



## Sustainability review

We strive to be a responsible and sustainable business. We work to maximise the positive value our business creates for clients, share owners, our people, supplier partners, pro bono partners and the communities in which we operate, and to reduce negative social and environmental impacts associated with our activities.

Our approach and performance in 2016 is summarised below and explored in more detail in our Sustainability Report which will be published in June 2017 ([wpp.com/sustainability](http://wpp.com/sustainability)).

### Sustainability and our business

Our commitment to sustainability makes us a more attractive employer, helps us align with the interests of our clients and enables us to improve efficiency, be prepared for changes in regulation and maintain positive relationships with our stakeholders. Our work on sustainability supports our business strategy in three main ways:

- **Access to skills:** Strong employment policies, investment in skills and inclusive working practices help us recruit, motivate and develop the talented people we need to serve our clients in all disciplines across our locations, including new markets where our industry is less well established.

- **Access to new business:** A growing number of our clients are prioritising sustainability and looking for partners who share their values and aspirations. Our commitment to responsible and sustainable business practices helps us to access this business and to meet the sustainability requirements in client procurement processes. Privacy and data security continue to be a high priority for our clients and for WPP.

- **Efficiency, risk and reputation:** Managing the social and environmental impacts of our business and selecting supplier partners who adopt standards consistent with our own can reduce costs and risks to the business as well as improving efficiency and safeguarding our reputation.

### The longer term

Demographic, technological, social and environmental change are set to reshape our world over the next decades generating new challenges, uncertainties and opportunities for our clients. There will be new markets from a growing and ageing population, but also unprecedented demands on public services and resources. Climate change and resource scarcity will create major challenges for sectors from agriculture and food, to manufacturing and retail, but also

opportunities for businesses able to tap into low carbon innovation. Continued rapid technological change is disrupting old business models and impacting the relationship between business and consumers. We are seeing rising expectations from citizens, consumers, employees and stakeholders who expect business to lead in tackling societal challenges.

Brands need to prepare now for these challenges. The most successful will be those who are able to integrate sustainability into their strategies and products, and to align their purpose with changing societal needs. Our clients require the best insight, research and communications services to help them do this effectively and will continue to seek out 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 prepared for the future.

### Sustainability management

Paul Richardson, WPP's Group finance director, is the Board director responsible for sustainability. He chairs our Sustainability Committee made up of senior representatives from Group functions, which reviews progress on key 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.

Strategic direction and policy frameworks for sustainability are established at Group level with implementation devolved to our companies. During 2016, we appointed two sustainability advisors centrally to support our operating companies on sustainability and to audit compliance with the WPP Code of Business Conduct, Sustainability Policy and Human Rights Policy Statement. During 2017, we will launch a sustainability self-assessment questionnaire to all WPP offices to help us identify gaps in implementation, focusing on governance, employment practices, environment and supply chain. The sustainability advisors will use the results of the assessment to prioritise companies for further engagement including on-site assessments and training.

## How we behave and how we're rewarded

Sustainability review

### Risk and opportunity

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Social, environmental, human rights and ethical risks are integrated into the Group's assessment of principal risks which are set out in detail in the Strategic report.

### Stakeholder engagement and materiality

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We interact with a wide range of stakeholders in the course of doing business and benefit from their views and insights. Our most important stakeholder groups are clients, investors and our people.

Stakeholder feedback helps us to identify the priority sustainability issues for our business and to manage these effectively. We carried out a materiality assessment in 2014 and we updated this during 2016 through research with external stakeholders and senior employees. The findings will be published in our Sustainability Report.

We engaged with investors, rating agencies and benchmarking organisations on sustainability during 2016 including CDP, Dow Jones Sustainability Index, Ethibel Sustainability Index, ET Index Research, La Financiere de L'Echiquier, FTSE4Good, Generali Investments, Human Rights Campaign Corporate Equality Index, Institute of Business Ethics, MSCI, STOXX Global ESG Leaders, Sustainalytics, Trillium Asset Management and 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 FTSE4Good Index. We participate in the CDP climate change program and received a score of A- in 2016. We also scored A- in the CDP supply chain program.

### Data and reporting

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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 2016 to 31 December 2016. We will publish our 15th Sustainability Report in June 2017. In line with best practice, selected environmental and employment data will be externally assured by Bureau Veritas, a leading independent assurance provider.

### Performance in 2016 – Access to skills

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Leading employment practices are essential to ensure we have the skills our business and clients need. We invest in recruiting, retaining and developing a diverse range of talented people to serve our clients across our many markets and disciplines.

### Inclusion and diversity

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A diverse workforce is more creative and effective. Diversity of outlook and background is particularly important for our sector because our work needs to connect with a very diverse and global consumer base.

We promote inclusive working practices and support our companies to increase the diversity of our workforce including through recruitment, policy development, training, mentoring and flexible working practices. All employees undertake awareness training on diversity as part of our online ethics training 'How we behave', see page 164. We are also developing e-learning to help our people understand, identify and address unconscious bias. This is being launched in 2017 and will be mandatory for all employees.

'The X Factor' is our 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 2016, 109 women had completed the program.

Our WPP Stella women's network aims to address barriers that could prevent women progressing their careers to senior levels within the Group and to facilitate the sharing of good practices between our companies. The network began in the UK and will be extended to our businesses in the US and Asia. During 2016, we launched our Family Friendly Guidelines and Parent Portal for UK operating companies. This is helping our companies to implement best practice maternity, paternity and flexible working policies and to support working parents. WPP Stella is also running networking events, a coaching program for senior women and media training to facilitate more of our female leaders to take up speaking opportunities.

### Gender diversity 2012-2016

	% women				
	2016	2015	2014	2013	2012
WPP Board	29%	29%	24%	29%	19%
Executive leaders	34%	33%	31%	32%	32%
Senior managers	48%	47%	46%	47%	47%
Total employees (full-time equivalent)	54%	54%	54%	54%	54%

As at 31 December 2016, women comprised 29% of the WPP Board, 33% of non-executive directors, 34% of directors and executive leaders in our operating companies (certainly not good enough), 48% 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 2016, 28% of full-time employees in these countries were from ethnic minorities (2015: 26%). We were ranked 10th in the FTSE 100 by Sir John Parker's *Report into the Ethnic Diversity of UK Boards* published in November 2016, with 3 out of 14 directors considered diverse.

### Training, development and education

We invested £45.1 million in training for our people during 2016 (2015: £41.1m). Training supports employee engagement and development, and enables us to meet the changing needs of our clients. Our Group training programs are designed to help us deliver on our four strategic priorities: horizontality; new markets; new media; and technology, data and content. For example, the WPP 'Mini MBA' is a series of workshops that help our rising talent broaden their understanding of business and marketing issues, develop leadership skills, and deliver client value. 2,732 participants worldwide have benefited to date.

We partner with education providers and offer internships and apprenticeships to help build the future skills base for our industry and to identify talented young people to join our teams.

Our university partnerships include our support for the WPP School of Communications and Marketing in Shanghai, our partnership with the Indian School of Design and Innovation in Mumbai, which offers a three-year undergraduate course on marketing communications, and our Africa Academy, providing high-quality training and talent development. WPP and Ogilvy UK are participating in the new Rotational Degree Apprenticeship program, a three-year program developed by Pearson Business School that enables participants to gain a Business Management degree and professional experience through apprenticeships at leading businesses. Partners in the program include Unilever, IBM, Tesco and Pearson.

We offered 6,413 paid internships and apprenticeships at our companies during 2016 (5,356 internships and 1,057 apprenticeships). It is our policy that all internships and apprenticeships globally should be paid to enable a diverse range of candidates to take up these positions.

### Reward and compensation

Attractive compensation packages help us to recruit and retain talented people. Our people also have access to a range of benefits, including pensions and private health insurance. Compensation is regularly benchmarked against other companies in our markets and sector. Compensation for our most senior leaders is set in accordance with our Directors' Compensation Policy, see pages 132 to 144.

Many of our people participate in performance-related incentive plans on top of base pay. These reward excellent performance and are assessed either through the employee's operational business area or on the share price performance of the Company. Senior employees may participate in share-based compensation plans.

Our Worldwide Ownership Plan and WPP Share Option Plan have been active since 1997 and have granted share option awards to more than 157,000 of our people.

### 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

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In 2016, at least 11.4% of our revenues, £1.64 billion (2015: £1.29 billion), came from clients that asked about our approach to sustainability or engaged with us on sustainability issues.

### Privacy and data security

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Consumer data is used extensively in developing, implementing and monitoring marketing campaigns particularly by our digital marketing and insight businesses. We have rigorous privacy and data security standards and procedures governing how we collect, use and store this data to protect consumer privacy and reduce risks to our business.

The WPP Data Code of Conduct and our global IT security, privacy and social media policies, apply to all WPP companies and provide a clear framework for implementing privacy best practice. Our Client Contract Toolkit helps WPP companies understand how privacy and data protection criteria should be integrated into client contracts.

We engage our people on our Code and policies through mandatory Group-wide global online Privacy and Data Security Awareness training. Since it was launched in December 2015, training has been completed by 154,570 employees.

We are building privacy and security awareness through our Safer Data campaign and online platform. The Safer Data platform is a key source of know-how on privacy risk and data security with a range of information and guidance for employees. It includes a 'SaveMyData' reporting tool, to allow our people to raise concerns and questions about data issues direct with our in-house legal teams. During 2017 we will continue to help our companies prepare for implementation of the General Data Protection Regulation (GDPR) and ePrivacy Regulation.

We used our Data Health Checker in 2016 for the fourth year running to review privacy risks and data security practices in our businesses. The results showed that the majority of our companies have mitigation measures that match or exceed their level of privacy risk, with the average score being 2.9 out of 5, where 5 is the maximum score possible. Of those companies surveyed, 76% have a dedicated privacy lead and 79% have trained all of their people on data security and privacy in addition to Group training, which is an increase of over 20% from 2015.

### Sustainability services

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Our companies work with clients to integrate sustainability into consumer research, brand strategies and marketing. We also develop social marketing campaigns for clients, including governments and NGOs, to raise public awareness of social and environmental issues and help bring about positive behaviour change. Many of our companies have specialist sustainability offerings and social marketing units to lead this work. Examples of recent campaigns are included in our Sustainability Report.

### Efficiency, risk and reputation

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Our commitment to responsible and sustainable business practices helps us to operate efficiently, to reduce legal, financial, reputational and other risks to our business and to maintain good relationships with our people, suppliers, clients and other stakeholders. WPP is committed to maintaining high ethical standards, protecting human rights and acting with honesty and integrity in everything we do.

### Our ethical standards

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The WPP Code of Business Conduct provides the ethical framework for WPP and our companies. It sets out the values, principles and key points of policy that apply to everyone at WPP and that our companies must reflect in their own policies and procedures. It is supported by more detailed policies in key areas including anti-bribery and corruption. 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, 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 126,700 employees have completed our anti-bribery and corruption training and 124,960 have completed our ethics training since the last update in summer 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. In our business activities we aim to prevent, identify and address negative impacts on human rights and we look for opportunities to positively promote and support human rights, including children's rights. Our Human Rights Policy Statement, published in 2015, summarises our approach to human rights as an employer, in our supply chain and through our work for clients. It 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.

Our companies help to promote progress on human rights issues through pro bono work for human rights organisations. We train our people on a number of human rights issues through scenarios in our ethics training.

We are members of the United Nations Global Compact and committed to making progress against its 10 principles. We report on our performance in our Sustainability Report.

## Modern Slavery Act

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We do not tolerate any form of modern slavery, forced labour or human trafficking in any part of our business or supply chain. As part of our due diligence processes we have assessed the risk of modern slavery for WPP. This found the risk of modern slavery to be very low in our direct workforce and among our strategic tier-one suppliers, those with whom we have a direct contractual relationship. In early 2017, we conducted compulsory

on-site training for our central Commercial and Procurement Services Team on the risks and issues of modern slavery.

We are providing guidance and support to our operating companies to help them comply with the UK's Modern Slavery Act.

During 2017, we will publish our first annual slavery and human trafficking statement in response to the Modern Slavery Act that will contain more information on our approach. This will be publicly available on our website.

## Living wage

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We support the principle that all 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, calculates the voluntary living wage which exceeds the UK's statutory national living wage.

The vast majority of our people already earn significantly above the voluntary living wage rate. However, wage rates in our supply chain may be lower. It is our policy for WPP, the parent company, and all our UK companies, to pay the voluntary living wage set by the Living Wage Foundation to all employees and all on-site contractors such as cleaning, security and catering staff in the UK. Our policy is to only offer paid internships and apprenticeships.

## Ethical decisions in our work

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Our work for clients can sometimes raise ethical issues, for example, work for government clients, work relating to sensitive products or marketing to children. We 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

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

# How we behave and how we're rewarded

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We evaluate potential new suppliers on factors such as assurance of supply, quality, service, cost, innovation and sustainability. Supplier partners are expected to adopt standards that are consistent with our own. These are set out in the supplier version of the WPP Code of Business Conduct, which explains how our own Code should be applied by companies in our supply chain. All new supplier partners are asked to sign a copy of the Code to confirm they will comply with our social and environmental 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 management. We are working more closely with supplier partners in these areas to identify and manage risks. Over the last four years (2013-2016) we have assessed 236 suppliers covering nearly £236 million in annual spend or approximately 15% of our total spend on advertising production and data management. More details are available in our Sustainability Report.

## Environment

We aim for WPP to be a low-carbon and resource-efficient Group. This 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.

Our target is to reduce carbon emissions to 1.8 tonnes of CO<sub>2</sub>e per employee by 2020, 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. 18% of our total floor space (approx. 4.4 million square feet) is now certified to advanced green building standards, such as LEED and BREEAM. We aim to have 25% of our floor space certified to these standards by 2020.
- Air travel: Reducing non-essential flights. 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 720 units in over 173 cities.
- Renewable energy: Around 22% of the total electricity we purchase is generated from renewable sources, including green-tariff electricity and renewable energy certificates.

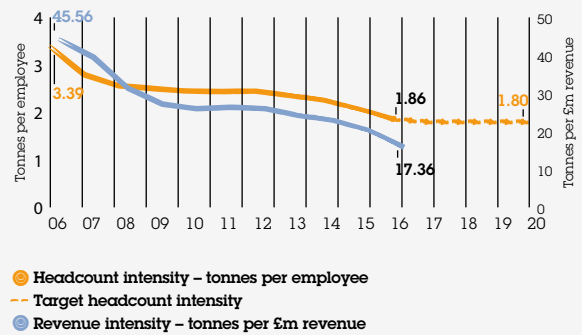
Our progress in 2016:

- Our footprint per employee was 1.86 tonnes of CO<sub>2</sub>e, down 10% on 2015 and 45% lower than 2006.
- Our footprint per £million of revenue was 17.36 tonnes of CO<sub>2</sub>e, down 20% on 2015 and 62% lower than 2006.
- Our absolute carbon footprint was 249,782 tonnes CO<sub>2</sub>e (2015: 264,774 tonnes CO<sub>2</sub>e).

We made significant progress in 2016 and are close to meeting our 2020 target of 1.8 tonnes of CO<sub>2</sub>e. This is due to a number of factors, including: changes in carbon emissions factors for scope 2 emissions in some countries, reflecting an increase in the percentage of lower-carbon and renewable energy used to power national grids; an increase in the amount of Renewable Energy Certificates (RECs) that we purchase in the US, with enough RECs purchased to offset 41% of the electricity utilised by WPP companies in the US during 2016; and improvements in our office energy efficiency and a drop in business air travel.

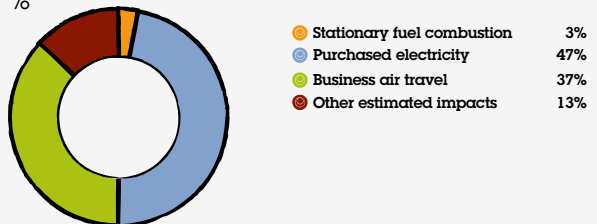
### Carbon intensity 2006-2016

Tonnes CO<sub>2</sub>e



### Carbon footprint in 2016

%



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

	2016	2015	2014	2013	2012	Base year 2006
Scope 1 – Fuel used to heat WPP offices	7,851	8,135	9,748	11,305	9,840	2,628
Scope 2 – Total purchased electricity	146,846	153,798	159,540	157,471	164,212	149,728
Scope 3 – Air travel and other estimated impacts	125,026	133,420	133,293	132,382	133,034	116,825
<b>Total gross</b> (excluding carbon reduction of renewable electricity)	<b>279,723</b>	295,354	302,581	301,158	307,086	269,181
Carbon reduction of purchased renewable electricity	29,941	30,580	21,192	21,299	23,765	–
<b>Total net</b> (including carbon reduction of renewable electricity)	<b>249,782</b>	264,774	281,389	279,859	283,321	269,181
<b>Percentage change from 2006</b> (net)	<b>-7%</b>	-2%	5%	4%	5%	–

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

	2016	2015	2014	2013	2012	Base year 2006
<b>Tonnes per employee</b> (net)	<b>1.86</b>	2.07	2.28	2.35	2.45	3.39
Percentage change from 2006	-45%	-39%	-33%	-31%	-28%	–
<b>Tonnes per £m of revenue</b> (net)	<b>17.36</b>	21.64	24.41	25.40	27.31	45.56
Percentage change from 2006	-62%	-53%	-46%	-44%	-40%	–

Our carbon data covers the year ended 31 December 2016 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 (including green-tariff contracts and renewable energy certificates) as zero emissions. For full transparency, we also disclose total electricity purchased at grid average carbon intensity. Total purchased electricity includes emissions from purchased heat and steam. Our carbon data is reviewed and assured by Bureau Veritas, an independent assurance provider. Read the full carbon emissions statement 2016 in our Sustainability Report.

We can also have an influence on indirect emissions associated with our business activities – our value chain emissions. These include emissions associated with advertisements we place for clients and the goods and services we buy. GroupM, our Media Investment Management business, is exploring how we can work with clients to reduce the carbon footprint of media campaigns. We are integrating our analysis of value chain emissions into procurement tools to help us identify lower carbon procurement options.

### Social investment

Our companies make a significant contribution to organisations working in areas such as poverty alleviation, health, human rights and the environment, through our social investment. This includes pro bono work, providing marketing services and insight for little or no fee, helping charities to achieve their objectives, raise funds and recruit members. We gave £19.5 million in pro bono services and charitable donations during 2016 (2015: £19.4 million), equivalent to 1.03% of reported profit before tax (2015: 1.30%).

Our companies also negotiate free media space for charity campaigns enabling them to reach a wide audience.

This free media space was worth £22.8 million in 2016 (2015: £20.7 million), representing over another 1% of reported profit before tax, bringing our total social contribution to £42.3 million (2015: £40.2 million). We identified an error in our exchange rate calculation for free media space in 2015 and as a result have restated our data.

The WPP India CSR Foundation is investing US\$5 million in projects supporting education, life skills and vocational training for children aged 11-18.

We launched Common Ground in 2016, a new collaboration between the world's six biggest advertising and marketing services groups. Common Ground aims to use the power of communication to help achieve the United Nations Sustainability Goals. WPP is focusing on the goal of gender equality, which is important both in its own right as well as having attendant benefits for tackling poverty and improving education and economic growth. Our companies are involved in a number of pro bono projects aimed at tackling gender bias and stereotyping in the media and promoting opportunity for women and girls. More details will be available in our Sustainability Report.