

Sustainability review

Simply put, if you are in business for the long term, doing good is good business. Sustainability issues increasingly impact the operations, strategies and communications of leading brands. As these brands – our clients – adapt to social and environmental challenges they look to our companies for the best advice and insight. By developing our sustainability expertise and by improving our own social and environmental performance, we can forge stronger relationships with our clients and generate value for our business and society.

Sustainability and our business

Our work to identify, manage and reduce our sustainability impacts, while maximising our positive contribution, is an important enabler to our strategy today and essential to preparing our business to succeed in the longer term.

Enabling our business strategy

As shown on pages 16 and 17 of this Annual Report, our four strategic priorities are new markets, new media, data investment management and the application of technology, and 'horizontality'.

Our work to improve our sustainability performance and integrate consistently-high ethical, social and environmental standards enables our strategy by:

- Improving access to skills** – WPP is a people business, and to best serve our clients we need a diverse talent pool, with the most skilled and creative people. We need to make sure we have the right people in all our markets, including faster-growing economies where our industry is less well-established, and in all our disciplines. Our work to implement leading employment practices, to create inclusive workplaces and to develop skills both inside and outside our business, help us to do this.

- Supporting access to new business** – Managing and improving our sustainability performance enables us to meet changing client expectations and to open up new sources of revenue. A growing number of client tender processes include sustainability requirements as standard as well as detailed requirements in areas like privacy or equal opportunities. Demonstrating our credentials helps us to win this business. As more clients look to integrate sustainability into their brand strategies, marketing and communications, they need service providers with the right expertise and who share their values. This is creating new opportunities for our companies. Clients who engaged with

us on sustainability issues were worth at least £1.35 billion to the Group in 2014, equivalent to 12% of revenues, a 7% increase on the previous year.

- Improving efficiency; managing risk and reputation** – Implementing consistent ethical standards and selecting suppliers who share our values, managing our environmental footprint and investing in communities helps to protect our reputation and that of our clients, while cutting costs and reducing legal, financial and operational risks.

Preparing for the long term

By 2030, a predicted 4.9 billion-strong global middle class will drive demand for consumer goods and services. But to meet the needs of this huge market, brands will have to overcome significant social and environmental challenges. The impact of climate change, ecosystem decline and water scarcity will limit supplies of natural resources, increase material and manufacturing costs, and disrupt supply chains. As the world's population reaches nine billion, there will be unprecedented strains on food resources, infrastructure and public services. Access to employment and the need for equality of opportunity will continue to be major concerns. Society will look to business to play a major role in addressing these challenges, while technology will continue to transform the way consumers and citizens engage with brands, and keep the spotlight on business practices and values.

To succeed in this new environment, brands will have to make fundamental changes to business models, supply chains, products and services and to the way they engage with customers and stakeholders. They will look to our companies for the strategic insight, research and communications services they need to make this change happen.

Today's leading businesses have already started on this journey and our companies are working with many of these pioneers. As these longer-term trends become more important for our clients, their significance will grow for WPP too and the work our companies are doing today will lay the groundwork for success in the business environment of the future.

Performance 2014

Access to skills

There is fierce competition for talent in our industry. Our companies focus on recruitment, retention and development to make sure we have the right people and skills to serve

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our clients across all locations and disciplines and to grow our business in line with our strategic priorities.

Inclusion and diversity

Diversity in our business fosters creativity, and enables us to meet the needs of our diverse client base and to create work that connects with consumers in every market and every niche. By recruiting talented people from all backgrounds we can widen our talent pool, and by creating inclusive workplaces we can inspire and enable our people to do their best work.

To embed diversity and inclusion, many of our companies have senior diversity champions, mentoring programs, diversity and unconscious bias training for employees, partnerships with specialist minority recruitment firms and internships and apprenticeships for diverse candidates. Flexible working patterns are increasingly common in our companies and support retention of a diverse workforce. Our companies work with external partners and diversity organisations to make sure we implement best practices and learn from others.

We support these efforts at a Group level. We run 'The X Factor', a senior mentoring and development program for women led by Charlotte Beers, the former global CEO of Ogilvy & Mather and chairman of J. Walter Thompson, that prepares senior and high potential WPP female leaders for the next level of leadership. By the end of 2015, 97 women will have completed the program. The network has encouraged collaboration and knowledge sharing and enabled us to retain and develop some of the best female talent in the industry. We have also run two Women in Leadership Lessons, an event for mid-level women, based on the key aspects of X Factor. Over 70 representatives from our New York- and London-based companies attended the course which is also led by Charlotte Beers. Following the success of these initiatives, we launched WPP Stella, a network for our most senior women that will support efforts to achieve gender balance and encourage best practice sharing between our companies. The network is being piloted in the UK with a view to rolling it out to other markets.

As at 31 December 2014, women comprised 24% of the WPP Board, 29% of non-executive directors, 31% of directors and executive leaders in our operating companies, 46% of senior managers and 54% of total full-time employees. Following further Board changes after the 2015 AGM, women will comprise of 29% of the WPP Board and 33% of non-executive directors in line with our aspiration to increase and maintain female representation on the Board to at least 30% of non-executive directors.

Gender diversity 2010-2014

| | % women | | | | |
|---------------------------|------------|------|------|------|------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| WPP Board | 24% | 29% | 19% | 19% | 19% |
| Executive leaders | 31% | 32% | 32% | 31% | 31% |
| Senior managers | 46% | 47% | 47% | 47% | 48% |
| Total full-time employees | 54% | 54% | 54% | 54% | 54% |

Ethnic diversity UK and US

We measure ethnic diversity in our offices in the UK and the US using national definitions of ethnic/racial minorities, such as those determined by the Equality and Human Rights Commission in the UK and the Equal Opportunity Commission in the US. In 2014, 26% of full-time employees in these countries were from ethnic minorities (2013: 25%).

Training, development and education

We develop bespoke training for our people to help them develop their skills and competencies and to serve the changing needs of our clients. We invested £73.9 million on training and welfare programs in 2014 (2013: £64.4).

Our training programs are designed to support delivery of our business strategy. Maestro: Orchestrating Client Value, is our week-long program for senior client leaders held in 27 countries. There have been 3,460 participants from 116 WPP companies since its inception in 2003. Other programs include WPP Spectrum, which connects and develops WPP's multidisciplinary global client leaders, and an interactive WPP Leadership Toolkit.

We also support education outside WPP, to encourage the development of the skills our industry needs. This is particularly important in faster-growing markets where our industry is less well established. For example, our support for the WPP School of Communications and Marketing in Shanghai is building skills in an important market for WPP.

And in India, WPP has partnered with the Indian School of Design and Innovation to offer a three-year undergraduate course on marketing communications. The course will open later this year in Mumbai.

Other partnerships include our support for the European Institute for Commercial Communications Education (EDCOM), which encourages collaboration

between education establishments and the commercial communications sector.

The WPP Fellowship program is a global multidisciplinary and multi-geographical recruitment and training initiative for graduates, providing experience across a range of marketing disciplines. By the end of 2015, which marks the 20th anniversary of the program, there will have been 170 Fellows who have gone through or are participating in the Fellowship.

Our companies offer internships and apprenticeships to bring talented young people into our industry and support social mobility and youth employment. This includes many internship programs with a focus on diverse candidates, such as 10-week paid internships for diverse candidates at many of our US agencies through the 4A's Multicultural Advertising Internship Program and our support for the UK's Movement to Work initiative.

Reward

We design our compensation packages to secure the best people and we benchmark them against those of other companies in our markets and sectors.

Many of our people participate in performance-related incentive plans on top of their base pay. Senior employees may participate in share-based compensation plans. Incentive plans are designed to reward excellent performance in the senior employee's operational business area or in the share price performance of the Company. Employees also have access to a range of other benefits, including pensions and private health insurance, in accordance with local practice.

Since 1997, we have operated a Worldwide Ownership Plan that has granted share awards to more than 139,000 of our people. In 2014, over 50,000 eligible employees received awards in over 71 countries. This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.

Employee external appointments

We recognise that our companies' executives may be invited to become non-executive directors of other companies, and that such experience may be beneficial to the Group. Consequently, executives are allowed to accept non-executive appointments with non-competing companies, subject to obtaining the approval of the Group finance director in the case of senior executives.

Access to new business

Many of our most important clients now require our companies to demonstrate strong sustainability credentials, when tendering for new business. By managing and improving our sustainability performance, we help our companies to meet changing client procurement requirements. This includes adopting leading privacy practices that are particularly important to new business wins for our digital and Data Investment Management companies.

In addition, our companies are working with a growing number of clients on sustainability-related commissions. Together, clients that asked about our approach to sustainability or engaged with us on sustainability issues were worth at least £1.35 billion in 2014, 12% of revenues (2013: £1.26 billion).

Sustainability services

Examples of our companies' successful sustainability-related work are included in our annual Sustainability Report and *Pro Bono Book*. Sustainability-related communications services are a growing source of revenue for our businesses. Our companies integrate sustainability expertise into their client teams; in addition, many have established specialist sustainability offerings. These include: Burson-Marsteller's Global Corporate Responsibility Practice; Hill+Knowlton Strategies' CR + Sustainability Communications; JWT Ethos; OgilvyChange; OgilvyEarth; P&G's S-Team; and PSB Green. We also have several companies with specialist social marketing units, such as: Ogilvy Outreach, Ogilvy PR's social marketing practice; JWT Ethos; Thompson Social; and TNS Political and Social.

Privacy standards

Customer data plays an increasingly important role in all types of communications services and is particularly important for digital marketing and insight services, two priority areas for the Group.

We take action at a Group and operating company level to make sure that consumer privacy is protected and that we engage with consumers, regulators, clients and industry to improve privacy practices. All WPP companies must implement the WPP Data Code of Conduct, which provides a clear framework for implementing privacy best practice as well as our global IT security, privacy and social media policies. We bring our Code and policies to life for employees

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through Group-wide ethics training, which features four privacy-related scenarios. We also ran more detailed, bespoke training sessions on specific topics that included social media, consumer privacy and client contracts in 2014.

In early 2015, we launched the WPP Client Contract Toolkit to help WPP companies understand how privacy and data protection criteria should be integrated into client contracts.

In 2014, we used our Data Health Checker to review privacy risks and practices in our businesses for the second year running. Our operating company chief information officers (CIOs) played a key role this year in the survey and we received responses from 91% of our businesses. This year's survey focused on practices governing the collection, storage and use of personal data, including compliance with encryption procedures.

The results showed us that 88% of the companies involved have taken mitigation measures that match or exceed their level of privacy risk. On average, our companies were found to have a risk score of 2.7 out of 5 (with 5 being the highest level of risk), with the average score for mitigation measures at 3.4 out of 5 (with 5 being the highest level of mitigation). Of those companies surveyed, 77% have a dedicated privacy lead and 45% of WPP companies have trained all of their people on data privacy in addition to Group training.

Efficiency, risk and reputation

We implement high ethical standards, work to reduce our impact on the environment and invest in communities and social causes through our pro bono work and charitable donations. We communicate our approach to suppliers and expect them to adopt standards consistent with our own. This enhances our relationship with our people and our clients, reduces risks to our business, protects our reputation and that of our clients, and helps us to operate more efficiently and reduce costs.

Our ethical framework

The WPP Code of Conduct establishes the values and ethical standards that all our companies must implement. Senior managers in all our companies and all our business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will abide by its principles.

Our people are required to complete our ethics training, 'How we behave.' This covers topics such as diversity, privacy,

responsibility to stakeholders, and avoiding misleading work. Our online training on anti-bribery and corruption covers the Foreign Corrupt Practices Act and UK Bribery Act on issues such as hospitality and gifts, facilitation payments and the use of third-party advisors. Training is updated every 2-3 years and employees are required to repeat the training following each update. The training is compulsory for all employees (not including associates) and over 160,000 employees have completed it during 2013 and 2014. This figure is higher than our current number of employees (not including associates) as it includes those who have left the business during recent years.

Employees can report any concerns or suspected cases of misconduct in confidence through our third party-managed Right to Speak facility, overseen by our internal audit department.

Ethical decisions in our work

WPP companies have a review and referral process for work that may present an ethical risk. Before accepting potentially-sensitive work, employees are required to elevate the decision to the most senior person in the relevant office and then to the most senior executive of the WPP company in the country concerned, who will decide if further referral to a WPP executive is required. Employees are trained on this referral process during our ethics training. We have a Group-level committee that meets regularly to discuss cases of concern, potential compliance issues and new risk areas.

Environment

We are working to make WPP a low-carbon and resource-efficient Group, with benefits to the environment, our own costs and our credibility as advisors to clients. Improving our performance enables us to meet the environmental requirements included in many client tender processes.

By 2020, we aim to reduce carbon emissions to 1.8 tonnes of CO₂e per employee, a 47% reduction from 2006. Our strategy focuses on:

- **Office energy use:** Improving the energy efficiency of our buildings and IT systems. We estimate that 13% of our total floor space is now certified to advanced green building standards, such as LEED and BREEAM.
- **Air travel:** Reducing non-essential flights by promoting video conferencing and offsetting carbon emissions, equivalent to 100% of emissions from our business air travel, by supporting renewable energy generation in fast-growing economies. Our video conferencing network now incorporates more than 700 units in over 160 cities.

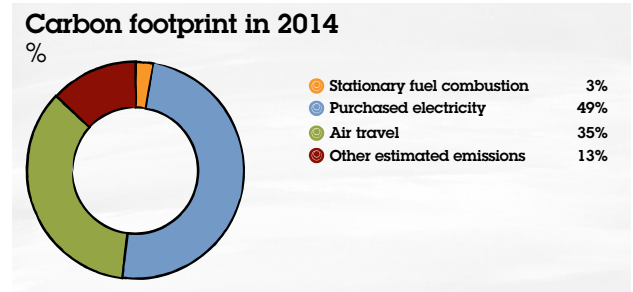
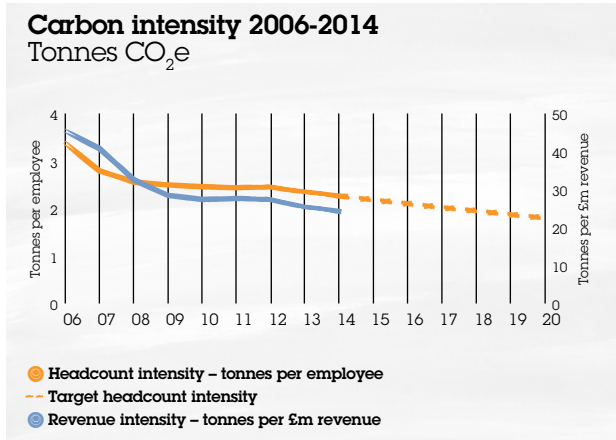
Renewable energy: Around 13% of the total electricity we purchase is generated from renewable sources.

We made progress on reducing our carbon footprint during 2014:

Our footprint per employee was 2.26 tonnes of CO₂e, down 4% on 2013 and 33% lower than 2006.

Our footprint per £million of revenue was 24 tonnes, down 5% on 2013 and 47% lower than 2006.

Our absolute carbon footprint was also slightly down on the previous year at 279,371 tonnes CO₂e (2013: 279,859 tonnes CO₂e).



WPP's carbon emissions breakdown (tonnes of CO₂e)

| | 2014 | 2013 | 2012 | 2011 | 2006 |
|--|----------|----------|----------|----------|---------|
| Scope 1 – Fuel used to heat WPP offices | 9,747 | 11,305 | 9,840 | 9,714 | 2,628 |
| Scope 2 – Total purchased electricity | 155,367 | 157,471 | 164,212 | 152,968 | 149,728 |
| Scope 3 – Air travel and other estimated impacts | 133,017 | 132,382 | 133,034 | 137,121 | 116,825 |
| Total gross (excluding carbon reduction of renewable electricity) | 298,131 | 301,158 | 307,086 | 299,803 | 269,181 |
| Carbon reduction of purchased renewable electricity | (18,760) | (21,299) | (23,765) | (22,572) | – |
| Total net (including carbon reduction of renewable electricity) | 279,371 | 279,859 | 283,321 | 277,231 | 269,181 |
| Percentage change from 2006 (net) | 4% | 4% | 5% | 3% | – |

WPP's carbon intensity (tonnes of CO₂e)

| | 2014 | 2013 | 2012 | 2011 | 2006 |
|---------------------------------------|-------|-------|-------|-------|-------|
| Tonnes per employee (net) | 2.26 | 2.35 | 2.45 | 2.44 | 3.39 |
| Percentage change from 2006 | (33%) | (31%) | (28%) | (28%) | – |
| Tonnes per £m of revenue (net) | 24.23 | 25.40 | 27.31 | 27.66 | 45.56 |
| Percentage change from 2006 | (47%) | (44%) | (40%) | (39%) | – |

Our carbon data covers the year ended 31 December 2014 in line with the Group's financial reporting period. Data has been prepared in accordance with the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol).

All greenhouse gases emissions figures are in metric tonnes of carbon dioxide equivalents (CO₂e). They include three of the six greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF₆) emissions have been omitted from our reporting as they are not a material source of greenhouse gases for WPP.

Emissions data is included for all operations for which WPP and its subsidiaries have operational control. Associate companies are excluded.

When calculating our carbon footprint, we rate purchased renewable electricity as zero emissions. For full transparency, we also disclose total electricity purchased at grid average carbon intensity.

Our carbon data is reviewed and assured by Bureau Veritas, an independent assurance provider. Read the full carbon emissions statement 2014 in our Sustainability Report.

Measuring our value chain carbon footprint

We have been managing our direct greenhouse gas emissions (energy use and air travel) since 2006. In 2014, for the first time, we carried out a detailed analysis of indirect emissions associated with our business activities (scope 3 or value chain emissions). These cover carbon emissions in our value chain including:

■ **Advertisements we place for clients** – emissions associated with the physical dissemination of advertising by GroupM, our Media Investment Management business, on behalf of clients through a variety of media channels. For example, emissions associated with energy used by the servers that host online advertising.

■ **Goods and services we buy** – emissions associated with the goods and services we buy to create marketing campaigns for clients and to run our business. For example, emissions from energy used during a film shoot.

■ **Day-to-day activities** – emissions associated with running our business. This includes office energy use and business air travel, as well as employee commuting and other activities such as waste from our operations.

Although we do not have operational control over emissions in our value chain, by improving understanding of our footprint we can work with our suppliers and clients to help bring about reductions.

Our analysis focused on the UK and showed that across our value chain, ads we place for clients' accounts for the most significant portion of our carbon footprint. More detail is available in our Sustainability Report.

Supply chain

We are strengthening our approach to identifying and managing social and environmental risks in our supply chain, to reflect increased client interest in this area. Improving oversight and understanding of our supply base also opens up opportunities to consolidate our procurement and reduce costs.

We evaluate all potential new suppliers against a set of business requirements that include assurance of supply, quality, service, cost, innovation and sustainability. Once selected, business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct to confirm they will abide by its principles.

We take further measures in areas of our supply chain where breaches of our Code could have a potentially significant impact on WPP's reputation or that of our clients. In 2014, we ran a pilot project using Sedex (the

sustainability supply chain platform) to gain a better understanding of data security and privacy risks in our data supply chain. We also strengthened our approach to managing risks in our advertising production supply chain, which involves many small companies and where costs are passed onto clients. This included working with our top advertising production suppliers in the UK and US. More details on both initiatives will appear in our Sustainability Report.

Human rights

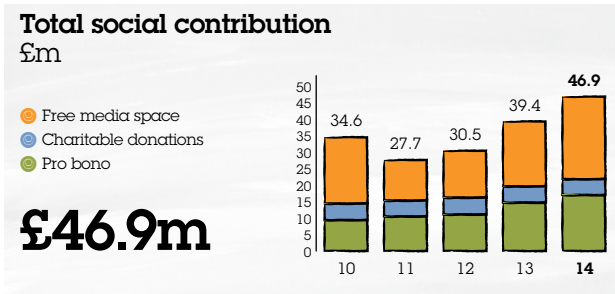
Human rights are relevant to our business in a number of ways, including how we treat our people, how we manage human rights risks in our supply chain and the potential impact of the work we do for clients on human rights. We aim to respect human rights wherever we operate in line with the principles of the UN Universal Declaration on Human Rights, the International Labour Organisation's fundamental conventions on core labour standards and the UN Guiding Principles on Business and Human Rights. To explain our approach we will publish a Human Rights Policy Statement during 2015. We will also integrate human rights into our ethics training. Our companies create pro bono campaigns for many human rights organisations. See our *Pro Bono Book* for examples.

We comply with all relevant sanctions regimes.

Social investment

We provide creative services to many charities, NGOs and voluntary groups on a pro bono basis (for little or no fee). These campaigns facilitate the work of charities and provide exciting creative opportunities for our people. Our companies negotiate free media space on behalf of charities and also support their work through donations and volunteering.

In 2014, our social investment was worth £21.8 million (2013: £19.6 million). This is equivalent to 1.5% of reported profit before tax. It includes cash donations to charities of £4.8 million and £17 million worth of pro bono work based on fees the organisations would have paid for our work. In addition, WPP media agencies negotiated free media space worth £25.1 million on behalf of pro bono clients (2013: £19.8 million), making the total social contribution £46.9 million (2013: £39.4 million).



Sustainability management

Paul Richardson, WPP’s Group finance director, is the Board director responsible for corporate sustainability. Reflecting our decentralised structure, the practical work of implementation is devolved to WPP companies around the world, with strategic direction and policy principles – notably the WPP Code of Conduct and Group Sustainability Policy – set at Group level.

Our Sustainability Committee, chaired by Paul Richardson, is made up of senior representatives from Group functions. The committee meets annually to review progress on a variety of sustainability issues. Our central sustainability function develops strategy and coordinates data collection. It communicates on sustainability matters on behalf of the Group and works with Group functions (such as our talent team, legal, real estate, IT and procurement). The head of sustainability reports directly to the Group finance director.

Risk and opportunity

Sustainability risks – including social, environmental and ethical risks – are integrated into the Group’s risk identification, management and monitoring processes. This includes:

- Annual assessment of sustainability risks and performance presented to the Board.
- Brand Check – a review of WPP business operations and risk profiles presented by the Group chief executive at Board meetings.
- Selected internal audits which may cover sustainability risks.
- Due diligence during acquisitions – a review of risks relating to bribery and corruption or ethical issues associated with client work. We have a process to make sure that acquired businesses embed our policies and undertake our ethics training.

Materiality and stakeholder engagement

We engage with our stakeholders – including clients, investors and our people – to communicate our approach, exchange ideas and to identify improvements to the way we manage sustainability issues.

In 2014, this included a formal materiality assessment, through which we sought feedback on our approach and priorities from investors, clients and sustainability experts as well as WPP senior management. The results have been communicated to the WPP Board and used to prioritise the issues we cover in our reporting and to help us identify areas for further action. More information is available in our Sustainability Report.

We engaged with a number of investors, rating agencies and benchmarking organisations on sustainability during 2014. These included BNP Paribas, EIRIS, FTSE4Good, MSCI, Oekom, RobecoSAM, Sustanalytics, Trucost, Vigeo. To raise investor awareness of our activities, we submit this section of our Annual Report for share owner voting at our AGM.

We are included in the DJSI World and Europe Indices and the FTSE4Good Index. We participate in the Carbon Disclosure Project (CDP) and received a score of 98B in 2014. We are listed in the CDP FTSE 350 Climate Disclosure Leadership Index.

Data and reporting

WPP companies report their sustainability data to the parent company quarterly through our Group financial reporting system. Data in this section covers the period from 1 January 2014 to 31 December 2014. We will publish our 13th social and environmental performance report (Sustainability Report) in June 2015, with selected environmental and employment data externally assured by Bureau Veritas, in line with best practice.



Read more

WPP’s 2014/2015 Sustainability Report and a showcase of outstanding pro bono work created by our companies will be published in June 2015.

See wpp.com/sustainability