

# Sustainability review

Sustainability issues are increasingly important to our stakeholders and clients. A growing number of our clients are reshaping their businesses to prepare for the impact of global social and environmental trends. They need the best marketing and communications services to help them make this change and want to select suppliers who share their outlook on the world.

At WPP we strive to develop our expertise on sustainability issues and to improve our own social and environmental performance. This enables us to better serve our clients, to align with changing stakeholder expectations, to reduce business risks and to achieve our business objectives.

## Sustainability and our business

### Enabling our strategy today

Our business strategy is focused on four strategic priorities (see pages 16 and 17): horizontality, new markets, new media, technology, data & content. Our work on sustainability enables our strategy in three main ways:

● **Improving access to skills** – Our employment practices and reputation for sustainability help us to recruit, retain and engage the best creative talent in our industry. By recruiting from a diverse talent pool and investing in training and development we can ensure we have the right people to serve our clients in all disciplines across our locations, including new markets where our industry is less well established.

● **Supporting access to new business** – Clients are prioritising sustainability, looking to integrate improved social and environmental performance into their products, communications and operations. They need a marketing services provider with the right expertise and who shares their values. By managing our own sustainability performance and developing our knowledge on social and environmental change we can access this business and meet the standards required by the growing number of client procurement processes which include sustainability criteria.

● **Improving efficiency, reducing risk and protecting our reputation** – Managing our social and environmental performance and selecting suppliers who meet standards consistent with our own, helps us to operate more efficiently, to reduce costs and risks to the business and to enhance our reputation with clients, our people, share owners and other stakeholders.

### Fit for the long term

The next decade presents unprecedented opportunities and risks for today's leading brands. On the one hand, the continued rise of the global middle class represents a huge new market for consumer goods and services. On the other, climate change, ecosystem decline, water scarcity, the obesity epidemic and a growing global population present major challenges.

These changes will disrupt old business models, alter supply chains and give rise to new products, services and businesses. Successful companies will find opportunity in this change, identifying new ways to do more with less, adopting circular and sharing economy models to avoid resource scarcity, rising prices and disruption to supply chains. They will look to generate shared value through their products and services, helping to improve quality of life as they grow their businesses.

Expectations of what business can and should contribute to society are also rising. Increasingly, business is expected to play a significant role in tackling the world's challenges alongside governments, while technology and social media enable people to hold brands to account for their social and environmental performance, from anywhere in the world.

In this environment, brands will need the best insight, research and communications services and they will seek a marketing services provider who understands the changing landscape and shares their values.

Our companies are already working with many pioneers of sustainable business. As our clients increasingly feel the impact of these longer-term trends, their significance will grow for WPP too. Our work on sustainability today will help ensure our business is fit for the future.

## Performance 2015

### Access to skills

We are a people business. Adopting leading employment practices enables us to deliver the creative and effective work our clients need across disciplines and in all markets.

### Inclusion and diversity

We believe a workforce with diversity of outlook and experience is more creative and effective. Diversity is particularly important in marketing because our work must

# How we behave and how we're rewarded

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engage consumers in every market and sector. We aim to recruit talented people from all backgrounds and provide inspiring and inclusive workplaces where they can thrive.

Achieving a gender-balanced workforce at all levels of the business is a particular priority for WPP. 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, which prepares senior and high potential WPP female leaders for the next level of leadership. By the end of 2015, 97 women had completed the program. Charlotte Beers also helped to inspire 'WILL: Women in Leadership Lessons' – programs targeted at enhancing the professional development of the group's high potential women. WILL programs have run in the UK and US, with 140 women leaders from 50 WPP agencies attending up to 2015.

Our WPP Stella Leadership group aims to enable women in our companies to maximize their potential, to address barriers that could prevent women progressing their careers to senior levels and to facilitate sharing of good practices between our companies. It has three workstreams, focusing on: visibility and networking for senior women in our companies; progression training for senior women; and policy development in areas such as maternity and paternity leave and flexible working. The group began in the UK and is now being extended to our businesses in the US.

At an operating company level, our businesses focus on internships and apprenticeships for diverse candidates, flexible working options, employee resource networks, mentoring programs, diversity and unconscious bias training and partnerships with specialist minority recruitment firms.

## Gender diversity 2011-2015

	% women				
	2015	2014	2013	2012	2011
WPP Board	29%	24%	29%	19%	19%
Executive leaders	33%	31%	32%	32%	31%
Senior managers	47%	46%	47%	47%	47%
Total employees (full-time equivalent)	54%	54%	54%	54%	54%

As at 31 December 2015, women comprised 29% of the WPP Board, 33% of non-executive directors, 33% of directors and executive leaders in our operating companies, 47% of senior managers and 54% of total employees.

We measure ethnic diversity in our businesses in the UK and the US using national definitions of ethnic/racial

minorities (the Equality and Human Rights Commission in the UK and the Equal Opportunity Commission in the US). In 2015, 26% of full-time employees in these countries were from ethnic minorities (2014: 26%).

## Training, development and education

Through training and development we can engage our people and equip them with the knowledge they need to serve the changing needs of our clients around the world. We invested £41.1 million on training in 2015 (2014: £38.2 million). In previous years we reported a combined figure for training and welfare spend. We now report training spend only (course fees and training-related travel, accommodation and subsistence costs). This will make it easier to monitor investment in training. We have restated our data for previous years to reflect our new approach.

Our Group training programs are designed to help us deliver our strategic objectives. For example, Maestro: Orchestrating Client Value, is our week-long program for senior client leaders held in 27 countries, that helps us to achieve horizontality in our ways of working. There have been 3,822 participants from 133 WPP companies since its inception in 2003.

We also support marketing and communications education outside WPP, to help develop the skills our industry needs and support a future pipeline of talent for our businesses, particularly in newer markets for WPP. We launched the WPP Africa Academy in February 2016 to provide high-quality training and talent development in sub-Saharan Africa. We also continue to support the WPP School of Communications and Marketing in Shanghai and the ISDI WPP School of Communication in Mumbai.

Internships and apprenticeships enable young people to gain experience in our industry, while supporting youth employment and helping us identify talented new recruits. We offered 5,378 paid internships and apprenticeships at our companies during 2015. It is WPP's policy that all internships and apprenticeships should be paid positions. This ensures they are accessible to a diverse range of candidates.

The WPP Fellowship program for graduates, provides experience and training across a range of marketing disciplines. Since 1995, 170 Fellows have completed or are participating in this global multidisciplinary initiative.

## Reward

We offer attractive compensation packages, which are benchmarked against other companies in our markets and

sectors. As well as competitive remuneration, our people have access to a range of benefits, including pensions and private health insurance, in accordance with local practice.

Many of our people participate in performance-related incentive plans on top of base pay. Senior employees may participate in share-based compensation plans.

Our Worldwide Ownership Plan and WPP Share Option Plan 2015 have operated from 1997 and, to date, have granted share option awards to more than 147,000 of our people. In 2015, under the WPP Share Option Plan 2015, over 48,000 eligible employees received awards in 71 countries.

### 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

Our focus on sustainability helps us to be a provider of choice to the growing number of leading businesses who are prioritising sustainability and to meet the sustainability requirements in their procurement processes.

Together, clients that asked about our approach to sustainability or engaged with us on sustainability issues were worth at least £1.29 billion in 2015, 11% of revenues (2014: £1.35 billion).

### Sustainability services

Our companies are working with clients on a growing number of sustainability-related commissions across a range of disciplines from research and insight to branding, and consumer, employee and stakeholder communications. Examples of recent campaigns are included in our annual Sustainability Report and Pro bono book.

Many of our companies have established specialist sustainability offerings and social marketing units. These include: J. Walter Thompson ethos, Ogilvy Social Change, OgilvyEarth, P&G's S-Team, Young & Rubicam Group companies' INSPIRE collaboration, Hill+Knowlton Strategies' CR + Sustainability Communications, Kinetic Future and TNS Political and Social.

### Privacy and data security

Consumer data is used extensively in developing, implementing and monitoring marketing campaigns and is particularly important to the services provided by our digital marketing and insight businesses. When collecting, using and storing consumer data, it is critical that we protect consumer privacy and implement rigorous data protection and security procedures.

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. Our WPP Client Contract Toolkit helps WPP companies understand how privacy and data protection criteria should be integrated into client contracts.

We bring our Code and policies to life for our people through Group-wide ethics training. In 2015, we launched mandatory global online Privacy and Data Security Awareness training. Over 20,000 employees completed the training in the first two months following launch.

We also launched Safer Data in 2015, a privacy and security awareness campaign and online platform with information and guidance for employees on the importance of privacy risk and data security. It is intended that Safer Data becomes the platform for know-how on privacy risk and data security at WPP. It includes a 'SaveMyData' reporting tool, to allow our people to raise concerns and questions they have about data issues direct with our in-house legal teams.

We used our Data Health Checker in 2015 for the third year running to review privacy risks and data security practices in our businesses. The results showed us that the majority of our companies have strong mitigation measures that match or exceed their level of privacy risk, with the average score being 3.9 out of 5, where 5 is the maximum score possible. Of those companies surveyed, 74% have a dedicated privacy lead and 51% have trained all of their people on data security and privacy in addition to Group training.

### Efficiency, risk and reputation

Operating responsibly improves efficiency, reduces costs and lessens operational, legal, reputational and financial risks to our business. It enables us to maintain positive relationships with our people, clients and other stakeholders.

# How we behave and how we're rewarded

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We focus on implementing high ethical standards, respecting human rights and reducing our environmental impact and we aim to work with suppliers who adopt standards consistent with our own.

Our investment in pro bono work and community projects helps to enhance the reputation and creative standing of WPP agencies.

## Our ethical standards

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The WPP Code of Business Conduct provides the framework for how we operate. It establishes the values and ethical standards that all our companies must implement. Senior managers in all our companies and our business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will comply with its principles.

Our ethics training, 'How we behave', is compulsory for all employees. It covers topics such as diversity, privacy, human rights 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. Over 200,000 employees have completed our anti-bribery and corruption training and almost 200,000 have completed our ethics training since the last update in 2013. These figures are higher than our current number of employees as they include some employees who have since left the business. The training will be updated again in 2016.

We expect associate companies (those in which we hold a minority stake) and affiliate companies (preferred partners to whom we may refer business) to adopt ethical standards that are consistent with our own.

We have a Group-level committee that meets regularly to discuss ethical and compliance issues and new risk areas. Committee members include the Group chief counsel, deputy general counsel, litigation and compliance, Group finance director, the head of talent and the head of sustainability.

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

## Human rights

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Respect for human rights is a fundamental principle for WPP and we take steps to prevent, identify and address any negative human rights impacts associated with our business. That includes the human rights of employees and workers in our supply chain as well as issues associated with human rights and marketing. We also look for opportunities to positively promote and support human rights, including through our pro bono work.

We published a Human Rights Policy Statement during 2015 to explain our approach to human rights. This reflects international standards and principles, including the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles. We are reviewing our other policies to confirm that they align with our position on human rights and we have added a number of scenarios to our online ethics training that cover human rights related issues. We joined the United Nations Global Compact during 2015 to reflect our commitment to human rights and responsible business practices.

We will publish a statement in relation to the UK's Modern Slavery Act during 2016, explaining how we assess and manage risks relating to slavery in our operations and supply chain.

## Living wage

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We support the principle that full-time workers should be paid enough to provide a decent standard of living. This principle is known as the 'living wage'. In the UK, the Living Wage Foundation, a not-for-profit organisation, has calculated a voluntary living wage rate which exceeds the UK's current statutory national minimum wage.

As a professional services firm, the vast majority of our people already earn significantly above the living wage rate. However, wage rates in our supply chain may be lower. We clarified our position on this issue in the UK during 2015. WPP, the parent company, pays the living wage for all parent company employees and all on-site contractors such as cleaning, security and catering staff in the UK. Our UK agencies are working towards paying the living wage for all employees and on-site contractors within three years and several already do so.

### 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.

### Supply chain

We aim to work with suppliers who meet high standards in areas such as ethical conduct, workplace standards and environmental management. This reduces risks for WPP and our clients. By improving oversight of our supply base we can also identify opportunities to consolidate procurement and reduce costs.

We evaluate potential new suppliers on factors including 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 comply with our standards.

We have identified two 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 – advertising production and data collection. We are working more closely with suppliers in these areas to identify and manage risks, using Sedex (the sustainability supply chain platform). Over the last three years (2013-2015) we have assessed 218 suppliers covering £200 million in annual spend or approximately 12% of our total spend on advertising production and data collection. More details are available in our Sustainability Report.

### Environment

We aim for WPP to be a low-carbon and resource-efficient Group. This improves efficiency and reduces costs, enhances our credibility as advisors to clients, enables us to meet the environmental requirements included in many client tender processes and supports employee engagement.

By 2020, we aim to reduce carbon emissions to 1.8 tonnes of CO<sub>2</sub>e per employee, a 47% reduction

from 2006. Each of our operating companies has its own individual reduction target. Our strategy focuses on:

- **Office energy use:** Improving the energy efficiency of our buildings and IT systems. 16% 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. We offset the equivalent of 100% of emissions from our business air travel, by supporting renewable energy generation projects in fast-growing economies. Our video conferencing network now incorporates more than 700 units in over 160 cities.

- **Renewable energy:** Around 21% of the total electricity we purchase is generated from renewable sources.

Our progress in 2015:

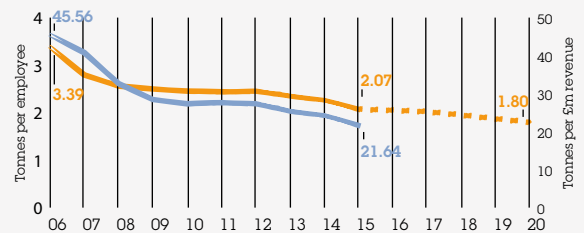
- Our footprint per employee was 2.07 tonnes of CO<sub>2</sub>e, down 9% on 2014 and 39% lower than 2006.

- Our footprint per £million of revenue was 21.64 tonnes of CO<sub>2</sub>e, down 11% on 2014 and 53% lower than 2006.

- Our absolute carbon footprint was 264,774 tonnes CO<sub>2</sub>e (2014: 281,389 tonnes CO<sub>2</sub>e).

### Carbon intensity 2006-2015

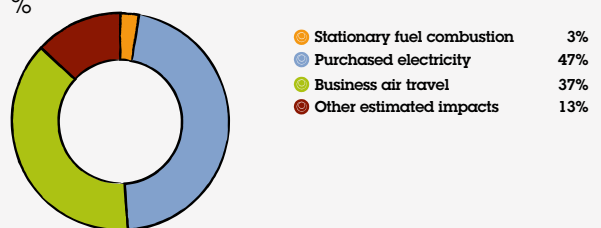
Tonnes CO<sub>2</sub>e



- Headcount intensity – tonnes per employee
- Target headcount intensity
- Revenue intensity – tonnes per £m revenue

### Carbon footprint in 2015

%



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### WPP's carbon emissions breakdown (tonnes of CO<sub>2</sub>e)

	2015	2014	2013	2012	2006
Scope 1 – Fuel used to heat WPP offices	8,135	9,748	11,305	9,840	2,628
Scope 2 – Total purchased electricity	153,798	159,540	157,471	164,212	149,728
Scope 3 – Air travel and other estimated impacts	133,420	133,293	132,382	133,034	116,825
<b>Total gross</b> (excluding carbon reduction of renewable electricity)	295,354	302,581	301,158	307,086	269,181
Carbon reduction of purchased renewable electricity	30,580	21,192	21,299	23,765	–
<b>Total net</b> (including carbon reduction of renewable electricity)	264,774	281,389	279,859	283,321	269,181
<b>Percentage change from 2006 (net)</b>	(2%)	5%	4%	5%	–

### WPP's carbon intensity (tonnes of CO<sub>2</sub>e)

	2015	2014	2013	2012	2006
<b>Tonnes per employee</b> (net)	2.07	2.28	2.35	2.45	3.39
Percentage change from 2006	(39%)	(33%)	(31%)	(28%)	–
<b>Tonnes per £m of revenue</b> (net)	21.64	24.41	25.40	27.31	45.56
Percentage change from 2006	(53%)	(46%)	(44%)	(40%)	–

Our carbon data covers the year ended 31 December 2015 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 (CO<sub>2</sub>e). They include three of the six greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). Perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF<sub>6</sub>) 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 2015 in our Sustainability Report.

As well as managing our direct greenhouse gas emissions we can also have an influence on indirect emissions associated with our business activities – our value chain emissions. Our analysis shows that the main sources of carbon emissions in our value chain are associated with: advertisements we place for clients; goods and services we buy; and day-to-day activities (our direct emissions). GroupM, our Media Investment Management business, is exploring how we can work with clients to reduce the carbon footprint of media campaigns. We are also integrating the analysis into procurement tools to help us identify lower carbon procurement options.

### Social investment

Our agencies have a positive impact on issues such as human rights, health, education and conservation through our pro bono work – marketing services provided to NGOs

and voluntary groups for little or no fee. Our companies also negotiate free media space on behalf of charities and support their work through donations and volunteering.

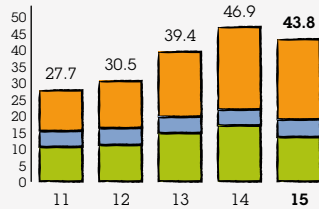
In 2015, our social investment was worth £19.4 million (2014: £21.8 million). This is equivalent to 1.3% of reported profit before tax. It includes cash donations to charities of £5.9 million and £13.5 million worth of pro bono work based on fees the organisations would have paid for our work. In addition, WPP media agencies negotiated free media space worth £24.4 million on behalf of pro bono clients (2014: £25.1 million), making the total social contribution £43.8 million (2014: £46.9 million).

Our business in India has established the WPP India CSR Foundation in line with local regulatory requirements. This will be investing US\$5 million in projects supporting education, life skills and vocational training for children aged 11-18.

**Total social contribution**  
£m

- Free media space
- Charitable donations
- Pro bono

**£43.8m**



**Sustainability management**

Paul Richardson, WPP's Group finance director, is the Board director responsible for corporate sustainability.

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.

Reflecting our decentralised structure, our strategic direction and policy frameworks are established at Group level with the practical work of implementation devolved to our operating companies.

**Risk and opportunity**

Sustainability risks – including social, environmental, human rights and ethical risks – are integrated into the Group's robust assessment of principal risks which are discussed in detail in the Strategic Report.

**Materiality and stakeholder engagement**

Stakeholder views and insights, including from clients, investors and our people, help us to improve how we work and to identify new sustainability-related risks and opportunities for our business. We aim to keep our stakeholders updated on our progress through regular communication.

We carry out a formal materiality assessment, through which we seek feedback on our approach and priorities. We use this to identify which issues should be covered in our reporting and/or require further action. Our most recent analysis is available in our Sustainability Report.

We engaged with a number of investors, rating agencies and benchmarking organisations on sustainability during 2015. These included BNP Paribas, Corporate Knights, Dow Jones Sustainability Index, Sustainalytics, FTSE4Good, MSCI, Oekom, 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 97B in 2015.

**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 2015 to 31 December 2015. We will publish our 14th Sustainability Report in June 2016. In line with best practice, selected environmental and employment data will be externally assured by Bureau Veritas, a leading independent assurance provider.

We received the Ethical Corporation Responsible Business Award 2015 for Best Sustainability Report.



**Read more**

Our 2015/2016 Sustainability Report and showcase of pro bono work will be published in June 2016. See [wpp.com/sustainability](http://wpp.com/sustainability)