	2012	2013	2014	2015
CEO total remuneration (£000) ²	7,199	11,597	11,941	17,543	29,846	42,704	70,416
Year-on-year change in CEO total remuneration	63%	61%	3%	47%	70%	43%	65%
Short-term incentive award against maximum	32%	95%	77%	62%	82%	72%	86%
Long-term incentive award against maximum	50%	83%	46%	86%	87%	100%	100%
Change in annual TSR ³	66%	32%	-13%	38%	56%	3%	18%
Change in five-year TSR ⁴	10%	37%	13%	45%	241%	172%	135%

¹ Growth in the value of a hypothetical £100 holding of WPP ordinary shares over seven years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one-month average of trading day values. Source: DataStream.

² Calculated using the single figure methodology.

³ TSR calculated using a one-month trading day average, consistent with the data shown in the graph.

⁴ TSR calculated using a six-month averaging period, consistent with the calculation methodology under LEAP/EPSP.

Relative importance of spend on pay

The following table sets out the percentage change in total staff costs, headcount, dividends and share buy-backs.

	2015	2014	% change
Total staff costs	£6,652.6m	£6,440.5m	+3.29%
Headcount – average over the year	124,930	121,397	+2.91%
Dividends and share buy-backs	£1,133.4m	£970.8m	+16.75%

Relative change in pay for the Group chief executive

The following table summarises the change in the Group chief executive's base salary and fees, taxable benefits and annual bonus, compared to that of all full-time employees within the Group.

	Base salary and fees	Taxable benefits ^{1,2}	Annual bonus ³
Group chief executive	0.0%	+11.7%	+19.2%
All employees	+3.3%	+4.2%	+8.5%

¹ Taking into account the worldwide structure and size of the Group, and given the need to calculate benefits on the basis that an individual is resident in the UK for tax purposes, collating data on all employees was not practicable. As a result, the population for the taxable benefits consists of UK employees only.

² The taxable benefits percentage figure for the Group chief executive is calculated using the figure post his election to repay a sum of £274,000 in respect of spousal travel costs incurred in 2014.

³ The annual bonus data for the Group chief executive uses the short-term incentive figures set out on page 126.

Non-executive directors' fees

The fees due to non-executive directors, last reviewed on 1 July 2013, are set out below (£000).

Chairman	475
Non-executive director	70
Senior independent director	20
Chairmanship of Audit or Compensation Committee	40
Chairmanship of Nomination and Governance Committee	15
Member of Audit or Compensation Committee	20
Member of Nomination and Governance Committee	10

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Non-executive directors' total remuneration received (audited)

The single total figure of remuneration table below details fee payments received by the non-executive directors while they held a position on the Board. During both 2014 and 2015, the Company met the cost (including national insurance and income tax, where relevant) of expenses incurred by the non-executive directors in performing their duties of office, in accordance with the policy set out on page 152.

In 2015, the disclosable value of the expenses that would be chargeable to UK income tax totalled £148,276 (including £50,735 of national insurance and income tax, where relevant).

	Fees £000	
	2015	2014
Philip Lader ¹	211	475
Roberto Quarta ²	305	–
Roger Agnelli ³	114	120
Jacques Aigrain	121	110
Charlene Begley	100	96
Colin Dary ¹	58	130
Sir John Hood	110	100
Ruigang Li	96	100
Daniela Riccardi	88	90
Jeffrey Rosen ¹	62	150
Nicole Seligman	86	90
Hugo Shong	112	120
Timothy Shriver	106	119
Sally Susman	80	80
Sol Trujillo	106	110

¹ Retired from the WPP Board following the 2015 AGM (9 June 2015).

² Received no fees in 2014.

³ Roger Agnelli tragically died on 19 March 2016.

No compensation for loss of office was paid to non-executive directors who stepped down during the year.

Past directors

During 2015, payments were made to past directors who continued to provide advisory services to the Company. Payments were made to Stanley (Bud) Morten and John Quelch both having stepped down from the Board in June 2013. A payment of £83,726 was made to Mr Morten in respect of advisory services provided to the WPP Group. A payment of £18,176 was made to Mr Quelch in respect of educational presentations he gave to companies within the WPP Group and also in respect of advisory services provided to the WPP Group. A payment of £30,000 was made to John Jackson in respect of his advisory role to WPP, which enables the Company to benefit from his considerable knowledge and experience in the communications and marketing services sector.

Executive directors' interests (audited)

Executive directors' interests in the Company's ordinary share capital are shown in the following table. Other than as disclosed in this table and in the Compensation Committee report, no executive director has any interest in any contract of significance with the Group during the year. Each executive director has a technical interest as an employee and potential beneficiary in shares in the Company held under the ESOPs. More specifically, the executive directors have potential interests in shares related to the outstanding awards under LEAP III and the EPSP in addition to outstanding ESAs. As at 31 December 2015, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 17,154,359 shares in the Company (17,861,766 in 2014).

Director		Total share interests (including charitable foundation)	Total beneficial interests and deferred awards ¹	Outstanding scheme interests			
				Deferred awards (without performance conditions-vested but unexercised, included in Total beneficial) ²	Shares without performance conditions (unvested) ^{3,4}	Shares with performance conditions (unvested) ^{5,6}	Total unvested shares
Sir Martin Sorrell⁷	At 31 Dec 2015	22,394,954	18,869,018	8,773,456	273,038 ³	8,349,528 ⁵	8,622,566
	At 15 Apr 2016	24,547,301	21,021,365	8,773,456	113,347 ⁴	4,793,733 ⁶	4,907,080
Paul Richardson	At 31 Dec 2015	920,265	920,265	–	113,935 ³	1,544,260 ⁵	1,658,195
	At 15 Apr 2016	1,000,265	1,000,265	–	49,085 ⁴	1,042,540 ⁶	1,091,625
Mark Read	At 31 Dec 2015	120,713	120,713	–	54,309 ³	479,649 ⁵	533,958
	At 15 Apr 2016	120,713	120,713	–	23,263 ⁴	328,819 ⁶	352,082

¹ Shares held outright together with shares due pursuant to awards that have vested but receipt of which have been deferred with share owner approval (see footnote 2).

² Shares (1) pursuant to the vesting of awards under Renewed LEAP (namely the 2004 and 2005 awards, part of the 2006 award, the 2007 award the UK portion of the 2009 Award) and (2) which originally formed part of the Capital Investment Plan (an award made in 1995, which vested in 1999, in respect of 4,691,392 shares in total, some of which have been received by Sir Martin Sorrell) and which now comprise the share owner-approved UK and US Deferred Stock Units Awards Agreements. The receipt of all of these awards has been deferred until November 2017 in accordance with share owner approval. Dividend shares will be due on the exercise of these options.

³ Shares due pursuant to the 2013 and 2014 Executive Stock Awards, full details of which can be found on page 137. Additional dividend shares will be due on vesting.

⁴ Shares due pursuant to the 2014 Executive Stock Awards, full details of which can be found on page 137. Additional dividend shares will be due on vesting.

⁵ Maximum number of shares due on vesting pursuant to the outstanding LEAP III and EPSP awards, full details of which can be found on page 138. Additional dividend shares will be due on vesting.

⁶ As noted at footnote 5 above, less the maximum due under the 2011 LEAP III Award, which vested on 14 March 2016 (full details can be found on page 130).

⁷ The JMC MRJ Sorrell Charitable Foundation is interested in 3,525,936 ordinary shares. Sir Martin Sorrell has no beneficial interest in these shares.

Share ownership guidelines

As detailed in the Executive Remuneration Policy, the executive directors are required to achieve a minimum level of share ownership of WPP shares. The Group chief executive and Group finance director are required to hold shares to the value of 600% and 300% of base salary and fees respectively.

At the end of 2015, and at the date of this Compensation Committee report, all executive directors exceeded their respective share ownership guidelines by a substantial margin.

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Non-executive directors' interests (audited)

Non-executive directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table and in the Compensation Committee report, no non-executive director had any interest in any contract of significance with the Group during the year.

Non-executive director	Total interests at 31 December 2015 or Board retirement date, if earlier	Total interests at 15 April 2016
Philip Lader ¹	11,950	n/a
Roberto Quarta	19,000	21,800
Roger Agnelli ²	–	–
Jacques Aigrain	9,000	9,000
Charlene Begley	1,000	2,140
Colin Dary ¹	15,240	n/a
Sir John Hood	–	–
Ruigang Li	4,000	4,000
Daniela Riccardi	–	–
Jeffrey Rosen ¹	12,000	n/a
Nicole Seligman	3,750	3,750
Hugo Shong	–	–
Timothy Shriver	10,070	10,070
Sally Susman	–	–
Sol Trujillo	10,000	10,000

¹ Retired from the WPP Board following the 2015 AGM (9 June 2015), share interests pre-retirement.

² Roger Agnelli tragically died on 19 March 2016.

Outstanding share-based awards

Executive Share Awards (ESAs) held by executive directors

All Executive Share Awards granted under the Restricted Stock Plan are made on the basis of satisfaction of previous performance conditions and are subject to continuous employment until the vesting date. The table does not include the 2015 ESAs as these will not be granted until after publication of this Annual Report. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of Shares/ ADRs granted ²	Face value on grant date 000	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares / ADR price on vesting	Value on vesting 000
Sir Martin Sorrell	2012 ESA	30.05.13	£11.6450	132,139	£1,539	7,095	139,234	09.03.15	£15.6105	£2,174
	2013 ESA	27.05.14	£12.8850	159,691	£2,058	–	–	06.03.16	–	–
	2014 ESA	27.05.15	£15.8350	113,347	£1,795	–	–	06.03.17	–	–
Paul Richardson ¹	2012 ESA	30.05.13	\$88.3100	12,575	\$1,110	664	13,239	09.03.15	\$117.3730	\$1,554
	2013 ESA	27.05.14	\$108.100	12,970	\$1,402	–	–	06.03.16	–	–
	2014 ESA	27.05.15	\$121.720	9,817	\$1,195	–	–	06.03.17	–	–
Mark Read	2012 ESA	30.05.13	£11.6450	24,452	£285	1,312	25,764	09.03.15	£15.6105	£402
	2013 ESA	27.05.14	£12.8850	31,046	£400	–	–	06.03.16	–	–
	2014 ESA	27.05.15	£15.8350	23,263	£368	–	–	06.03.17	–	–

¹ Paul Richardson's ESAs were granted in respect of ADRs.

² Dividend shares will be due on these awards.

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Long-term incentive plans – Leadership Equity Acquisition Plan III

The following table summarises all of the awards outstanding under LEAP III.

Name	Award date	Investment and performance period	Number of investment shares/ADRs	Share/ADR price on grant date	Maximum number of matching units at 1 Jan 2015 ²	Granted/ (Lapsed) units	Additional dividend shares	During 2015 Vested or deferred shares	Maximum number of matching units at 31 Dec 2015	Share/ADR price on vesting	Value on vest/ deferral date 000
Sir Martin Sorrell											
	24.11.10	01.01.10 – 31.12.14	416,666	£7.2475	2,083,330	(0)	243,615	2,326,945	–	£15.4887	£36,041
	07.12.11	01.01.11 – 31.12.15	711,159	£6.6475	3,555,795	–	–	–	3,555,795	–	–
	10.12.12	01.01.12 – 31.12.16	431,034	£8.5975	2,155,170	–	–	–	2,155,170	–	–
Paul Richardson											
	24.11.10	01.01.10 – 31.12.14	100,968	£7.2475	504,840	(0)	59,030	563,870	–	£15.4887	£8,734
	07.12.11	01.01.11 – 31.12.15	100,344	£6.6475	501,720	–	–	–	501,720	–	–
	10.12.12 ¹	01.01.12 – 31.12.16	15,517	\$69.2500	77,585	–	–	–	77,585	–	–
Mark Read											
	24.11.10	01.01.10 – 31.12.14	25,281	£7.2475	126,405	(0)	14,780	141,185	–	£15.4887	£2,187
	07.12.11	01.01.11 – 31.12.15	30,166	£6.6475	150,830	–	–	–	150,830	–	–
	10.12.12	01.01.12 – 31.12.16	23,276	£8.5975	116,380	–	–	–	116,380	–	–

¹ Paul Richardson's 2012 LEAP award was granted in respect of ADRs.

² Dividend shares will be due on these awards.

Long-term incentive plans – Executive Performance Share Plan

The following table summarises all of the awards outstanding under Executive Performance Share Plan.

	Grant date	Performance period	Maximum number of nil cost options over shares/ADRs awarded ²	Share/ADR price on grant date	During 2015			Maximum number of nil cost options over shares/ADRs at 31 Dec 2015
					Options vested/ (lapsed)	Additional dividend shares	Options exercised or deferred	
Sir Martin Sorrell	28.06.13	01.01.13-31.12.17	1,032,540	£10.8480	–	–	–	1,032,540
	04.06.14	01.01.14-31.12.18	867,756	£12.9080	–	–	–	867,756
	09.06.15	01.01.15-31.12.19	738,267	£15.1720	–	–	–	738,267
Paul Richardson¹	28.06.13	01.01.13-31.12.17	52,026	\$83.4186	–	–	–	52,026
	04.06.14	01.01.14-31.12.18	40,927	\$107.9960	–	–	–	40,927
	09.06.15	01.01.15-31.12.19	37,970	\$115.8800	–	–	–	37,970
Mark Read	28.06.13	01.01.13-31.12.17	78,355	£10.8480	–	–	–	78,355
	04.06.14	01.01.14-31.12.18	68,174	£12.9080	–	–	–	68,174
	09.06.15	01.01.15-31.12.19	65,910	£15.1720	–	–	–	65,910

¹ Paul Richardson's EPSP awards were granted in respect of ADRs.

² Dividend shares will be due on these awards.

Full details of the 2015 EPSP award, including performance measures and targets, can be found on page 131.

Implementation of reward policy for management outside the Board

As noted on pages 146 and 147, the Company uses share-based compensation across the workforce to incentivise, retain and recruit talent and to encourage a strong ownership culture among employees. The use of the main share plans in 2015 is described below.

The Restricted Stock Plan

The WPP Leaders, Partners and High Potential program provided awards to approximately 1,700 of our key executives in 2015. Awards will vest three-years after grant, provided the participant is still employed within the Group. Awards are subject to malus conditions and for awards granted in 2016 onwards, clawback conditions will also apply.

WPP Share Option Plan 2015

At the 2015 AGM share owners approved the WPP Share Option Plan 2015 as the replacement for the Executive Stock-Option Plan and Worldwide Ownership Plan.

During 2015, the WPP Share Option Plan 2015 was used to make awards to over 48,000 employees. By 31 December 2015, options under this plan, and its predecessor plan, the Worldwide Ownership Plan, had been granted to approximately 147,000 employees over 72.9 million shares since March 1997.

During 2015, approximately 20,000 WPP employees who had received awards under the Worldwide Ownership Plan, took advantage of the rising share price and exercised their options.

While the WPP Share Option Plan 2015 provides the authority to make executive option awards in addition to all-employee awards, no executive option awards were granted in 2015.

Share incentive dilution for 2005 to 2015

The share incentive dilution level, measured on a 10-year rolling basis, was at 2.9% at 31 December 2015 (2014: 2.7%). It is intended that awards under all plans, other than share options, will all be satisfied with purchased shares held either in the ESOPs or in treasury.

Sir John Hood

**Chairman of the Compensation Committee
on behalf of the Board of Directors of WPP plc**
15 April 2016

Executive Remuneration Policy

The Compensation Committee would like to present the Executive Remuneration Policy. This is the policy that was approved by share owners at the 2014 AGM. It is the intention of the committee that this policy will be maintained for three years from approval. In 2015, the Policy was amended to remove references that were specific to Mark Read who retired from the Board on 27 January, include references to clawback provisions being included in the incentive plans; and inclusion of share ownership guidelines for non-executive directors. The policy is subject to periodic reviews during its operation. The committee believes that this policy continues to align with the Company's mission statement and business objectives and no changes are being put to share owners for consideration at this year's AGM.

WPP's compensation philosophy

Our mission statement and our six business objectives shape our compensation philosophy. Broadly, our Executive Remuneration Policy is determined by three guiding principles:

- performance-driven reward;
- competitiveness; and
- alignment with share owner interests.

Specifically, our six business objectives (as set out on page 35) are reflected in the design of our compensation plans as set out below:

	WPP's six business objectives	Alignment with compensation structure
1	Continue to improve operating margins on net sales	Short-term incentive measure for the Group chief executive and Group finance director
2	Increase flexibility in the cost structure	Short-term incentive measure for the Group finance director
3	Use free cash flow to enhance share owner value and improve return on capital employed	TSR, EPS growth and average ROE are long-term incentive measures for the executive directors
4	Continue to develop the value added by the parent company	Short-term incentive measures (parent company-led efficiency projects) for the Group finance director
5	Emphasise revenue and net sales growth more as margins improve	Short-term incentive measures for the Group chief executive and Group finance director
6	Improve still further the creative capabilities and reputation of all our businesses	Short-term incentive measure for the Group chief executive

The Executive Remuneration Policy is designed to attract and retain the best-in-class talent. The policy looks to incentivise the directors to develop the skills of the Group's employees in order to consistently exceed our clients' expectations. The policy's objective is to drive and reward sustainable and exceptional performance, thereby producing long-term value for share owners. In applying this policy, the committee takes into account the pay and conditions elsewhere in the Group, which in turn are informed by general market conditions and internal factors such as the performance of the Group or relevant business unit.

Considerations taken into account when setting our Executive Remuneration Policy

Employment conditions at WPP

When reviewing changes to the compensation levels for the directors, the committee considers any changes in light of the increases awarded across the Group over a relevant period of time, in conjunction with the other factors set out in the policy table. The committee did not consult employees when drawing up this Executive Remuneration Policy.

Share owner views

WPP continues to engage openly with share owners and institutional investors to discuss matters relating to compensation. The feedback received during these conversations is valuable and is among the factors that inform the decisions made by the committee.

During 2013, the committee consulted with share owners on the design of the EPSP. The selection of performance measures took account of the feedback received. More generally, formal and informal share owner feedback was used by the committee when drafting this Executive Remuneration Policy.

Glossary

The following are acronyms used throughout the policy:

Acronym	Definition
DEPs	Dividend Equivalent Payments
DSUs	Deferred Stock Units
EPSP	Executive Performance Share Plan – long-term incentive plan introduced in 2013
ESA	Executive Share Award – the part of the STIP that is deferred into shares
ExSOP	Executive Stock Option Plan
Good Leaver	Broadly, when an individual is dismissed other than for cause (the particular meaning applicable to each share plan can be found in the relevant rules)
LEAP	Leadership Equity Acquisition Plan – long-term incentive plan used to grant awards until the end of 2012
RSP	Restricted Stock Plan
STIP	Short-term Incentive Plan – the annual incentive plan comprising a cash bonus and an ESA

Executive Remuneration Policy table – executive directors

The following table sets out details of the ongoing compensation elements for WPP's executive directors.

Component and purpose	Operation	Performance	Maximum annual opportunity
Fixed elements of compensation			
Base salary and fees To maintain package competitiveness and reflect skills and experience.	Base salary and fee levels are reviewed every two years or following a significant change in the scope of a role. Levels are determined by taking a number of relevant factors into account including individual and business performance, level of experience, scope of responsibility, compensation practices across the Group and the competitiveness of total compensation against both our competitors and companies of a similar size and complexity.	Company and personal performance will be taken into account during the review process.	Under normal circumstances base salary and fees will increase by no more than the local rate of inflation over the period since last review. In the event of a promotion or a significant change in the scope of the role, or changes in sector competitive pay or the need to counter a competitive external offer, the committee may exceed this limit.

How we behave and how we're rewarded

Executive Remuneration Policy

Component and purpose	Operation	Performance	Maximum annual opportunity								
Short-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 146 and 147)											
Cash bonus, Executive Share Awards (ESA) To drive the achievement of business priorities for the financial year and to motivate, retain and reward executives over the medium term, while maximising alignment with share owner interests.	Overview The committee may invite executives to participate in the STIP under which a bonus can be made subject to performance measured over the financial year. Bonus opportunity is determined as a percentage of salary and fees.	70% subject to financial performance, either at a Group and/or divisional level depending on the role.	Group chief executive: 435% of base salary and fees.								
		30% subject to personal objectives linked to the strategy of WPP or the relevant business area.	Other executive directors: 300% of base salary and fees.								
	Performance measures and targets are reviewed and set annually to ensure continuing strategic alignment. Achievement levels are determined following year-end by the committee, based on performance against targets.		The value of any accrued dividends will vary depending on the size of the ESA awarded, dividends declared and share price over the deferral period.								
	Executive directors' bonuses are delivered in the form of a cash award and a deferred share award (ESA), the latter constituting at least 50% of the total bonus achieved. The ESA will vest after a minimum of two years subject to continued employment, together with additional shares in respect of accrued dividends.										
	Judgement The committee will use its judgement to set the performance measures and targets annually.										
Malus provisions (ESA) The committee has the ability to reduce any unvested ESA in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.		Vesting schedule The following table sets out the level of bonus payable for threshold and target performance as a percentage of maximum. Vesting operates on a straight-line basis between these points.									
		<table><tr><th></th><th>Threshold</th><th>Target (as percentage of maximum)</th></tr><tr><td>Sir Martin Sorrell</td><td>0%</td><td>50%</td></tr><tr><td>Other executive directors</td><td>0%</td><td>67%</td></tr></table>		Threshold	Target (as percentage of maximum)	Sir Martin Sorrell	0%	50%	Other executive directors	0%	67%
	Threshold	Target (as percentage of maximum)									
Sir Martin Sorrell	0%	50%									
Other executive directors	0%	67%									
Clawback provisions The committee has the ability to clawback cash bonus, earned in respect of the performance year 2016 or after, in the three years post payment in certain situations, including when fraud, breach of fiduciary duty or a material misstatement has affected the level of any performance-related remuneration.											

Component and purpose	Operation	Performance	Maximum annual opportunity
Long-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 146 and 147)			
Executive Performance Share Plan (EPSP) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	<p>Overview</p> <p>Executives may receive an annual conditional award expressed as a percentage of base salary and fees. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. Awards will vest subject to performance, measured over a period of five consecutive financial years.</p> <p>In respect of merger and acquisition activity within the peer group, the committee has an established and operated policy that TSR outcomes should not be impacted by the speculation or actuality of takeovers of peer group companies (including WPP). This policy includes a minimum listing requirement, an approach for the reinvestment of proceeds from shares of companies that delist during the performance period and parameters for companies subject to bid speculation. Details of how this policy is implemented will be disclosed each year in the relevant Annual Report.</p> <p>Discretions</p> <p>In accordance with the EPSP rules that were approved by share owners at the 2013 AGM, if the committee considers that there has been an exceptional event or that there have been exceptional circumstances during a performance period that have made it materially easier or harder for the Company to achieve a performance measure, the committee may adjust the extent to which an award vests to mitigate the effect of the exceptional event or circumstances.</p> <p>Malus provisions</p> <p>The committee has the ability to reduce any unvested EPSP award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.</p> <p>Clawback provisions</p> <p>The committee has the ability to clawback the amount net of tax received by an executive from the proceeds of the vesting of an award granted in 2016 or later years, in the three years post payment, in certain situations, including when fraud, breach of fiduciary duty or a material misstatement has affected the level of any performance-related remuneration.</p>	<p>One-third relative TSR. One-third headline EPS growth. One-third average ROE.</p> <p>All measures are assessed independently of each other.</p> <p>TSR is measured on a market-capitalisation weighted basis against a peer group of business competitors that are selected according to size and relevance. This peer group is reviewed annually at the start of each cycle to ensure it remains robust, appropriate and relevant in light of WPP's business mix. Half of the TSR element is measured on a local currency basis, half on a common currency basis.</p> <p>EPS is defined as WPP's headline, fully diluted, earnings per share. The EPS performance is calculated by taking the aggregate EPS over the performance period and calculating the compound annual growth from the financial year preceding the start of the period.</p> <p>ROE is calculated as fully diluted EPS divided by the average balance sheet per share value of share owners' equity during the year.</p> <p>Vesting schedule</p> <p>Awards will vest on a straight-line basis from 20% for threshold performance and 100% for maximum performance.</p>	<p>Conditional awards: Plan maximum: 9.75 times base salary and fees.</p> <p>Group chief executive: 9.75 times base salary and fees.</p> <p>Other directors: four times base salary and fees.</p> <p>The value of accrued dividends will vary depending on the level of vesting, dividends declared and share price over the performance period.</p>

How we behave and how we're rewarded

Executive Remuneration Policy

Component and purpose	Operation	Performance	Maximum annual opportunity						
Long-term incentives (legacy plans with unvested awards)									
Leadership Equity Acquisition Plan III (LEAP III) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	Overview Executives were invited to participate in the plan annually by the committee. In order to participate, individuals must have committed to hold an investment level in WPP shares which is determined by the committee, subject to an overall maximum, and must be held for the full five-year performance period. Investment levels were determined by the committee, subject to an overall maximum. A final number of matching shares will be awarded, proportionate to the investment, dependent on the performance of WPP. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. The Plan was closed to the grant of new awards at 31 December 2012. Discretions Following the end of the performance period, the committee undertakes a 'fairness review' to determine whether any exceptional events have impacted the outcome and that the resulting match is in line with financial performance relative to the comparator group and the underlying financial performance of the Group. Merger and acquisition activity will be treated in accordance with the policy set out under the EPSP above. Malus provisions The committee has the ability to reduce any unvested LEAP III award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.	<p>100% relative TSR measured on a market-capitalisation weighted, common currency basis.</p> <p>Vesting schedule The following table sets out the level of award that will vest for threshold and target performance as a percentage of maximum.</p> <table><tr><th></th><th>Threshold</th><th>Maximum</th></tr><tr><td>All executive directors</td><td>30%</td><td>100%</td></tr></table> <p>To achieve threshold vesting WPP must outperform at least 50% of the market-cap weighted peer group; to achieve maximum vesting WPP must outperform at least 90% of the market-cap weighted peer group.</p>		Threshold	Maximum	All executive directors	30%	100%	<p>The following maximum levels applied at the time of grant. No further awards can be granted under LEAP III, and none have been made since 2012.</p> <p>Investment: one times an executive director's total target earnings (base salary and fees plus target bonus).</p> <p>Award: Five times an executive director's investment.</p> <p>The value of accrued dividends will vary depending on the level of vesting, dividends declared and share price over the investment and performance period.</p>
	Threshold	Maximum							
All executive directors	30%	100%							

Component and purpose	Operation	Performance	Maximum annual opportunity
Other items in the nature of compensation			
Dividend Equivalent Payments (DEPs) on the DSUs To ensure that Sir Martin Sorrell receives an amount equal to the dividends that would be payable if he had taken receipt of and retained the shares underlying the DSUs.	The Company has previously received share owner approval to allow Sir Martin Sorrell to defer receipt of the DSUs. The Company makes a cash payment to Sir Martin Sorrell of an amount equal to the dividends that would have been due on the shares comprising the DSUs.	No longer subject to a performance requirement as this was assessed at the point of vesting in 1999.	The value of any accrued dividends will vary depending on the dividends declared during the deferral period.
Benefits To enable the executives to undertake their role by ensuring their well-being and security.	<p>The following benefits are payable in relation to travel and the dual headquarter split between the UK and the US to some/all of the executive directors. The provision of these benefits reflects external competitive practice, the complex nature of the Group and the significant amount of time spent travelling by the executives.</p> <p>The typical benefits that executive directors receive may include a car and/or car allowance plus the use of a driver as required; medical, life and disability insurance; accommodation allowance in lieu of hotel expenses; tax and legal advice; home office support; club memberships deemed necessary for the role; and spousal travel.</p> <p>Other benefits, such as those linked to the relocation of an executive, may be provided depending on the prevailing circumstances.</p>	Not applicable.	Set at a level that the committee feels is required in order for the executive to carry out their role. The maximum payable will not significantly exceed the payments made in 2013, although the committee may pay more than this if the cost of providing the same benefits increases, or if the executive relocates.
Pension To enable provision for personal and dependant retirement benefits.	Pension is provided by way of contribution to a defined contribution arrangement, or a cash allowance, determined as a percentage of base salary and fees.	Not applicable.	<p>Group chief executive: 40% of base salary and fees.</p> <p>Other executive directors: 30% of base salary and fees.</p>

How we behave and how we're rewarded

Executive Remuneration Policy

Notes to the policy table

Plan rules

Copies of the various plan rules are available for inspection at the Company's registered office and head office. The Executive Remuneration Policy table provides a summary of the key provisions relating to their ongoing operation.

The committee has the authority to ensure that any awards being granted, vested or lapsed are treated in accordance with the plan rules which are more extensive than the summary set out in the table.

Selection of performance measures

STIP

Performance measures are selected by the committee on the basis of their alignment to Group strategy and are the key measures to oversee the operation of the business. Measures are reviewed annually by the committee taking into account business performance and priorities.

EPSP

EPS growth is a measure that is important for both management and our share owners, capturing growth in revenue and earnings. ROE is similarly important, and provides a positive counterbalance and risk management mechanism through the focus on both growth and capital efficiencies. With the inclusion of relative TSR, the plan also takes account of share owner views of how WPP has performed relative to the companies in the peer group.

Calibration of performance targets

STIP

The performance targets for the STIP are set to incentivise year-on-year growth and to reward strong, sustainable performance. Strategic targets are based upon the annual business priorities. The committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. The committee will disclose those targets at the end of the relevant performance period in that year's Annual Report, if those targets are no longer commercially sensitive.

EPSP

Operational targets under the EPSP are set taking into account a combination of factors, but primarily internal forecasts, analysts' expectations (albeit, the period over which analysts' forecast is generally shorter than the five-year performance period) and historical performance relative to budgets.

Relative TSR targets are set to ensure they are more stretching than UK norms and require out-performance of our peers at median before any reward is triggered.

Cascade to WPP Group pay policy

As well as setting the policy for the executive directors, the Compensation Committee is also responsible for reviewing the policy for the most senior people at WPP outside the Board.

Compensation packages for these individuals are normally reviewed every 18 – 24 months. As with the Executive Remuneration Policy, the WPP Group pay policy ensures a clear and direct link between the performance of the Group or relevant operating company and compensation. Substantial use of performance-driven compensation not only ensures the continued alignment of the interests of share owners and senior individuals within the Group, but also enables the Group to attract, retain and motivate the talented people upon whom our success depends.

WPP is committed to encouraging strong performance through a reward system that aligns management's interests with those of share owners.

From a compensation perspective, this is encouraged in a number of ways:

- senior executives participate in the same long-term incentive plan as the executive directors, which is designed to incentivise growth, capital efficiency and share price appreciation; and
- share ownership is encouraged for the WPP Leaders (approximately the top 300 executives), all of whom have stretching ownership goals.

Across the workforce more broadly, many employees participate in bonus and commission plans based on the performance of their employing company. In addition, where locally competitive, employees are provided with company-sponsored pension plans and life assurance plans and a range of other benefits. In addition to these compensation elements, the Company also uses share-based compensation across the workforce to incentivise, retain and recruit talent which encourages a strong ownership culture among employees. The main share plans are described on the following page.

Restricted Stock Plan

The RSP is used to satisfy awards under the short-term incentive plans (including ESAs) as well as to grant awards to management under the WPP Leaders, Partners and High Potential program. In the program, awards are made to participants that vest three years after grant, provided the participant is still employed within the Group.

Executive directors are eligible to receive ESAs under the RSP, but ineligible to participate in any other aspect of the management share award program.

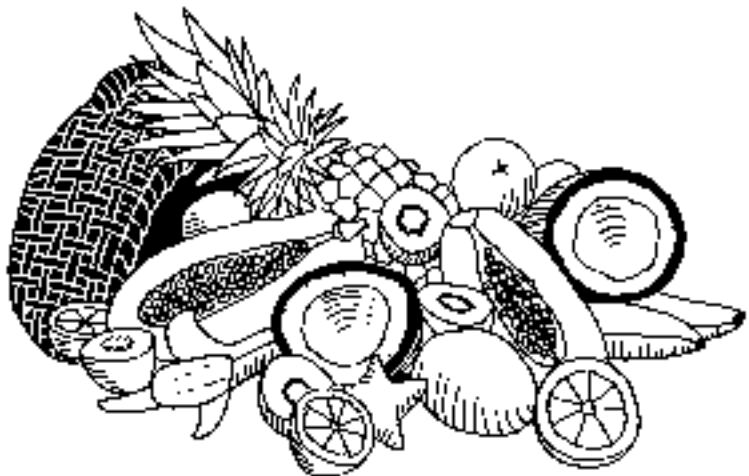
Executive Stock Option Plan

The ExSOP is used to make special grants of options in order to attract or retain key talent. Awards are made infrequently and executive directors are ineligible to participate, other than in a recruitment situation (see page 149). This plan expired in 2015 and was replaced by the WPP Share Option Plan 2015.

Share Option Plan 2015

The WPP Share Option Plan 2015 is an all-employee plan that makes annual grants of stock options to employees with two years of service who work in wholly-owned subsidiaries. This plan replaced the legacy Worldwide Ownership Plan.

The WPP Share Option Plan 2015 also has the capability to make grants of executive options in order to attract or retain key talent. Such awards are made infrequently.

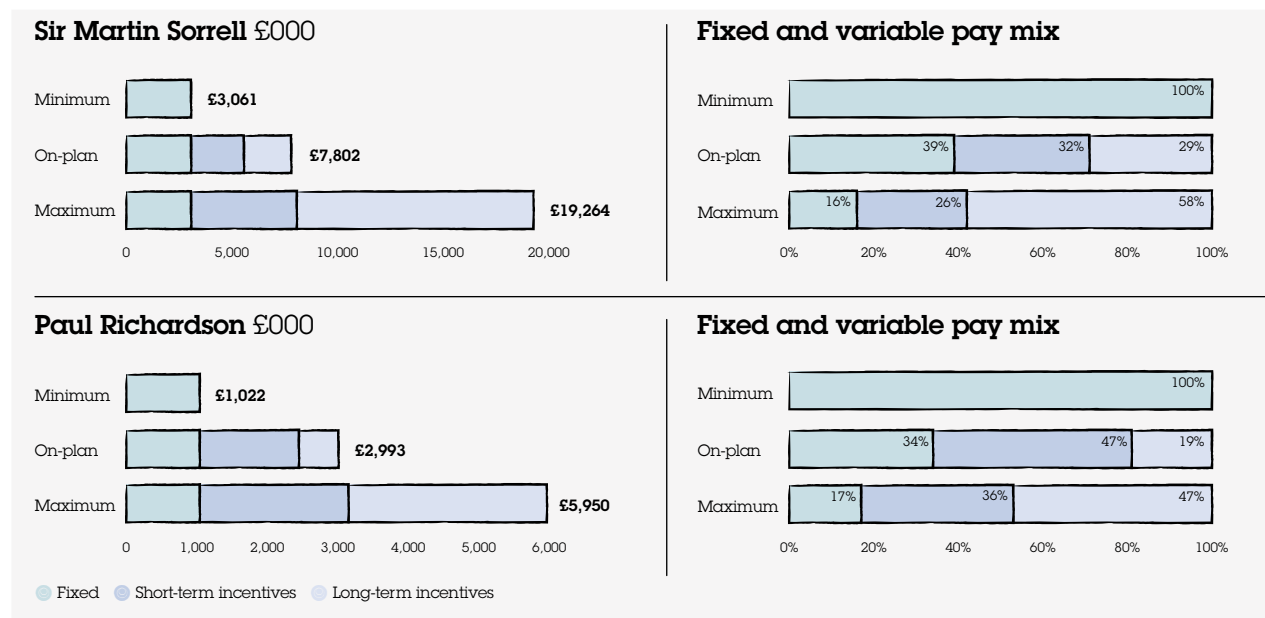


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How do these pay policies affect potential compensation packages?

These graphs seek to demonstrate how pay varies with performance. The graphs are reflective of the pay policy at approval by share owners at the 2013 AGM. There have been no changes to figures since the approval of the policy by share owners, except benefits and DEPs. For consistency we have used the benefits and DEP figure from the year of approval by share owners (2013).



● Fixed ● Short-term incentives ● Long-term incentives

The graphs are informed by three performance scenarios and these, along with the assumptions used, are summarised below.

Fixed elements	Consists of base salary and fees, benefits (including DEPs) and pension				
	Base salary and fees reflect current levels (which are unchanged from FY2013)				
	Benefits and DEPs are consistent with the single figure table for FY2013				
	Pension reflects current levels (which are unchanged from FY2013)				
	£000	Base salary & fees	Benefits (inc. DEPs)	Pension	Total fixed
	Sir Martin Sorrell	1,150	1,451	40%	3,061
	Paul Richardson	704	107	30%	1,022
Short-term incentives	On-plan scenario assumes target bonus is paid				
	Maximum scenario assumes the full bonus is paid				
	% of salary and fees	Below threshold	On-plan	Maximum	
	Sir Martin Sorrell	0%	217.5%	435%	
	Paul Richardson	0%	200%	300%	
Long-term incentives	On-plan scenario assumes threshold vesting of an award at the current policy level				
	Maximum scenario assumes full vesting of an award at the current policy level				
	% of salary and fees	Below threshold	On-plan	Maximum	
	Sir Martin Sorrell	0%	195%	974%	
	Paul Richardson	0%	80%	400%	

Other executive director policies

Legacy share awards and obligations

Under the Executive Remuneration Policy, outstanding awards under LEAP III, the long-term incentive plan that pre-dated the EPSP, and Sir Martin Sorrell's deferred awards will be paid in accordance with the terms agreed at the time and set out in previous Compensation Committee reports. The key terms of Sir Martin's deferred awards are summarised below.

Deferred awards (Sir Martin Sorrell only)

The Company has previously received share owner approval to allow Sir Martin Sorrell to defer receipt of his UK and US 2004, 2005 and 2007 LEAP awards and the UK part of his 2006 and 2009 LEAP awards. The UK awards are options that can be exercised at any time until November 2017. The US awards will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. Additional shares will continue to accrue in respect of dividends paid up to the point of exercise (UK) or vesting (US).

The Company has also previously received share owner approval to allow Sir Martin Sorrell to defer receipt of the UK and the US Deferred Stock Units Awards Agreements (DSUs). These are the awards that originally vested in 1999, having been granted in 1995 under the Capital Investment Plan. The UK DSU is an option that can be exercised at any time until November 2017. The US DSU will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. In accordance with share owner approval, Sir Martin Sorrell receives cash dividend equivalent payments (DEPs) in respect of these deferred awards as noted in the policy table.

Share ownership guidelines

With effect from 2013/4, executive directors and other members of the senior management team were subject to share ownership guidelines. The implementation of these guidelines seeks to reinforce the WPP principle of alignment of management's interests with those of share owners.

The following levels of ownership are required to be achieved by the executive directors:

	% of base salary & fees
Group chief executive	600%
Group finance director	300%
Minimum for any other new executive appointed to the Board	200%

Executive directors will be permitted a period of seven years from the date of their appointment to achieve the guideline level.

In the event that an executive director fails to achieve the required levels of share ownership, the committee will decide what remedial action or penalty is appropriate. This may involve a reduction in future share awards or requiring the director to purchase shares in the market to meet the ownership guidelines.

Appointments to the Board

This section sets out details with respect to the appointment of a new executive director to the Board of WPP, whether it is an external or internal appointment.

Fixed compensation

Base salary and fees will be set taking into account a range of factors, including the profile and prior experience of the candidate, internal relativities, cost and external market data. If base salary and fees are set at a lower initial level contingent on individual performance, the committee retains the discretion to realign the base salary and fees over a phased period of one to three years following appointment, which may result in an exceptional rate of annualised increase in excess of that set out in the policy table.

Other elements of fixed pay will be set in accordance with the policy table, and a new appointment may require the committee to rely on the authorised discretion (as set out on page 145) to make payments related to relocation, for example, in order to facilitate the appointment.

Ongoing variable compensation

The committee will seek to pay only that level of reward necessary to recruit the exceptional talent needed to lead such a complex global group. The actual level of incentive offered will be dependent on the role and existing package of the candidate. The aggregate maximum face value for annual short- and long-term variable compensation will be 10 times base salary and fees, which is materially lower than the current Group chief executive maximum level. The committee retains the discretion to make awards

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on recruitment, within the policy limits, to provide an immediate alignment of interest with the interests of share owners.

Buy-out awards

The committee may consider buying-out remuneration entitlements that the individual has had to forfeit by accepting the appointment. The structure and value of the awards will be informed by the structure and value of those entitlements being forfeited, and the performance targets, time horizon and vehicle will be set in an appropriate manner at the discretion of the committee. The intention of the committee is that any award will take the form of WPP shares and will be subject to performance as far as possible.

An announcement of the director's appointment, detailing the incumbent's compensation will be made on a timely basis through a regulatory information service and posted on the Company's website.

Service contracts

The following terms will apply for any new executive role appointed to the Board in the future.

■ Executives will normally be appointed on a notice period of up to 12 months, although the committee retains the discretion to appoint an external candidate on a notice period of up to 24 months reducing on a rolling basis to 12 months (such that after 12 months' service the notice period would have reverted to the standard 12 months).

■ At the committee's discretion, any payment in lieu of notice will be restricted to base salary, fees, benefits and pension.

■ On termination there will be no entitlements when classified as a bad leaver (defined within the incentive plans). Otherwise base salary, fees, benefits and pension allowance are payable as per the notice period and the committee will have the power to make phased payments that would be reduced or stopped if alternative employment is taken up.

Terms specific to internal appointments

The committee can honour any pre-existing commitments if an internal candidate is appointed to the Board.

Service contracts

The Company's policy on executive directors' service contracts is that they should be on a rolling basis without a specific end date.

The effective dates and notice periods under the current executive directors' service contracts are summarised below:

	Effective from	Notice period
Sir Martin Sorrell	19 November 2008	'At will'
Paul Richardson	19 November 2008	12 months

Sir Martin Sorrell's service contract may be terminated by either the Company or Sir Martin without any notice, and without any payment in lieu of notice.

The executive directors' service contracts are available for inspection at the Company's registered office and head office.

Loss of office provisions

Fixed compensation elements

As noted above, the service contract of Paul Richardson provide for notice to be given on termination.

The fixed compensation elements of the contract will continue to be paid in respect of any notice period. There are no provisions relating to payment in lieu of notice. If an executive director is placed on garden leave, the committee retains the discretion to settle benefits in the form of cash. The executive directors are entitled to compensation for any accrued and unused holiday although, to the extent it is possible and in share owner interests, the committee will encourage executive directors to use their leave entitlements, prior to the end of their notice period.

Except in respect of any remaining notice period, no aspect of any executive director's fixed compensation is payable on termination of employment. Sir Martin Sorrell's service contract contains an indemnity, subject to certain conditions relating to previously deferred awards, from WPP in respect of any US tax which is charged under section 280G as a result of a termination linked to a change in control of WPP. Further details are on page 151.

Short- and long-term compensation elements

If the executive director is dismissed for cause, there is not an entitlement to a STIP award, and any unvested share-based awards will lapse. Otherwise, the table on page 151 summarises the relevant provisions from the directors' service contracts (cash bonus) and the plan rules (RSP, EPSP and LEAP III), which apply in other leaver scenarios. As noted on page 146, the committee has the authority to ensure that any awards that vest or lapse are treated in accordance with the plan rules, which are more extensive than the summary set out in the table on page 151.

Cash bonus	The executive directors are entitled to receive their bonus for any particular year provided they are employed on the last date of the performance period.
ESA	Provided the executive director is a Good Leaver, unvested awards will be reduced on a time pro-rata basis and paid on the vesting date.
EPSP	<ul style="list-style-type: none"> ▪ The award will lapse if the executive leaves during the first year of a performance period. ▪ Provided the executive director is a Good Leaver, awards will vest subject to performance at the end of the performance period and time pro-rating. Awards will be paid on the normal date. ▪ In exceptional circumstances, the Compensation Committee may determine that an award will vest on a different basis. ▪ Generally, in the event of death, the performance conditions are to be assessed as at the date of death. However, the committee retains the discretion to deal with an award due to a deceased executive on any other basis that it considers appropriate. ▪ Awards will vest immediately on a change-of-control subject to performance and time pro-rating unless it is agreed by the committee and the relevant executive director that the outstanding awards are exchanged for equivalent new awards.
LEAP III	<ul style="list-style-type: none"> ▪ Awards will vest subject to performance at the end of the performance period and time pro-rating. ▪ In the event of death or serious illness, the performance conditions are to be assessed as at the date of cessation of employment. ▪ Awards will vest immediately on a change in control subject to performance and time pro-rating unless the committee decides that awards are to be exchanged for equivalent new awards. ▪ In the event of a merger, the committee can require participants to release any outstanding award in consideration of the grant of an equivalent award by the newly-formed entity.

Other pre-existing terms that apply to Sir Martin Sorrell

■ Sir Martin Sorrell's deferred LEAP awards and his DSUs (as set out on page 149) will be paid out unconditionally on termination of employment. The performance requirements in respect of these awards have already been met, the awards have vested and are therefore no longer subject to any leaver provisions.

■ In the event any payments due to Sir Martin would be treated as 'deferred compensation' in accordance with US legislation and subject to section 409A requirements, those payments will be delayed. If those payments are delayed, an amount in respect of interest as a result of the delay will be due from the Company to Sir Martin.

■ In the event of a change of control of WPP, the Company has agreed to indemnify Sir Martin, with the prior approval of share owners, with respect to any related personal US tax liability under the provisions of section 280G. This indemnity is subject to certain limitations that exempt the Company from liability for any tax related to the share-owner approved deferrals of certain awards. Based on the most recent review by the committee in December 2013 of the potential impact of this clause, it is unlikely that any 280G payment would be due from the Company based on an analysis, using standard assumptions. This was reviewed by independent counsel.

Other committee discretions not set out above

■ Leaver status: the committee has the discretion to determine an executive's leaver classification in light of the guidance set out within the relevant plan rules, except with respect to Sir Martin Sorrell. Unless Sir Martin Sorrell is terminated for cause, he will be treated as having retired on leaving the Company and therefore be treated in accordance with the plan rules as a Good Leaver.

■ Compromise agreements: the committee is authorised to reach compromise agreements with departing executives, informed by the default position set out above.

How we behave and how we're rewarded

Executive Remuneration Policy

External appointments

Executive directors are permitted to serve as non-executives on the boards of other organisations. If the Company is a share owner in that organisation, non-executive fees for those roles are waived. However, if the Company is not a share owner in that organisation, any non-executive fees can be retained by the office holder.

Executive Remuneration Policy table – chairman and non-executive directors

The following table sets out details of the ongoing compensation elements for WPP's chairman and non-executive directors. No element of pay is performance-linked.

Component and purpose	Operation	Maximum annual opportunity
Base fees To reflect the skills and experience and time required to undertake the role.	<p>Fees are reviewed at least every two years and take into account the skills, experience and time required to undertake the role, as well as fee levels in similarly-sized UK companies.</p> <p>The chairman and non-executive directors receive a 'base fee' in connection with their appointment to the Board.</p>	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and share owner-approved limit in the Articles of Association (which, due to share owner approval at the 2014 AGM, is £3m).
Additional fees To reflect the additional time required in any additional duties for the Company.	<p>Non-executive directors are eligible to receive additional fees in respect of serving as:</p> <ul style="list-style-type: none">▪ Senior independent director▪ Chairman of a Board Committee▪ Member of a Board Committee▪ Consultancy fees in respect of other work that falls outside the remit of their role for the Company.	<p>An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and share owner-approved limit in the Articles of Association (which, due to share owner approval at the 2014 AGM, is £3m).</p> <p>Consultancy fees will be set on a discretionary basis, taking account of the nature of the role and time required.</p>
Benefits and allowances To enable the chairman and non-executive directors to undertake their roles.	<p>The Company will reimburse the chairman and non-executive directors for all reasonable and properly documented expenses incurred in performing their duties of office.</p> <p>In the event that the reimbursement of these expenses gives rise to a personal tax liability for the chairman or non-executive director, the Company retains the discretion to meet this cost (including, where appropriate, costs in relation to tax advice and filing).</p> <p>While not currently offered, the Company retains the discretion to pay additional benefits to the chairman including, but not limited to, use of car, office space and secretarial support.</p>	Benefits and allowances for the chairman will be set at a level that the committee feels is required for the performance of the role.

Other chairman and non-executive director policies

Letters of appointment for the chairman and non-executive directors

Letters of appointment have a two-month notice period and there are no payments due on loss of office.

Appointments to the Board

Letters of appointment will be consistent with the current terms as set out in this Annual Report. The chairman and non-executive directors are not eligible to receive any variable pay. Fees for any new non-executive directors will be consistent with the operating policy at their time of appointment. In respect of the appointment of a new chairman, the committee has the discretion to set fees taking into account a range of factors including the profile and prior experience of the candidate, cost and external market data.

Share ownership guidelines

Non-executive directors are required to accumulate shares with a value equivalent to one-year's fees on a post-tax basis during their tenure.

Payments in exceptional circumstances

In truly unforeseen and exceptional circumstances, the committee retains the discretion to make emergency payments which might not otherwise be covered by this policy. The committee will not use this power to exceed the recruitment policy limit, nor will awards be made in excess of the limits set out in the Executive Remuneration Policy table. An example of such an exceptional circumstance could be the untimely death of a director, requiring another director to take on an interim role until a permanent replacement is found.

