

# ABOUT US

## MARKET CONTEXT

The profound changes to consumer behaviour brought about by Covid-19 have increased the need for companies to invest in digital technologies, ecommerce and new customer experiences

The pandemic has accelerated the trends on which we based our vision – growing demand for digital services, ecommerce solutions and simple, integrated offerings that bring together creativity and skills in technology and data

[Read more on page 18](#)

## PURPOSE

To use the power of creativity to build better futures for our people, planet, clients and communities

Through our own actions and our work with clients we can help to build a sustainable future and a more inclusive society

[Read more on pages 8 and 66](#)

## STRATEGY

- A new vision and contemporary offer
- Increased investment in creativity
- Harnessing our strengths in data and technology
- A simpler structure
- Investment in our people and culture

Our strategy aims to return WPP to sustainable growth, by combining creativity with expertise in technology and data, building stronger agency brands within a simpler company structure, and investing in talent, leadership and inclusive workplaces

[Read more on page 22](#)

## OFFER

WPP provides an integrated offer of communications, experience, commerce and technology

With our enhanced and modernised offer to clients we deliver integrated campaigns globally across digital and traditional platforms

[Read more on page 14](#)

## VALUES



We want all our people to experience a culture that is open, optimistic and committed to extraordinary work

[Read more on page 46](#)

## FINANCIAL

Our actions will enhance WPP's proposition to clients and drive our growth

We are targeting a recovery to 2019 revenue less pass-through costs levels by 2022. And 3-4% annual growth in revenue less pass-through costs from 2023

[Read more on page 61](#)

# HIGHLIGHTS

Although revenue has been impacted by Covid-19 our Company has been resilient and our performance has exceeded expectations – due to our actions over the last two years to simplify and strengthen WPP, our response to the pandemic and the work of our people.

## FINANCIAL PERFORMANCE

**£46.9bn**

Billings  
(2019: £53.1bn)

**£12.0bn**

Revenue  
(2019: £13.2bn)

**£9.8bn**

Revenue less pass-through costs  
(2019: £10.8bn)

## CLIENTS

**325** of the Fortune Global 500

**30**  
of the Dow Jones 30

**62**  
of the NASDAQ 100

**61**  
of the FTSE 100

## PEOPLE

**100,000** people

**40%**  
Women in executive leadership roles  
(2019: 37%)

**33%**  
Employees in shared campuses  
(2019: 26%)

**21,000+**  
Technology accreditations and certifications earned from partners

## SUSTAINABILITY

**0.52tCO<sub>2</sub>e**

Carbon emissions per person from direct operations (scope 1 and 2)  
(2019: 0.82tCO<sub>2</sub>e)<sup>1</sup>

**65%**

Electricity purchased from renewable sources  
(2019: 37%)<sup>1</sup>

**64%**

of our top 50 clients have committed to setting science-based carbon reduction targets

## COMMUNITIES

**10th**  
in the FTSE 100 Rankings for Women on Boards, Hampton-Alexander Review (2019: 12th)

**Leader**  
in the Bloomberg Gender Equality Index for the third year in a row

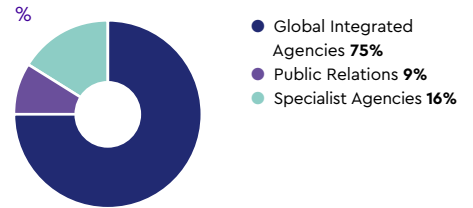
**100%**  
in the Human Rights Campaign Foundation's Corporate Equality Index (2019: 85%)

<sup>1</sup> These figures have been restated due to the integration of new best practice carbon emissions reporting and data reviews upon joining RE100.

# WHAT WE DO

We now provide services to clients through fewer, stronger, integrated creative agencies, industry-leading media agencies, global public relations agencies and specialist agencies.

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS SECTOR



## GLOBAL INTEGRATED AGENCIES

Our creative services include advertising, marketing and brand strategies and campaigns across all media. We are increasing our share in targeted fast-growth areas including digital communications, healthcare, ecommerce, experience, marketing technology and production.

Our media offer includes the full range of media planning and buying services, delivered primarily through GroupM, the world's leading media investment company, and its agencies. Targeted growth segments are digital media (search, social and programmatic), new business models such as Xaxis and Finecast, and data and technology.



HOGARTH



## PUBLIC RELATIONS

Our PR firms help clients communicate with all their stakeholders, from consumers and investors to governments and NGOs. Purpose and reputation, sustainability, and digital and social media are key growth areas.



## SPECIALIST AGENCIES

Our specialist agencies provide services by region or type. Brand experience and identity, and specialist, targeted services are the principal growth segments.

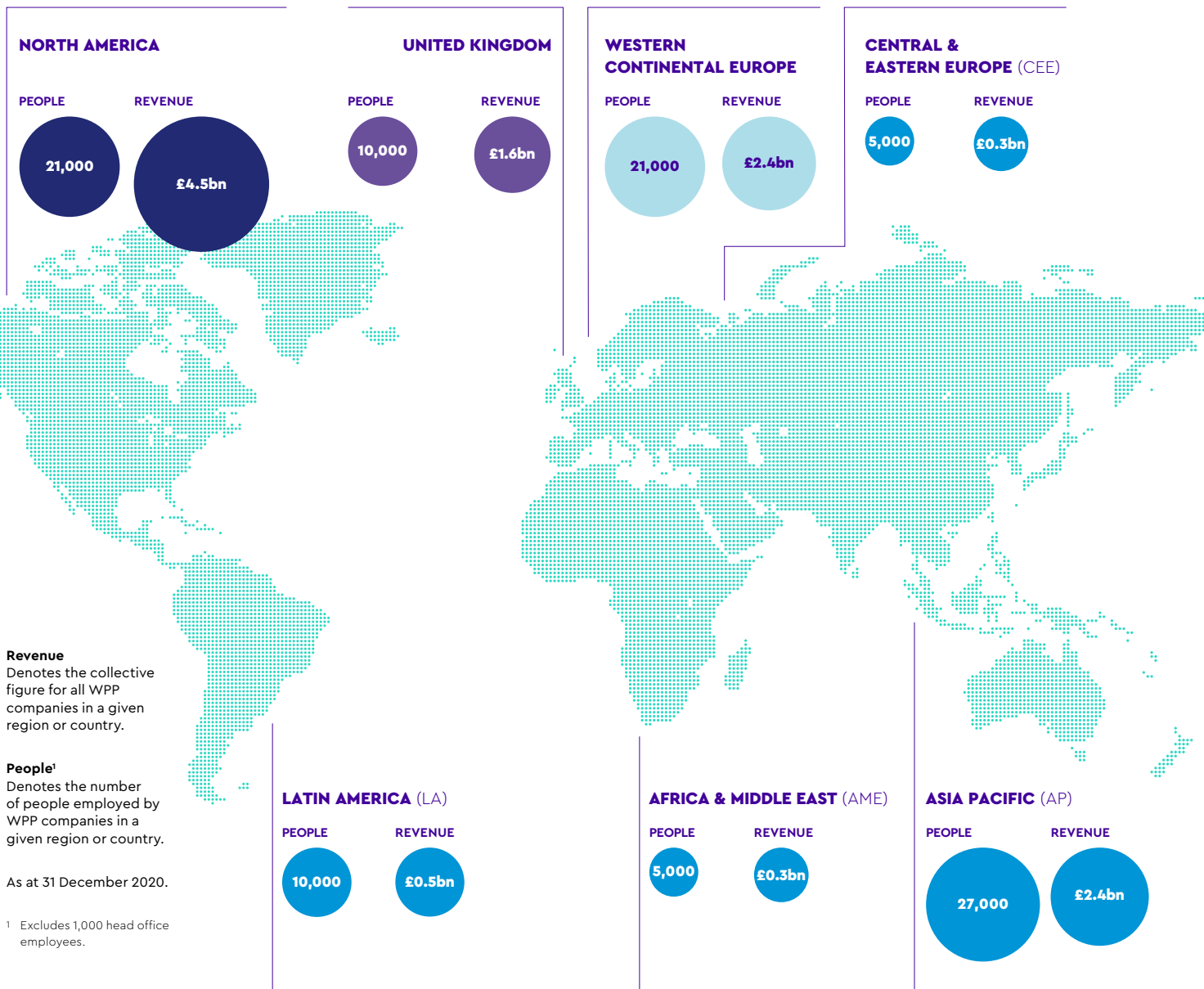
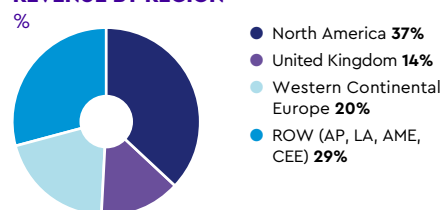


<sup>1</sup> The visual above reflects the structure of the Company in 2020. Following the alignment of AKQA and Grey, and the creation of VMLY&R Commerce, from January 2021 AKQA and VMLY&R Commerce are reported within Global Integrated Agencies.

# WHERE WE ARE

WPP companies operate in 111 countries, providing us with global reach and scale. Here we show our presence by region in terms of revenue and people.

REVENUE BY REGION



**Revenue**  
Denotes the collective figure for all WPP companies in a given region or country.

**People<sup>1</sup>**  
Denotes the number of people employed by WPP companies in a given region or country.

As at 31 December 2020.

<sup>1</sup> Excludes 1,000 head office employees.

# CHIEF EXECUTIVE'S STATEMENT

We have made significant progress on our strategy, with stronger agency brands, new leadership, a simpler structure and a healthy balance sheet.



**“OUR COMPANY'S PERFORMANCE HAS BEEN REMARKABLY RESILIENT, THANKS TO THE EFFORTS OF OUR PEOPLE AND THE DEMONSTRABLE VALUE OF WHAT WE DO FOR OUR CLIENTS.”**

2020 was a tough year for everyone, including our people as they faced the personal and professional challenges of Covid-19. Since March 16 last year, most of them have been working, for most of the time, from their homes – and dealing with all the difficulties this brings. Their commitment to our clients, support for one another and contribution to the communities we serve have been a constant source of inspiration and pride.

Our Company's performance has been remarkably resilient, thanks to the efforts of our people and the demonstrable value of what we do for our clients. While revenues were significantly impacted as clients reduced spending, particularly in the second quarter, our performance exceeded our own expectations and those of the market throughout the year.

The actions taken during 2018 and 2019 to streamline and simplify WPP, and the reduction in our debt to sustainable levels

from the £3.5 billion raised by asset sales, meant that we entered 2020 in a strong financial position.

In March 2020 we took action to strengthen our business further, including the suspension of the Kantar share buyback scheme and final dividend for 2019, and a comprehensive programme of cost reduction and cash conservation initiatives, with the aim of protecting as many jobs as possible. More than 3,000 senior executives, beginning with the Board and Executive Committee, volunteered to take a 20% cut in their fees or salary for a three-month period.

We saw five years' worth of innovation in five weeks as society and the economy were digitised at amazing speed. Platforms like TikTok – with whom we signed an exclusive global partnership at the beginning of 2021 – saw record growth. It quickly became clear that the pandemic was accelerating the trends on which we based our vision for WPP, from the explosion of ecommerce

**"IT QUICKLY BECAME CLEAR THAT THE PANDEMIC WAS ACCELERATING THE TRENDS ON WHICH WE BASED OUR VISION FOR WPP."**

and digital experiences as people's lives went online, to growing demand from clients for simple, integrated solutions that combine outstanding creativity with sophisticated data and technology skills.

Having modernised our client offer, simplified our structure and strengthened our agency brands in the 18 months before the pandemic began, we saw the benefits of this acceleration in parts of our business.

And because we have such close relationships with the world's leading companies, we could understand their requirements, react quickly to changing consumer behaviour and deliver what clients need. Being fast was vital, and work that might have taken weeks or months to conceive and produce before the pandemic was turned around in days or even hours.

We had a very positive year in terms of client retention and business development, winning an industry-leading \$4.4 billion<sup>1</sup> in net new business during 2020 with clients including Alibaba, HSBC, Intel, Uber and Unilever. Our client satisfaction scores continued to improve as we were recognised for our capabilities in experience, commerce and technology, alongside our classic strengths in communications. During 2020 we worked with 76 of our top 100 clients on ecommerce assignments.

**A RESILIENT PERFORMANCE**

Organic growth (like-for-like revenue less pass-through costs growth) for the full year was -8.2%, while reported revenue fell by 9.3%. We saw a sequential recovery in organic growth following the initial lockdowns: -15.1% in the second quarter, -7.6% in Q3 and -6.5% in Q4.

Headline operating margin in 2020 was 12.9%, down 1.5 margin points on the prior year as cost savings of over £800 million offset the majority of the revenue declines. In the second half of the year headline operating margin increased by 0.5 margin points. Reported loss before tax was £2.8 billion, reflecting £3.1 billion of impairments, while net debt at 31 December 2020 was £0.7 billion. This was better than expected and down £0.8 billion year-on-year, as a result of continued strong working capital and cash management.

**PLAYING OUR PART**

While our industry is not on the front line of tackling the pandemic, we do have an extremely important role to play in shaping consumer behaviour and actions. During 2020 we worked with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19.

WPP supported the World Health Organization globally and regionally on a pro bono basis, leveraging the scale and expertise of our agencies to help the WHO reach the public with its vital communications promoting social distancing and good hygiene. GroupM secured and delivered more than \$45 million in advertising space and pro bono work to support WHO campaigns. As scientific breakthroughs gave us a glimpse of the light at the end of the tunnel, many of our agencies added their creativity – and their skills in media, public relations, healthcare communications, data and technology – to the efforts to roll out and build public confidence in vaccines, again working with a range of public and private sector organisations.

**PEOPLE AND PURPOSE**

The exemplary way in which our people responded to the pandemic was another reminder of our most important strength. Our people are our Company: 100,000 skilled and motivated professionals dedicated to serving our clients, increasingly fired by a sense of purpose and determined to make a difference in the world.

While our Company comprises strong agency brands with their own rich histories and cultures, we have worked in a far more collaborative way over the last two years. We now share in a common purpose, which is to build better futures – for our people, for the planet, for our clients and for the communities in which we live and work.

That purpose, and that sense of commonality, was put to the test in 2020 as the killings of Ahmaud Arbery, Breonna Taylor and George Floyd sparked protests around the world and forced institutions and leaders of all kinds to confront profound questions about their role in the enduring and deep-seated inequalities faced by Black citizens.

<sup>1</sup> Billings as defined in the Financial Glossary on page 225.

## OUR PURPOSE



People



Planet



Clients



Communities

Our purpose is to use the power of creativity to build better futures for our people, planet, clients and communities. In 2020 we made progress in each area.

For our people, we made a series of commitments to tackle racism and invest in Black talent; continued to improve gender diversity, particularly at leadership levels; expanded our development programmes; and delivered a range of new wellbeing resources and initiatives.

For the planet, we committed to setting a strategy to achieve net zero emissions in our value chain by 2030. We continued to reduce our owned emissions and obtained more of our electricity from renewable sources.

For our clients, we were a trusted partner during the pandemic: helping them **react** by adjusting their marketing spend and communications with customers; **recover**, by getting back to business; and **renew** their marketing and business models in preparation for a post-Covid world.

And for our communities, we played our part in the fight against Covid-19 by working with clients, governments, public health organisations and NGOs, often on a pro bono basis, to provide communications and other services to help limit the spread of the virus.

At WPP thousands of our people took part in "safe room" meetings to share their thoughts, fears and hopes for the future. These were raw and deeply moving events that delivered an urgent, impassioned and crystal-clear message: we need to do so much more – as individuals, as a Company and as an industry – to tackle systemic racism and to invest in the careers of our Black colleagues.

In June we announced a series of commitments designed to use our creativity, our scale and our influence to bring about change. These were to implement the 12 actions called for by more than 1,200 Black advertising professionals in an open letter to the industry (including conducting a fundamental review of our hiring, retention, promotion and development practices and publishing our workforce diversity data), to use our voice to advance racial equity, and to invest \$30 million over three years to fund inclusion programmes within WPP and support external organisations.

We also formed WPP's first Global Inclusion Council to work with me and the rest of the Executive Committee to help us deliver these commitments. We have made progress towards our goals, which you can read about on page 49 of this report. At the same time, we recognise that we still have a huge amount of work to do, and that real change will require sustained effort, focus and vigilance.

### INVESTING IN CULTURE

Ensuring everyone who works within WPP experiences an inclusive and equitable culture is one of the cornerstones of our strategy. Our aim is for WPP to be the employer of choice *for all*.

We have made significant progress in driving gender equality, with women now representing 51% of our senior managers. At the most senior executive level, this figure is 40%, up from 37% in the previous year, and our aim is to achieve parity. We have increased the proportion of women on our Board to 43%.

In 2020 we were named a *Forbes* Top 20 Employer for Women in the United States, and in 2021, an industry leader in the Bloomberg Equality Index for the third year running. Our UK gender pay gap narrowed

between 2019 and 2020, but for as long as there is any gap, we cannot, of course, be satisfied.

We are working hard to improve in all aspects of diversity, equity and inclusion (DE&I) at WPP. Success relies on accountability so, for the first time, we have included DE&I goals in the remuneration plans of all senior executives, beginning in 2021. In 2020 we rolled out mandatory inclusion training for all our people, and this year we are launching a new Inclusion Index to better understand our people's experience of belonging at WPP, as part of the first pan-Company employee listening programme.

We are placing DE&I at the heart of all our talent processes, using analytics to inform a more inclusive employee experience, and identifying and supporting diverse early-career talent. We have also formed partnerships with leading inclusion and diversity organisations such as Unstereotype Alliance, The Valuable 500 and the LAGRANT Foundation. For more on these and other initiatives, please turn to the People section of the Strategic Report from page 46.

### A SUSTAINABLE FUTURE

Although WPP has been cutting carbon emissions since 2006, we know we all need to accelerate the pace of change. In 2020, we amended our purpose statement to make it explicit that our commitment to the planet is integral to our business. We have since committed to reach net zero emissions in our operations by 2025 and in our value chain by 2030.

A significant challenge for reducing carbon emissions is being able to measure them with confidence, but we are determined to use our buying power to work with suppliers to develop more robust protocols for measuring emissions in our supply chain. This work will benefit our whole industry and, with it, our clients and the wider public. As we help to develop better measurement, we are also taking action, for example as a founding member of AdGreen, a new industry initiative to eliminate the negative environmental impacts of production.

For full details of our sustainability strategy, see page 66.

## "OUR AGENCIES ARE THE PLATFORMS FOR OUR FUTURE GROWTH."

### ACCELERATING OUR GROWTH

In December 2020, two years on from the launch of our strategy, we held a Capital Markets Day to provide an update on progress and to outline our plans to accelerate our growth.

Over the last two years, we have radically simplified our Company. We have fewer, stronger agency brands, better positioned to grow and fully equipped with the capabilities – from outstanding creativity to technology and data expertise – that modern clients demand. We are continuing to align our creative and digital credentials by bringing together AKQA and Grey; we are creating an ecommerce powerhouse by moving Geometry into VMLY&R to form VMLY&R Commerce; and we have merged three of our public relations agencies to establish global strategic communications firm Finsbury Glover Hering.

Our agencies are the platforms for our future growth: our integrated creative agencies, with their excellence in digital communications and increasingly important skills in experience and ecommerce; our industry-leading media agencies, which continue to dominate new business rankings and have been the engine of WPP for many years; our public relations agencies, whose role has been so critical for clients during the turbulence of the last year; and our specialist agencies, which provide a range of services to meet every client need.

By investing more in our agencies and their capabilities, we aim to return our core communications business to sustainable growth while expanding further into the high-growth areas of commerce, experience and technology, which we expect to increase from 25% of our business today to 40% by 2025.

We will also leverage our global strength and increase our focus on high growth potential markets, such as China, India and Brazil.

This investment will be funded by gross annual cost savings of around £600 million by 2025, delivered through a Company-wide transformation programme that will make us more effective and efficient as we share resources more systematically across the Company. Approximately two thirds of the savings will be reinvested in people, new capabilities and technology.

You can read more in the Chief Financial Officer's statement on page 58.

### THE WORLD'S MOST CREATIVE COMPANY

In 2020 we were honoured to be named most creative company of the decade by the Cannes Lions International Festival of Creativity. But we are setting our sights even higher. Our ambition is to be known not only as the most creative company in our industry, but on the planet.

WPP already has one of the world's largest concentrations of creative talent in a single organisation. With the help of our new Global Chief Creative Officer, Rob Reilly, who joins us this year, we intend to turn that collective creative firepower into even greater success for our clients and our agencies.

Ultimately that success depends on our people, and we have no more important task than to invest in a culture that attracts, retains and develops the most talented in and beyond our industry, and that reflects our values of openness, optimism and a commitment to extraordinary work.

I'd like to thank everyone at WPP who, during these exceptional times, has helped to bring that culture to life.



**Mark Read**  
Chief Executive Officer  
29 April 2021



# KEY EVENTS OF THE YEAR

2020 was a year of challenges, but also successes and progress<sup>1</sup>

2020

## JANUARY

- WPP announces appointment of **Sandrine Dufour** to the Board



- **Bloomberg Gender-Equality Index** names WPP as industry leader

## FEBRUARY

- Wunderman Thompson acquires **XumaK**
- MediaCom becomes global media agency for **Hasbro**



## MARCH

- WPP moves to remote working due to **Covid-19** restrictions and outlines actions to protect the business



- **HSBC** appoints WPP as lead agency for its creative account

## MARCH

- GroupM acquires **Sandtable**
- AKQA, Ogilvy, VMLY&R and Wunderman Thompson included in **Gartner's Magic Quadrant**
- GroupM names **Karen Blackett** OBE UK CEO
- Mindshare tops **WARC** media 100 rankings
- **Intel** chooses VMLY&R as its global creative agency



## MAY

- WPP wins **Unilever** media account in China



- MediaCom wins **Duracell** global media account



## APRIL

- **Ad Age** names Essence Data and Analytics Agency of the Year
- WPP named **Adobe's** 2020 Digital Experience Solution UK Partner of the Year
- **WPP TV** launched

## MAY

- **Nick Lawson** becomes Global CEO of MediaCom
- WPP announces global partnership with **SuperAwesome**
- **Simona Maggini** appointed Country Manager for Italy
- **Employee assistance programme** launched globally
- H+K named **PROvoke EMEA agency of the decade**



## JUNE

- WPP announces **commitments to fight racism and invest in Black talent**
- WPP named the world's most effective communications company in the **Effie Index**



- Ogilvy appoints **Andy Main** as Global CEO
- **The One Show** names Ogilvy 2020 Network of the Year

## JUNE

- Grey partners with US agency start-up **Cartwright**
- WPP announces appointment of **Angela Ahrendts** DBE to the Board



- **The Cannes Lions International Festival of Creativity** names WPP as the most creative company of the decade



## APRIL

- **WPP** commits to net zero Campuses and 100% renewable electricity by 2025

<sup>1</sup> This timeline refers to the month each event was announced.

**AUGUST**

- WPP leads **R3's global new business tables**
- GroupM appoints **Kirk McDonald** as North America CEO
- WPP agencies lead **Festival of Media APAC** awards



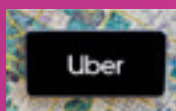
**SEPTEMBER**

- **Whirlpool EMEA** appoints WPP as its communications partner
- Wunderman Thompson acquires **Velvet Consulting**
- **Alibaba** appoints Mindshare as its media agency in China
- Mindshare ranks as the top global media agency in **COMvergence's New Business Barometer**
- AKQA and WPP named leaders in **IDC MarketScape report**
- WPP becomes a founding member of **AdGreen**



**OCTOBER**

- **Walgreens Boots Alliance** renews and extends relationship with WPP
- **Uber** consolidates global media account with MediaCom



- **Dell** appoints VMLY&R as lead creative agency in India



**DECEMBER**

- Capital Markets Day for investors and analysts on the Company's strategic plans for **Accelerating Growth**
- Mindshare names **Adam Gerhart** as its Global CEO
- BCW tops **PRovoke's** ranking of creative excellence in PR

**JULY**

- Forbes names WPP one of **America's Best Employers for Women**
- WPP establishes **Global Inclusion Council** to help accelerate change throughout the Company
- WPP creates global communications leader **Finsbury Glover Hering**



**OCTOBER**

- **Dr. Ya-Qin Zhang** joins the WPP Board with effect from January 2021



- WPP appoints **Tom Ilube** CBE to the Board



**NOVEMBER**

- **AKQA and Grey** unite within AKQA Group
- Geometry joins VMLY&R to create **VMLY&R Commerce**



To learn more see [wpp.com](http://wpp.com)

## OUR BUSINESS MODEL

We are a creative transformation company, offering clients a comprehensive range of communications, experience, commerce and technology services.

We provide these services through a number of integrated global agencies and a client-first approach.

Our common approach to production, technology and data, fostering collaboration and the sharing of knowledge and customer insights, enhances creativity and drives efficiency for the benefit of our clients.

We also share a common purpose: to use the power of creativity to build better futures for our people, planet, clients and communities.

## Our strengths

Our work depends on our creative talent, client relationships, integrated agencies and technology capabilities.

- **The creative talent of our people**
  - Strong creative reputation reflected in many industry awards, including Cannes and Effies
  - Continuing to attract top talent to WPP and its agencies
  - Deep understanding of consumers and brands

100,000  
people

- **Our relationships with the world's most successful companies**
  - Global Client Leaders, providing easy access to the breadth and depth of WPP
  - Unique partnerships with leading technology companies, providing us with preferential access to training, new product development and joint go-to-market programmes

325  
of the Fortune Global 500  
are our clients

- **Home to many of the industry's most powerful and respected agency brands**
  - The #1 global media-buying organisation, GroupM, and its industry-leading agencies
  - Iconic creative brands: AKQA, Grey, Ogilvy, VMLY&R and Wunderman Thompson
  - Integrated agency model, meeting all the needs of clients in communications, experience, health, ecommerce, data and technology

\$4.4bn  
of net new business in 2020<sup>1</sup>

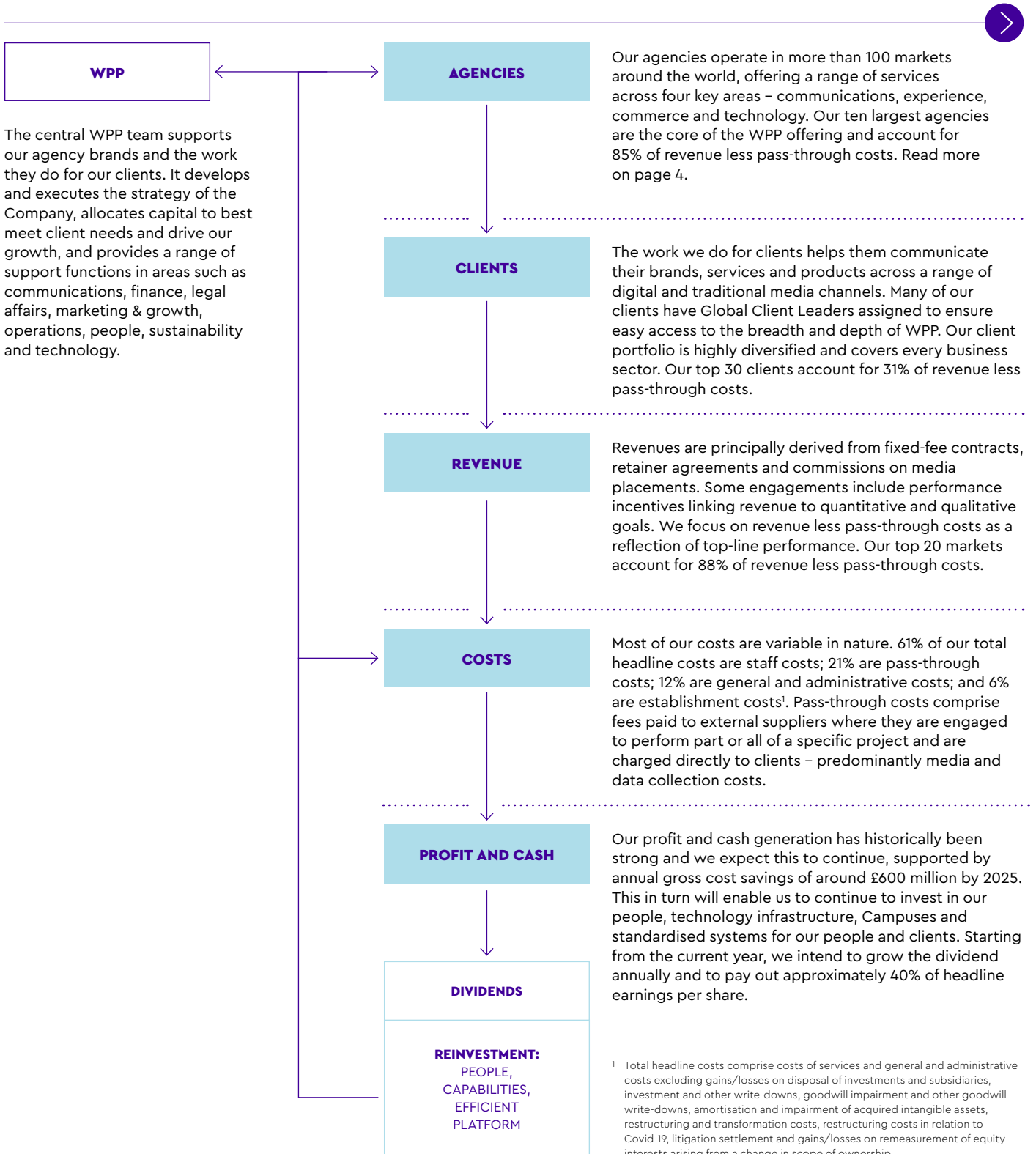
- **The technology skills and platforms to deliver modern marketing solutions**
  - Ability to deliver integrated campaigns, globally across traditional and digital platforms
  - WPP Open - a common data and technology platform for agencies and clients to share the best innovation from across WPP and its strategic technology partners

\$30bn  
of gross merchandise value  
sales over WPP-built  
ecommerce platforms

<sup>1</sup> Billings, as defined in the Financial Glossary on page 225.

# Operating model

We meet our clients' needs through a collaborative approach that works on a global scale. This drives our revenue while controlling costs, to fund re-investment into our capabilities and technology, for our agencies, clients, people and shareholders.



# Our offer

Our offer to clients covers four areas that are critical to modern marketing: communications, and the higher-growth segments of experience, commerce and technology.



## COMMUNICATIONS

We create powerful ideas based on deep insights to connect brands with audiences at the right moment and in the right channels. This includes paid advertising campaigns and public relations.

## EXPERIENCE

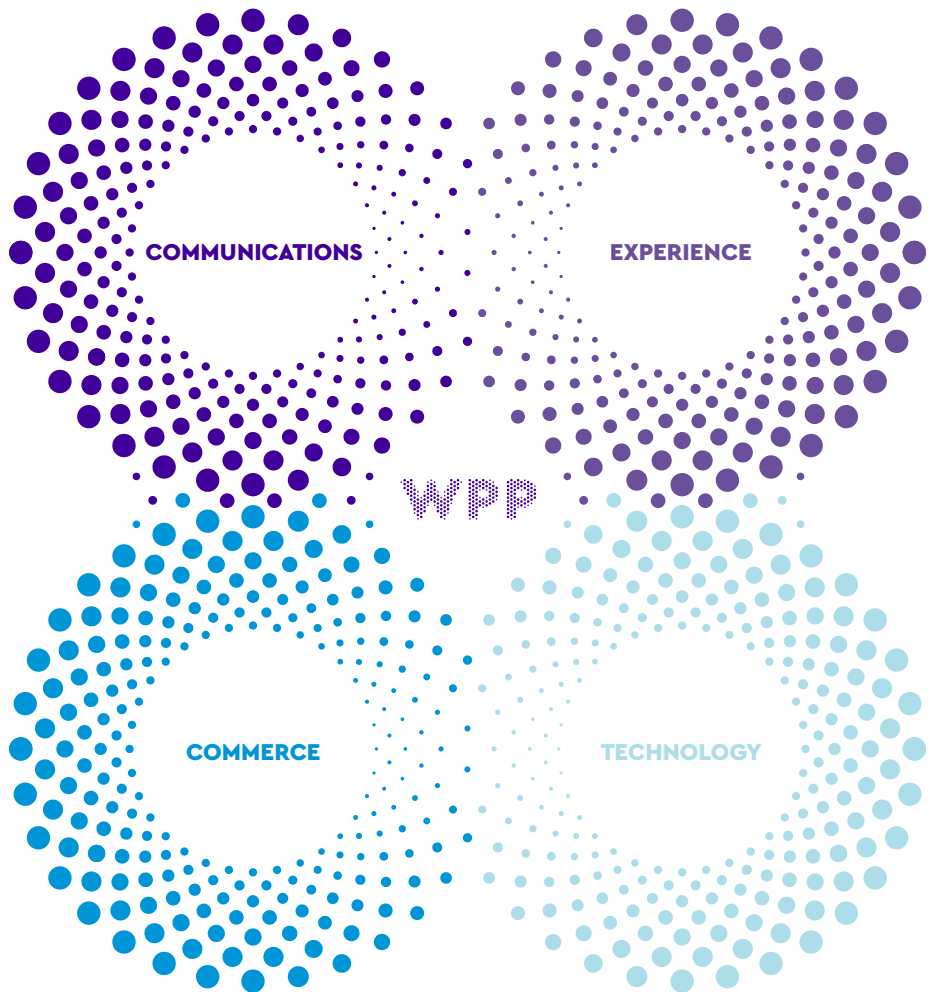
We bring brands to life through engaging, unexpected and interactive experiences. This includes customer-facing platforms, such as websites, applications and stores, as well as broader touchpoints like product design, packaging and loyalty programmes.

## COMMERCE

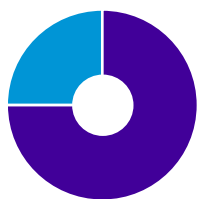
We help our clients sell wherever and however their consumers want to buy. We advise on, build, run and activate ecommerce and physical channels, from direct-to-consumer websites and stores to marketplaces and social commerce.

## TECHNOLOGY

We build and optimise technology and data solutions fit for our clients' needs. Our services include enterprise systems work – architecture design, systems implementation, managed services and data analytics – and specific platforms such as CRM, content and experience management, and data management. We also use our unique relationships with the world's leading technology companies – such as Adobe, Amazon, Facebook, Google, IBM, Microsoft, Salesforce and TikTok – to create unique advantages for our clients.



## REVENUE LESS PASS-THROUGH COSTS BY OFFER



- Communications **75%**
- Experience, Commerce and Technology **25%**

# Stakeholder engagement

How we do business is driven by our purpose – to build better futures for our people, for the planet, for our clients and for the communities in which we live and work.



## SHAREHOLDERS

Our shareholders provide the capital to invest in the business. Shareholders benefit from the Board acting in the best interests of the Company and investors for long-term value generation.

- We have an extensive investor relations programme, comprising investor days, the AGM, investor and analyst meetings, webcasts and ongoing email exchanges
- We disclose relevant information to shareholders through our annual report, quarterly financial statements and RNS announcements
- In 2020 we paid £412 million in distributions to shareholders



## CLIENTS AND SUPPLIERS

Our clients come from businesses across every sector. The work we do for clients provides our revenue and helps them to grow their businesses, build relationships with their customers, and ready themselves for future success.

Our suppliers range from small businesses to the world's largest technology partners. They provide us with the products and services we need to meet our clients' needs.

- We engage with our major clients through our central team of Global Client Leaders, our respective CEOs, and our agency teams
- Our people regularly engage with suppliers and key technology partners in joint product development, skills development and joint go-to-market programmes
- We evaluate potential suppliers on a variety of factors including workforce diversity and carbon reduction
- In 2020 our total revenue from clients was £12.0 billion



## GOVERNMENTS AND REGULATORS

Governments receive the tax contributions we make to public finances, enabling them to invest in public services.

Governments and regulators determine the policy frameworks that impact on us and our stakeholders.

- We participate in company and industry meetings with governments and regulators to ensure policies are developed taking into account the interests of our clients and the industry
- Our public affairs agencies engage in public policy activity on behalf of clients, including direct lobbying of public officials and influencing public opinion
- In 2020 we contributed £1.3 billion in taxes to public finances



## PEOPLE

We depend on the talent, creativity and technology skills of our people. And we want our employees to embrace our purpose, culture and values. In return our people receive salaries, pension contributions, employee benefits, career development and training.

- We regularly survey our staff about their experiences at work
- We have extensive internal communications programmes and platforms to keep staff informed
- In 2020 we launched new wellbeing resources, including in relation to mental health, and held CEO virtual townhalls and "safe rooms" for open and candid discussions
- In 2020 we spent £19.7 million on staff training



## THE PLANET

We are committed to responsible and sustainable business practices. We take steps to optimise our own environmental impact, but recognise that our greatest contribution to the planet is through our work with clients, which can shift attitudes and change behaviours to build a sustainable future and a more inclusive society.

- We aim to reach net zero carbon emissions across our value chain by 2030, and to reach net zero emissions across our owned operations and 100% renewable electricity by 2025.
- We engage with corporate, government and NGO clients, on issues ranging from climate action to Covid-19 and human rights, during the development of their campaigns
- We regularly meet with investors, rating agencies and benchmarking organisations on sustainability issues



## COMMUNITIES

We can help boost the impact of charities and non-governmental organisations by providing marketing and creative services, often on a pro bono basis, enabling them to raise awareness and funds, recruit members, and achieve campaign objectives. We believe, and so do many of our stakeholders, that acting responsibly is both the right thing to do and in our long-term interests.

- Our total social contribution in 2020 was £76.2 million: including pro bono work for NGOs and charities; negotiating free media space on behalf of pro bono clients; and cash donations to charities
- We encourage our people to volunteer their time
- We contribute to early-career development through internships, apprenticeships and the WPP Foundation

For more on how the Board engages with our stakeholders, please see page 117.<sup>1</sup> And to find out how we engage on sustainability, please see the Sustainability Report 2020.

<sup>1</sup> As a Jersey incorporated company, WPP is not subject to UK legislation. However, as a matter of good governance and in order to comply with the provisions of the 2018 UK Corporate Governance Code, the Board considers the matters described in Section 172 of the Companies Act 2006 in its decision-making.

# INVESTMENT CASE

The unrivalled combination of our deep client relationships, global scale and value-creating growth strategy underpins the attractiveness of our investment proposition.

In 2020 the attractiveness of our investment proposition was demonstrated by our performance, which exceeded both our own expectations and those of the market. Against this background, at our Capital Markets Day in December we established a set of stretching medium-term financial targets.

## FINANCIAL TARGETS AND PERFORMANCE

	Revenue less pass-through costs growth	Operating margin	Capital expenditure	Average net debt/EBITDA
2020 actual	-8.2%	12.9%	£273m	1.6x
	mid-single-digits percentage	13.5-14.0%	£450-500m	1.5-1.75x
2021 targets				
2023 targets	3-4%	15.5-16.0%	£300-350m	1.5-1.75x

**i** Read more about our outlook and guidance on page 65

1 **DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES**

2 **UNRIVALLED GLOBAL REACH AND SCALE**

3 **ATTRACTIVE AND GROWING ADDRESSABLE MARKETS**

4 **SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA**

5 **A STRONG FINANCIAL POSITION**

6 **VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH**

<sup>1</sup> Guidance as published in 2020 interim report.

**DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES**

- Partner to most of the world's largest companies, including 325 of the Fortune Global 500
- Strong and unique CEO, CMO and CIO relationships
- Global Client Leaders, providing easy access to the breadth and depth of WPP

**31%**

of our revenue less pass-through costs comes from our top 30 clients

**8.1**

Average client satisfaction score (out of 10)

**UNRIVALLED GLOBAL REACH AND SCALE**

- A global network of leading agencies, providing unrivalled geographic reach
- Home to GroupM, the number one media-buying operation globally, providing value and premium inventory
- Present in 111 countries worldwide, providing deep in-market expertise

**111**

countries in our global network

**\$60bn+**

GroupM annual media investment

**ATTRACTIVE AND GROWING ADDRESSABLE MARKETS**

- Extended offer to high-growth areas of commerce, experience and technology
- Repositioned traditional communications offer to faster-growth digital communications
- Over half of revenue is from companies in the consumer packaged goods, technology and healthcare & pharma sectors, which were the least impacted by Covid-19
- Strong exposure to faster-growing economies such as China, India and Brazil

**41%**

Digital % of GroupM billings (+4ppt YoY)

**10% pa**

client spend growth expected in commerce, experience and technology sectors

**SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA**

- Scaled global partnerships with 25 leading technology companies
- WPP Open, our common data and technology platform for sharing innovations across WPP and its strategic technology partners, agencies and clients
- Deep specialisation in technical capabilities in advertising and marketing technology
- Distributed innovation throughout our agencies

**\$10bn**

of client billings across Google, Amazon and Facebook

**21,000+**

technology partner accreditations and certifications earned

**A STRONG FINANCIAL POSITION**

- Diverse revenue streams from a balanced global portfolio
- Resilient revenue streams from a varied client base that covers all business sectors
- Predominantly variable cost structure, which protects profitability during a downturn
- Strong balance sheet and ample liquidity due to strong cash generation and over 60 disposals

**£6.4bn**

of total liquidity including £4.3bn of cash

**12.9%**

Headline operating margin

**1.6x**

Average net debt/Headline EBITDA

**VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH**

- Expanding further into high-growth areas, from 25% of our business today to 40% by 2025
- Targeting annual gross cost savings of £600 million by 2025 and reinvesting £400 million into talent, technology and incentives to drive growth
- Intention to grow dividend annually with a pay-out ratio around 40% of headline EPS

**£3.5bn+**

cash from &gt;60 disposals

**£600m**

approximate annual cost savings expected by 2025



# THE MARKET

## Growth opportunities in digital, ecommerce and purpose.

### 2020 MARKET OVERVIEW

The impact of Covid-19 began to be felt from March onwards, causing widespread restrictions on economic activity. The market began to recover in the latter half of the year, with GroupM estimating that global advertising fell by 5.8% during 2020, a substantially better outcome than the 11.8% annual decline predicted in June. Within this, spend on digital media increased to 59.3% of total spend in 2020, from 51.6% in 2019, underpinned by growth in ecommerce and the increasing importance of a seamless omnichannel customer experience.

### DIGITAL AND ECOMMERCE DEMAND ACCELERATING

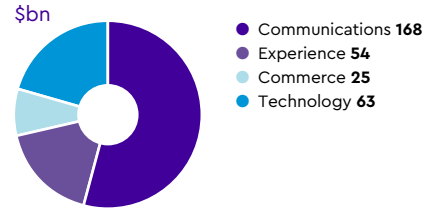
One of the prevailing outcomes of the pandemic has been the acceleration in underlying structural trends. Lockdown restrictions across the globe have brought about unprecedented growth in ecommerce, with a greater proportion of consumers shopping online. GroupM estimates that global retail ecommerce – including automotive sales but excluding food and delivery services – saw growth of 21% in 2020, amounting to 17% of global retail sales.

China, the world's largest ecommerce market, saw penetration reach 25% in 2020 and equivalent sales accounted for 14% and 18% of total retail activity in the United States and UK, respectively. As a result, brands have had to put greater focus on their digital strategies.

In terms of trends by sector, linear TV advertising has continued to decline with production and live events taking a pause, while streaming services have grown at a rapid pace. Advertising spend on outdoor, cinema and print has fallen significantly as consumers have been spending an increased amount of time at home.

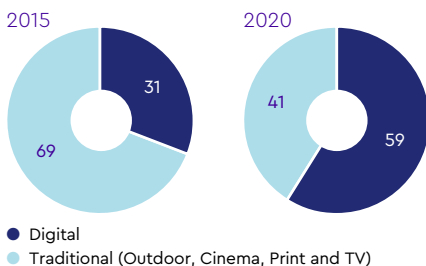
Consumer packaged goods, technology and pharmaceuticals businesses (57% of WPP's revenue less pass-through costs from our top 200 clients for 2020) have held up reasonably well as demand for their services has either been less impacted or, in some cases, slightly increased. On the other hand, automotive, luxury & premium, travel and leisure businesses (22% of revenue less pass-through costs from the top 200 clients) have been the hardest hit and this in turn has been reflected in their marketing spend.

### GLOBAL ADDRESSABLE MARKETING EXPENDITURE 2019 (\$310bn)<sup>1</sup>

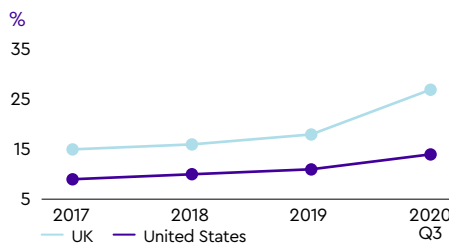


Trends in spend by geography have predominantly been driven by restrictions on economic activity and the maturity of digital channels. Based on GroupM findings, China saw growth in advertising spend of 6.2% in the year, reflecting its rapid response to the pandemic. Spend in the UK and United States, excluding political advertising, declined by 4.4% and 7.3% respectively, with these markets performing better than expected in the second half of the year as they benefited from the growth in ecommerce. Across other major markets in Europe activity was mixed: France saw advertising spend fall by 15.5%, while the market in Germany was more robust with spend falling by 2.0% in the year.

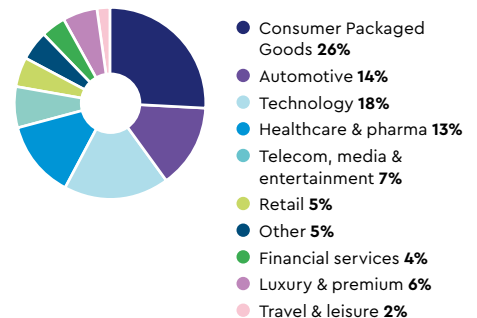
### GLOBAL ADVERTISING SPEND BY MEDIA<sup>2</sup>



### ECOMMERCE % OF RETAIL SALES<sup>3</sup>



### REVENUE LESS PASS-THROUGH COSTS BY CLIENT INDUSTRY<sup>4</sup>



<sup>1</sup> Source: IDC, except GroupM/WPP for communications.  
<sup>2</sup> Source: GroupM This Year Next Year report.  
<sup>3</sup> Source: US Consensus (Nov-20) and ONS internet retail sales (UK).  
<sup>4</sup> % of total top 200 clients designated to each industry.

## Covid-19 is accelerating existing market trends

### Why WPP is well positioned to manage and benefit from this

#### Growing importance of purpose and reputation

- Purpose and reputation are more critical than ever, driven by the lasting impact of the Covid-19 pandemic, the need for racial equity, the safety of social media platforms, and many other issues. Consumers continue to expect more from companies. In 2020 brands perceived as having a high positive impact on society grew at 2.5 times the rate of others<sup>1</sup>

# 85%

**of consumers believe that brands should be about more than just profit**

Source: Wunderman Thompson Intelligence

- Our agencies have the skills to advise clients on how best to embed purpose and sustainability in their marketing, and to meet the growing demand for services that promote and protect the reputations of brands and businesses

#### Technology reshaping old consumer models – mass media, bricks & mortar – with new expectations of personalisation and immediacy

- Technology is disrupting traditional media platforms: investment in physical retail stores and linear television for mass-media audiences is shifting towards ecommerce, digital channels and personalised messaging, requiring agencies to possess skills in data and technology alongside traditional strengths in communications

# 61%

**digital % of global ad spend by 2021**  
(2015: 31%)

Source: 2020 Gartner CMO Spend Survey

- With our modern offer to clients, we deliver integrated campaigns across digital and traditional platforms
- We are helping brands shift to ecommerce, supporting \$30 billion of gross merchandise value sales over WPP-built ecommerce platforms

#### Collision of communications, content and commerce, powered by data and technology

- Covid-19 has accelerated the growth of digital media channels: ecommerce accounted for 27% of UK sales and 14% in the United States in Q3 2020; and demand for streaming services and social media is exploding. These changes require permanent shifts in the way media strategies are designed and developed

# 1bn

**hours of video watched on YouTube daily**

Source: Digital TV research

- Approximately 41% of our media billings are digital
- Four of our creative and digital agencies were named as leaders in the influential Gartner Magic Quadrant study
- We invest over \$10 billion per year for clients with Google, Amazon and Facebook

#### CMOs are becoming Chief Growth Officers, requiring new skills and support

- The structural change driven by technology has broadened CMOs' responsibilities, increasing the need to deliver end-to-end customer experiences and react to real-time changes in consumer behaviour. This in turn requires greater advice and support from agencies

# 68%

**of CMOs expect martech budgets to increase**

Source: 2020 Gartner CMO Spend Survey

- Modern marketing technology expertise: 3,200+ Adobe Experience Cloud specialists
- We are a top three global partner to Adobe and Salesforce in marketing technology
- Growing relationships with client CIOs as well as CMOs

#### Marketing value chain is evolving with disruptive entrants and operating models

- Alongside traditional competition from holding companies and specialist agencies, newer challengers such as technology firms and consultants are entering parts of the value chain, requiring agencies to promote their consulting and technology capabilities alongside their creative offerings

**"We have all the skills our clients need, and our creativity is what sets us apart."**

**Mark Read**  
Chief Executive Officer

- We differentiate ourselves through our strongest asset – our creativity – which runs throughout our modern integrated offer of communications, experience, commerce and technology

<sup>1</sup> Kantar Purpose 2020 report.

# SCIENCE WILL WIN™





## SCIENCE WILL WIN

**AGENCIES**  
GREY NEW YORK,  
H+K, LANDOR & FITCH

**CLIENT**  
PFIZER

Before the onset of the Covid-19 pandemic, Pfizer had asked Grey Health & Wellness and H+K to create a corporate reputation campaign, building on a brand strategy devised by Landor & Fitch, to support the company's business and cultural transformation.

Science Will Win highlighted the company's dedication to harnessing the power of science to improve people's lives, but it soon turned into something much bigger than that. As Covid-19 took hold, Science Will Win became a rallying cry. Grey created a moving spot featuring Pfizer employees and saluting the global scientific community's unprecedented collaborative effort to end the pandemic and restore public health. Its message was uplifting, optimistic and defiant, as Pfizer and its peers raced to create and roll out vaccines around the world, and it struck a chord with millions of viewers.

YouGov named it one of the most effective campaigns in the United States in 2020, and reported that Pfizer's advertising awareness grew by two thirds during the year. As Science Will Win moves into 2021, H+K is helping the client to make scientific storytelling more accessible and inclusive, working with diverse voices to promote Pfizer's belief that science will only win if it wins for everyone.

**66%**  
increase in  
awareness

## OUR STRATEGY

A strategy for growth: for our people, our clients, our agencies and our shareholders.



**"IN PARTNERSHIP WITH OUR AGENCY BRANDS WE ARE DEEPENING AND ACCELERATING THE CHANGE ALREADY HAPPENING WITHIN WPP."**

**Mark Read**  
Chief Executive Officer

We have made significant progress since launching our new strategy in 2018.

It has been two years since we set out our strategy to return WPP to growth. We have made significant progress, with stronger agency brands, new leadership, a simpler structure and a strong balance sheet. The results were evident in our industry-leading new business performance in 2020.

The events of 2020 have only accelerated the structural changes in our industry, from the expansion of digital channels to growing demand for ecommerce solutions. The actions that we have taken have positioned us well, and we are already working with 76 of our top 100 clients on ecommerce. There are significant new growth opportunities for WPP as clients demand simple, integrated solutions that combine creativity with technology and data expertise. Clients need trusted partners more than ever to help them transform and succeed.

In December 2020, we held a Capital Markets Day to provide an update on progress and to outline our plans to accelerate our growth.

We aim to return our communications business to sustainable growth and invest further in the high-growth areas of commerce, experience and technology. A new transformation programme will make us more effective and efficient as we share expertise across a simpler company of stronger agency brands. We are targeting approximately £600 million of cost savings by 2025, of which £400 million will be used to fund investment in the capabilities and technology that will drive future growth for our people, our clients, our agencies and our shareholders.

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## VISION & OFFER

[Read more from page 24](#)

A vision developed with our people and clients and a modern offer to meet the needs of our clients in a rapidly changing market.

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## CREATIVITY

[Read more from page 28](#)

A renewed commitment to creativity, WPP's most important competitive advantage.

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## DATA & TECHNOLOGY

[Read more from page 32](#)

Harnessing the strength of marketing and advertising technology, and our unique partnerships with leading technology firms.

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## SIMPLER STRUCTURE

[Read more from page 38](#)

Reducing complexity and making sure our clients can access the best resources from across the Company.

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## PEOPLE & CULTURE

[Read more from page 46](#)

Investment in our people, culture and values to ensure WPP is the natural home for the best and brightest talent.

[Our approach to sustainability aligns with our strategy. See page 66](#)

## VISION & OFFER

### Meeting the needs of modern marketing.



**"WE CAN HELP BUSINESSES AND BRANDS ADAPT AND TRANSFORM FASTER."**

**Laurent Ezekiel**  
Chief Marketing & Growth Officer

#### A FOCUS ON HIGHER-GROWTH AREAS

In 2018 we set out a new vision and contemporary offer to meet the needs of modern marketing, spanning the full range of services and disciplines essential for our clients' success. Alongside our core strengths in communications, we have also become a leader in experience, commerce and technology.

The profound changes to consumer behaviour brought about by Covid-19 have only accelerated client demand for these future-facing capabilities. According to GroupM estimates, global retail ecommerce grew 21% in 2020, representing 17% of global retail sales<sup>1</sup>.

The market opportunity in these newer areas is sizeable and we are strongly positioned to capitalise on it. Just under half of the addressable market is in the higher-growth sectors of experience, commerce and technology, where client spend is forecast to increase by some 10% annually over the next three years. The balance of spend is in our core communications services, which are expected to grow around 1% annually.

Given these trends, our goal is to return our core communications business to sustainable growth, through a focus on digital communications, and to expand further into the higher-growth areas – increasing their share of revenue from 25% to 40% by 2025.

We are seeing increased demand from our largest clients for these new services as they invest in digital technologies, data-driven marketing, ecommerce and personalised customer experiences.

A recent example is the retention and expansion of our relationship with Walgreens Boots Alliance. At the heart of the new partnership model is a data and technology solution that will pair WBA's rich first-party data set with WPP's industry-leading marketing technology capabilities.

#### AGENCIES: OUR GROWTH PLATFORM

This re-orientation of the Company into the growth areas of our industry is supported by the move to fewer, stronger agency brands within WPP, which have fully integrated offers combining creativity and digital expertise, and are better equipped to grow as a result.

The newly integrated agencies Wunderman Thompson and VMLY&R have been among WPP's strongest performers.

To support and increase our capabilities in fast-growth areas we have continued to make targeted acquisitions of technology, digital innovation and data companies, such as Sandtable, Xumak and – at the beginning of 2021 – DTI Digital and NN4M. We have also invested in the new innovation and business transformation consultancy, Proto.

The effectiveness of our offer was reflected in our industry-leading new business performance in 2020 with \$4.4 billion of net new billings won during the year.

#### LOOKING AHEAD

As we look to the future, we will build on this strength by investing further in the people, platforms and partnerships that enhance our capabilities at scale, and continue to engage in targeted acquisitions, scalable across WPP, which bring in additional talent, skills and technology.

# 40%

**Expected share of WPP revenue from experience, commerce and technology by 2025**

<sup>1</sup> Including automotive sales, but excluding food and delivery services.

# DISTANCE DANCE

**AGENCY**  
GREY NEW YORK

**CLIENT**  
PROCTER & GAMBLE

Following a call from the Governor of Ohio to the CEO of P&G, asking for help in communicating stay-at-home and social distancing messages to a younger audience, the client reached out to Grey.

Grey collaborated with TikTok's number one global influencer, Charli D'Amelio, to create #DistanceDance, a Covid-19 safety campaign designed to reach a demographic who might not be watching the news through traditional channels.

In its first week, #DistanceDance attracted more than eight billion views and 1.7 million imitation dances from celebrities, other influencers, college mascots, all of the major sports leagues and members of the public. It became the most viewed video in the history of TikTok. By participating in the #DistanceDance challenge, followers generated donations, with P&G promising to contribute to Feeding America and humanitarian aid organisation Matthew 25: Ministries for the first three million videos. All parties donated their time and media for the campaign.



**17.7bn**  
views

**#1**  
influencer recruited  
on TikTok

**#DISTANCE DANCE**  
STAY HOME DO THE DANCE HELP EACH OTHER



# Anjani Opticals

Chomu

# Pandya Opticians

Maninagar

# Ashoka Saree

Kamla Nagar

# Amar Saree Emporium

Nangloli

# Ravi Electrical

Gandhi Nagar

# Shama Watch

Murlipura

# Kirti General Store

MG Road



# Focal Point

Faridabad

## Kunden Saree Shoppe

Timber Market

## Rudra Electronics

Tukal Darshan

## Heaven Eye Clinic

Bandra West

 Mumbai

# NOT JUST A CADBURY AD

**AGENCIES**

**OGILVY MUMBAI, WAVEMAKER**

**CLIENT**

**CADBURY**

Diwali is the festival of lights, but last year the festivities were dimmed as the pandemic adversely affected the Indian economy. Everyone needed a little help to get back on their feet, especially the small local stores, so Ogilvy and Wavemaker helped Cadbury launch #NotJustACadburyAd. The brand didn't just advertise itself, but thousands of small businesses, too. The agencies mapped local stores across India through their pin codes and geo-targeted customised ads to promote the stores in their areas. Using AI, the agency created thousands of hyper-personalised versions of the same ad, prompting viewers to support their local stores, and making everyone's Diwali happier and sweeter.

**32%**

sales increase

**35m**

total impressions, with 9.4 million video views

**14.4%**

uplift in ad recall

**6%**

uplift in consideration

# CREATIVITY

## Investing in extraordinary work and the talented people who produce it.

### THE ESSENTIAL INGREDIENT

Our clients come to us for an increasingly wide range of skills, services and capabilities, but outstanding creativity remains firmly at the top of the list. It is an essential ingredient for the kind of truly transformative work required to launch, elevate, reinvent and future-proof the world's most successful brands.

Creativity takes many forms: from the classic "Big Idea" to ground-breaking product innovation, inspired media planning, the forging of fresh paths to reach consumers, ingenious public relations campaigns and new ways of applying technology.

Take a look at the work of WPP agencies at the Super Bowl – the world's greatest marketing showcase – and you will see everything from moving and hilarious TV spots to unique, technology-enabled experiences and social media activations that reach millions. Real creativity transcends marketing channels and disciplines – at heart it is about how we solve problems, and generate impact.

### INVESTING IN TALENT

Creativity is also a scarce resource. It takes special talent, and that means investing in the special people who possess it. In 2020 we recruited some of the industry's brightest creative talent, including Laura Jordan Bambach and Justine Armour at Grey,

Danilo Boer and Marcos Kotlhar at Ogilvy, and Walter Geer and Noel Cottrell at VMLY&R.

This year, we announced the appointment of Rob Reilly as Global Chief Creative Officer of WPP, with a brief to champion creativity throughout the Company and foster a culture that delivers extraordinary work for our clients. He is also tasked with attracting and nurturing the best creative talent, driving inclusion and diversity in creative work and teams, and working with technology partners to fuel the creativity needed for their platforms.

Rob, who was previously Global Creative Chairman of McCann Worldgroup and joins WPP in May, is one of the industry's most respected leaders, known for helping to create iconic ideas for the most impactful global brands. He will act as a partner to CEO Mark Read, as well as the CEOs and Chief Creative Officers of WPP's agencies, and his appointment is a clear signal of WPP's creative ambition.

Also this year, we appointed Dave Rolfe to the new role of Global Head of Production for WPP and Hogarth, our creative production arm. Dave is widely acknowledged as a pioneer in his field and celebrated for his transformative work for clients. He will be responsible for a strategy that lifts the role of production in delivering creative excellence across WPP.

### AWARDS IN 2020



Holding Company of the Decade



Pencils won by eight creative agencies



Most effective marketing communications company 2012-2020



89 awards; top honours to Ogilvy and AKQA



BCW first in 2020 Global Creative Index

### BOLD AMBITIONS

The best creative people want to work for the organisations with the strongest creative reputations. At WPP our ambition is to be seen not only as the most creative company in our sector, but in the world.

We begin from a position of strength: in 2020 the Cannes Lions International Festival of Creativity named WPP as the most creative company of the decade, and we were ranked the most effective marketing communications company in the world in the Effie Index, for the ninth successive year. No fewer than eight WPP agencies were recognised by D&AD, which celebrates excellence in commercial creativity, and BCW, our global public relations agency, was ranked number one in PRovoke Media's annual Global Creative Index.

### LOOKING AHEAD

Investing further in creativity – in particular in the United States – will continue to be at the heart of our strategy. As well as hiring fresh talent we are funding development programmes for our creative leaders to ensure their skills evolve as fast as the landscape around us; working with our technology partners to bring new innovations and ideas to life; and making it easier for creative talent to move around our agencies so they can build an entire career within WPP.



# WE WATCHED IT ALL

**AGENCY**  
**AKQA SÃO PAULO**

**CLIENT**  
**NETFLIX**

As one of the last year's few entertainment options, Netflix has been both a source of sanity, but also endless scrolling. Audiences had spent so many hours in front of screens that there was a collective feeling everything had been watched on the platform. AKQA helped Netflix to turn this phenomenon into a celebration, a joyful playlist in an otherwise melancholy year.

In a surreal musical film, after receiving a prompt that he's "finished Netflix", a fan is taken on an immersive trip down memory lane - back through everything he and the wider audience had watched and felt, together.

As our hero moves through his retrospective journey, the lyrics and bizarre visuals make fan-centric references to some of 2020's most talked-about moments. The film was teased with a back-and-forth on social media between the protagonist and Netflix itself, and followed up with augmented reality filters and music track releases.

The film featured cameo appearances from Chris Hemsworth (*Extraction*), Anya Taylor-Joy (*Queen's Gambit*), Álvaro Morte (*La Casa de Papel*), Lily Collins (*Emily in Paris*), and Asa Butterfield and Ncuti Gatwa (*Sex Education*).



**204m**  
Netflix paid memberships

**190**  
Netflix countries with paid memberships



# THE MOLDY WHOPPER

**AGENCY**  
**INGO STOCKHOLM, DAVID MIAMI,**  
**PUBLICIS**

**CLIENT**  
**BURGER KING**

Over the past three years Burger King has removed 8,500 tonnes of artificial preservatives from its products worldwide. The brief was to tell this story to the world.

Burger brands often showcase their products in the same way: juicy, beautiful and with over-produced photographs. As a result, it can be hard to believe that the food shown in those photos is real. So Burger King decided to break with convention with a campaign called the Moldy Whopper, featuring the iconic burger rotting over a period of 35 days.

A simple and clear message, showing that Burger King food has no preservatives. The campaign was talked about around the world, delivering commercial results for the client and winning numerous awards for outstanding creativity.



**+14%**  
 sales

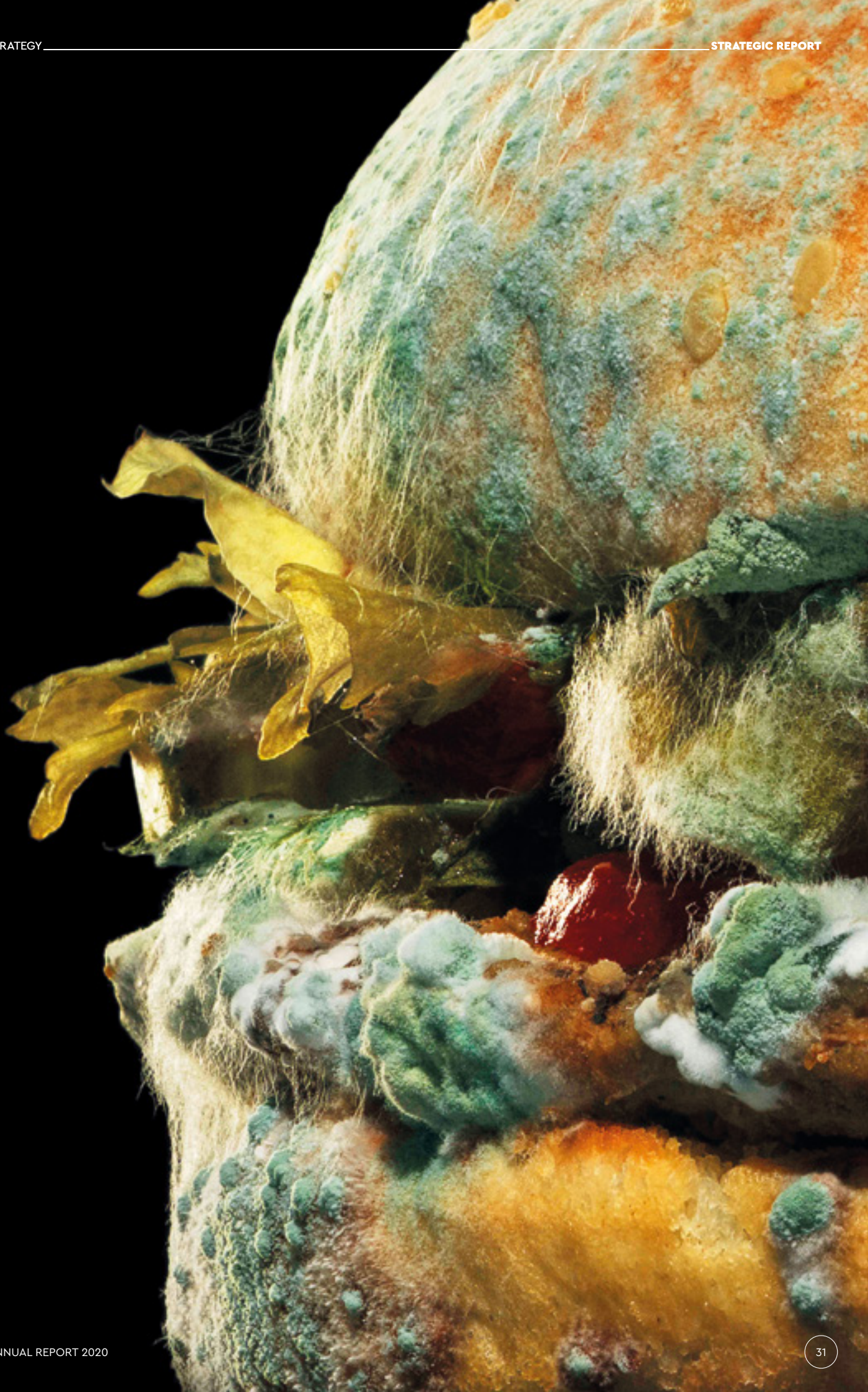
**8.4bn**  
 impressions

**\$40m**  
 earned media value

**+88%**  
 positive sentiment

## Winner

- D&AD Black Pencil
- The One Show - Best of Show
- ANDYs - Bravest
- EPICA Grand Prix



# DATA & TECHNOLOGY

Fuelling our growth and future-proofing our strategy.



**"DATA AND TECHNOLOGY ARE FIRMLY EMBEDDED AT THE HEART OF WPP'S OFFER."**

**Stephan Pretorius**  
Chief Technology Officer

## A TECHNOLOGY-DRIVEN WORLD

We know that technology is shaping the world around us. Technology underpins every aspect of the work we do for clients: how we understand consumers and markets, how we plan, buy and optimise campaigns, and how we connect consumers with brands and businesses. It allows us to innovate, it increases operational efficiency, and it enables us to deliver work that moves consumers and grows brands. Most of all, it allows us to augment creativity and deliver creative transformation for our clients.

## OUR TECHNOLOGY STRATEGY

Our technology strategy is designed to address four key trends in our industry:

- the increasing fragmentation and complexity in the media landscape;
- consumers' changing attitude to data ownership and use;
- the use of marketing technology to deliver connected consumer experiences;
- the consumerisation of creative technologies.

In light of these trends we are re-inventing what a best-in-class data and technology offering looks like, building products and solutions not currently available in the market, and always focusing on empowering our clients to be the masters of their own data and technology destiny.

We are embedding a future-proofed strategy across our business which harnesses our strengths – distributed innovation, scaled global partnerships, deep specialisation and an open platform which will change how we mobilise, utilise and administer data and technology for our clients. This strategy is built on three components: the **Platform** to deliver our services; the **People** who bring our offers to life; and the **Partners** we work with.

## PLATFORM

Throughout 2020 we have been rolling out WPP Open, a common data and technology platform that makes the best technology innovation from across WPP available to our agencies and clients. To date we have developed and commercialised 30 proprietary data and technology products through WPP Open.

## PEOPLE

We are investing in our people and building a learning culture to give them the right technology skills across cloud, AI and data science, marketing and advertising technology, creative technologies and digital media platforms. As a top three partner with Adobe, we have developed deep specialisation in Adobe services. More than half (over 50,000) of WPP employees use Adobe Creative Cloud daily.

We are also building expert communities across WPP, intent on deepening collaboration and expertise in the areas of data and technology.

## PARTNERS

We have holistic partnerships with many of the world's largest and most innovative technology companies, including Adobe, Amazon, Facebook, Google, IBM, Microsoft and Salesforce, providing us with preferential access to data and technology, joint product development, skills development and joint go-to-market programmes. We have received over 21,000 accreditations and certifications from these partners, strengthening our technical expertise.

With the addition of TikTok in 2021, we now have 25 global technology partners. This first-of-its-kind agreement provides WPP with early access to advertising products in development, ensuring WPP and its clients remain at the forefront of innovation as TikTok further develops its suite of products for brands.

## LOOKING AHEAD

The scale and adoption of WPP Open as our core technology and data platform will be a key focus for the year ahead. This will enable us to double-down on innovating and investing in areas of key client demand, be that in addressable media, customer data management, identity resolution, customer experience, virtual production or commerce.

## WPP AND TIKTOK: A NEW GLOBAL PARTNERSHIP

Fresh opportunities for creative excellence and innovative ways for clients to reach their customers.

In February 2021, WPP and TikTok – the short-form mobile video phenomenon – formed a global partnership that was the first of its kind in the industry. It enables WPP agencies and clients to tap into the culture-shaping impact and reach of TikTok, and to benefit from unique access and capabilities on the platform.

The opportunities for brands from short-form video and digital content continue to grow. As TikTok's designated Lead Agency Development Partner for new, creator-focused APIs, WPP will have early access to advertising products in development, ensuring we and our clients remain at the forefront of innovation.

TikTok will also collaborate with its talented community to build a diverse network of creators to partner with WPP and select advertisers.

Additionally, WPP and TikTok will co-create an industry-leading training and accreditation programme for WPP agencies, which will secure priority access to content tailored to media and creative disciplines.

**3tn+**  
TikTok video views

**2bn+**  
TikTok app  
downloads

**700m+**  
TikTok monthly  
active users





# RESERVING A LEGEND

## AGENCIES

**GTB, VMLY&R**

## CLIENT

**FORD**

For most people, buying a car is driven by sense and feeling – the touch of the body, the sound of the engine, the smell of the interior. How then to drive desire ahead of the launch of not one, but two iconic brands, Bronco and Bronco Sport, during a global pandemic? The experience also needed to inspire trust and be hassle-free.

GTB and VMLY&R had already created Ford's first online reservation platform – for the Ford Mustang Mach-E – at the beginning of 2020. With lessons from the Mustang Mach-E launch in hand, the Ford Bronco and Bronco Sport reservation experience was re-imagined.

The agencies worked with Ford to understand the elements of the purchasing process that could be optimised into a singular online reservation experience for all visitors to Ford.com, as well as their local dealer's website. The site enabled the customer to explore the new models in detail, while making it easy to convert interest into a tangible experience with a configurator that helped shoppers to build their own virtual Bronco.

The results were stellar: the Ford Bronco First Edition sold out in less than 24 hours, over 190,000 reservations were submitted in the first three months after the Bronco's reveal, and almost half of them were for the most expensive models. Within three days of the configurator going live, over 450,000 virtual Broncos were built.

## 24 hours

time required for the Ford Bronco First Edition to sell out

## 450,000

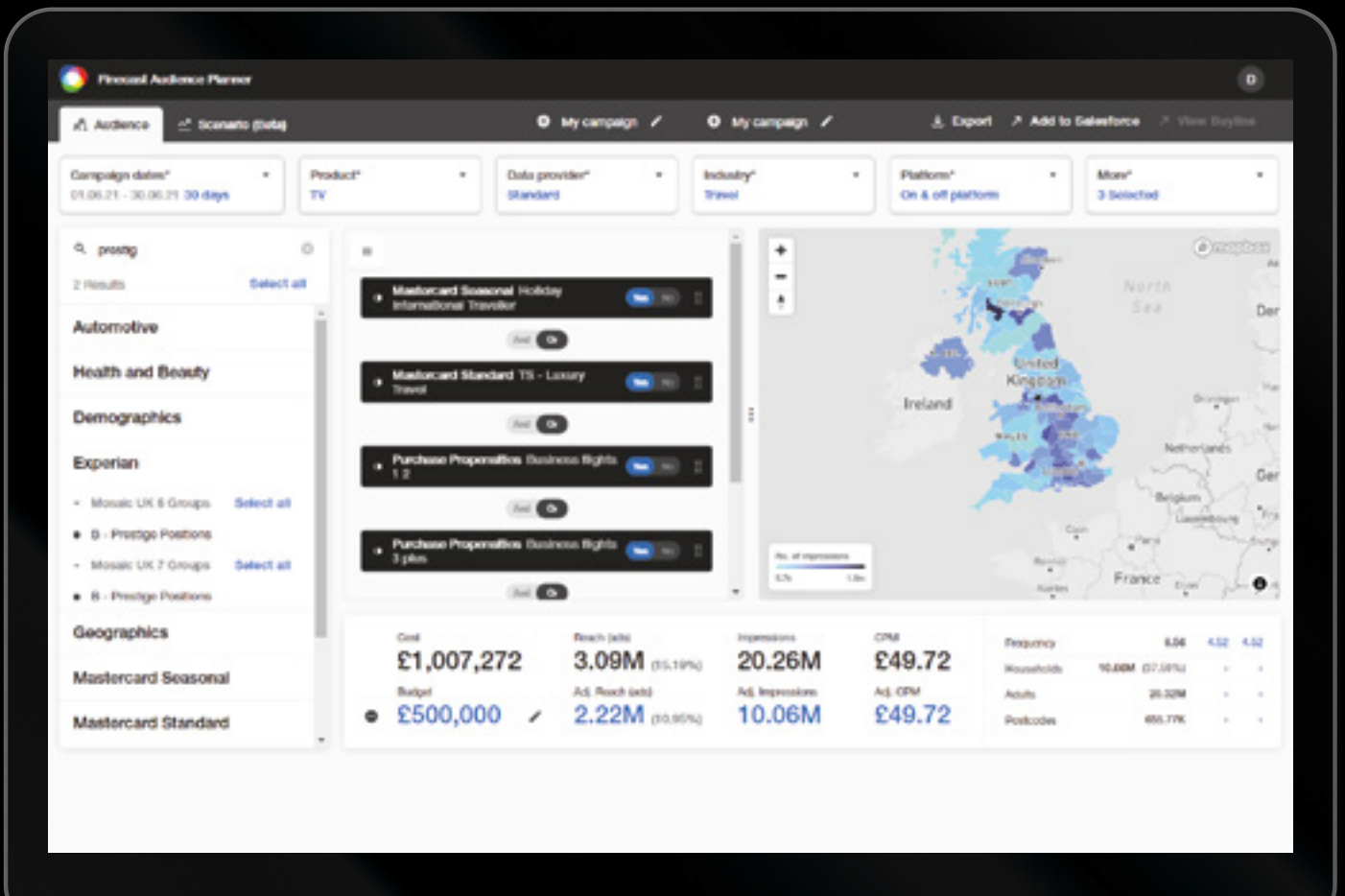
virtual Ford Broncos built within three days of the configurator going live

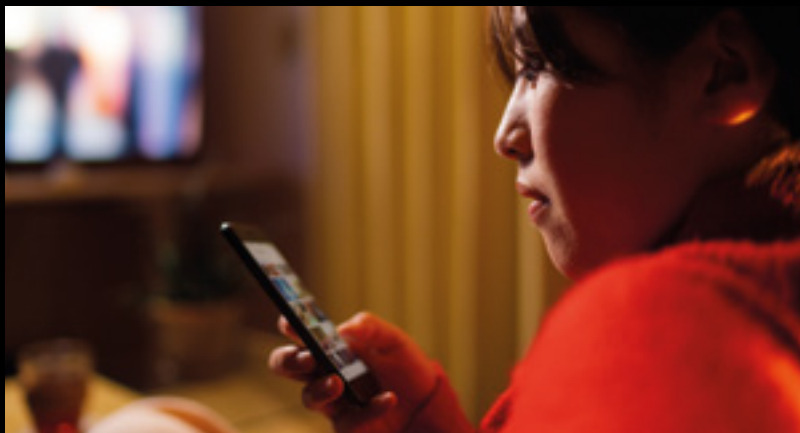
## 190,000

reservations in the first three months









# ADDRESSING AUDIENCES

## AGENCY FINECAST

Television remains an incredibly powerful medium, but today people watch it in many different ways using many different kinds of devices. Finecast, which is part of our media investment arm GroupM, provides advertisers with a single point of access to the entire modern TV ecosystem.

Finecast Audience Planner is the first and, so far, the only technology platform globally to provide holistic campaign planning, pricing and forecasting capabilities across the addressable TV marketplace.

It is attracting new clients and driving new spend on TV by enabling brands to perform precision targeting within their audiences and activate first-party data. By integrating with broadcasters, platforms, data partners and advertisers, Audience Planner applies audience intelligence at scale, enabling clients to break through the complexity and fragmentation of today's market, and to deliver effective, precision-targeted campaigns across all major TV platforms.

Built from the ground up on WPP's technology infrastructure – including Google Cloud Platform – Audience Planner is highly scalable and customisable for any market, with a simple and fast user interface.

The platform launched in the UK in 2020, and is currently rolling out in every Finecast market across the globe.

**10**  
markets live by the end of 2021

**40m**  
TV devices being reached across the UK

**5,000+**  
campaigns planned

**2,000+**  
audience segments available to target

# SIMPLER STRUCTURE CLIENTS

Easy access to our market-leading capabilities.



**"OUR CLIENT SATISFACTION SCORES IMPROVED IN 2020 DUE TO THE DEPTH OF OUR RELATIONSHIPS, STRENGTH OF OUR OFFER AND DEDICATION OF OUR PEOPLE."**

Lindsay Pattison  
Chief Client Officer

## A DYNAMIC MARKET

The last year has seen many striking shifts in the marketing ecosystem: from hyper-fast changes in messaging and media spend, to more structural developments such as the pivot to ecommerce, and the importance of embracing purpose, diversity and sustainability to engage employees, investors and customers.

In this context, there has never been a more exciting time to partner with clients on their transformation journey. And while many things have changed during Covid-19, one constant is the necessity of strong client relationships.

Clients want their needs understood first, and then they want WPP to bring its full resources to provide the service they require with simplicity, speed and agility across integrated agency offerings – and with easy access to best-fit and diverse talent.

## A TRUSTED PARTNER TO OUR CLIENTS

Amongst our top 20 clients, we have four of the world's most valuable companies by market capitalisation: Apple, Google, Microsoft and Johnson & Johnson. Despite the challenges of the pandemic, we grew our relationships with half of our top 30 clients in the year – who represent 31% of our revenue less pass-through costs.

Many of our largest clients have Global Client Leaders. These experienced executives make sure our clients have a simple and clear view of all we can do across communications, experience, commerce and technology; they identify the right capabilities, expertise, and talent within our agencies; and they ensure cohesion and collaboration across the Company for the benefit of our clients.

In 2020 we had very positive feedback from clients and our highest ever client satisfaction scores, reflecting the strength of our offer, the depth of our relationships with clients, and the skills and dedication of our people during a very challenging period in which the vast majority were working from home due to Covid-19 restrictions.

We have both expanded our remit with existing clients and continued to win new clients. In 2020 major assignment wins included companies such as Alibaba, Dell, HSBC, Intel, Uber, Unilever, WW and Whirlpool. Overall we were the industry leader in new business performance across both creative and media, with \$4.4 billion of net new business won in 2020.<sup>1</sup>

We are seeing very strong levels of collaboration across WPP, with an increasing roster of pitches involving multi-agency teams and strong co-ordination and support from the client, new business and technology capability we are building at the centre of WPP. This was demonstrated most recently with the retention and expansion of our relationship with Walgreens Boots Alliance.

A key measure of how well we serve our clients is the improvement in our like-for-like revenue growth relative to peers. In the final quarter of 2018 WPP's growth rate was 3.1 percentage points (pp) less than the average of our competitors globally and 7.3pp less than the United States average. Fast-forward two years, to the end of 2020, and our relative position has improved significantly: WPP's growth rate was 0.9pp better than the average globally and only 0.4pp behind the average in the United States.

## LOOKING AHEAD

We still see more room for improvement; in 2021 our central resources will be focused on driving client satisfaction and organic growth. There is significant headroom to grow, particularly in the high-growth areas of experience, commerce and technology, and in enterprise-level initiatives such as business transformation, DE&I and sustainability.

<sup>1</sup> Billings, as defined in the Financial Glossary on page 225.

# SERVING CLIENTS IN A CHALLENGING YEAR

Continuous service to clients at a time when the need for our solutions and expertise has been greater than ever.



## WHEN THE WORLD STOPPED

During this critical phase our clients were able to depend on us for uninterrupted service: from re-planning their communications spend, redirecting resources to alternative channels and maximising their return on investment, to helping them to communicate effectively and appropriately.

# 24 hours

Many new campaigns were developed in a matter of hours or days instead of weeks and months



## GETTING BACK TO BUSINESS

As clients resumed and reorganised their operations, they looked to WPP to deliver new creative ideas and executions, and to work closely with them to create the "new normal". This led to increasing demand for our public relations, ecommerce, marketing technology and production capabilities.

# 76%

We are working on ecommerce with more than three quarters of our top 100 clients



## LOOKING TO THE FUTURE

Today we are helping our clients adapt their marketing approaches for a post-pandemic world, in which digital communications, experience, commerce and technology will be of ever-greater importance.

# 59%

Share of digital in the advertising market<sup>1</sup>

<sup>1</sup> SOURCE: GroupM *This Year Next Year* report total advertising spend excluding political advertising in the United States.



For more information on how we played our part in responding to Covid-19 please see [wpp.com/featured/how-wpp-is-responding-to-covid-19](https://wpp.com/featured/how-wpp-is-responding-to-covid-19)

# SIMPLER STRUCTURE COMPANIES

We have radically simplified our structure.



**"WPP NOW HAS FEWER, STRONGER AGENCY BRANDS WORKING BETTER TOGETHER."**

**Andrew Scott**  
Chief Operating Officer

## FEWER, STRONGER BRANDS

Over the last two years we have made substantial progress towards our goal of radically simplifying our Company.

We now have fewer, stronger agency brands, following a series of targeted actions including the merger of several major agency networks; the disposal of 60 non-core businesses and investments; the merger of 100 small, local offices; and the closure of a further 80 business units.

The asset sales have generated proceeds of over £3.5 billion (including £2.5 billion from the sale of a 60% stake in Kantar in 2019) and significantly reduced our debt to low and sustainable levels.

As a result of these actions, we have a more streamlined and simplified structure, better positioning us to serve our clients. We now have a strong footprint of ten global agency networks and our overall stable of brands has been reduced from more than 500 to 220.

We have also grown our use of shared, multi-agency Campuses for our people, driving efficiencies and allowing clients easier access to our talent and expertise. Today we have a third of our people working in our Campuses – a significant increase over the last two years.

## CREATING LEADING AGENCIES

In 2020, we announced we would bring AKQA and Grey together within AKQA Group, and move Geometry into VMLY&R to create VMLY&R Commerce, a new end-to-end creative commerce agency. These moves follow the creation of Wunderman Thompson and VMLY&R in prior years.

We now have the right structure of leading integrated global creative agency brands, providing clients with a full suite of modern marketing solutions across communications, experience, health, ecommerce, data and technology.

In 2020 we also announced changes within our public relations business, bringing together three of our agencies to form Finsbury Glover Hering, a leading global strategic communications and public affairs firm.

## LOOKING AHEAD

WPP has a material opportunity to leverage our scale across our agencies, creating a more efficient operating platform and unlocking further cost savings.

We will achieve this in three ways: simplifying our operating model, including standardising technology and production platforms across our companies and consolidating our smaller local agencies; buying more efficiently as a single organisation; and reducing real estate costs by consolidating more of our agencies into fewer, larger, shared Campuses. For more on these and other savings initiatives, please turn to the Chief Financial Officer's statement on page 58.

# SIMPLER STRUCTURE COUNTRIES

Integrated country operations.



**"THROUGH COLLABORATION WE ARE ABLE TO OFFER CLIENTS THE BEST OF WPP."**

**Karen Blackett OBE**  
WPP Country Manager for the UK  
and GroupM UK CEO

## GLOBAL SCALE AND LOCAL PRESENCE

Our size is one of our strengths. We have industry-leading global media-buying scale, providing both good value and premium inventory, as well as strong positions in local markets. This is complemented by a network of global creative agencies, again with strong local presence, providing clients with an integrated suite of marketing solutions.

We have a unique position as one of the most geographically diversified companies in the industry with a worldwide reach to over 100 markets. This comprises an attractive combination of well-established and highly profitable markets such as the United States and UK, and structurally faster-growing economies, such as India, China and Brazil.

Within our three main geographic regions our revenue is broadly balanced, with roughly one-third each from North America, Western Europe including the UK, and Rest of the World markets (Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe). Our 20 largest countries are the key drivers of performance, representing 88% of revenue less pass-through costs.

We are already working with some of the world's fastest-growing companies in markets such as India, China and Brazil. In 2020 Alibaba appointed Mindshare as its media agency in China, Dell chose VMLY&R as lead creative agency in India, and Campari selected Ogilvy in Brazil.

## COUNTRY-LEVEL INTEGRATION

Within our global footprint we have 18 Country and Regional Managers covering many of our larger markets. As well as providing depth of local understanding and insight, they bring the best of WPP to their markets by promoting WPP's brand, strategy and offer, and coordinating the resources of WPP on behalf of clients.

Our Campus programme is also a key element of our country-level integration strategy of leveraging our strengths in individual markets. Each Campus location brings our agencies together in modern, world-class workplaces for our people, encouraging closer collaboration between our agencies, providing clients with easier access to our talent and expertise, and unlocking efficiencies through consolidation of smaller office buildings.

In 2020 we added three new Campuses, in Chicago, Hong Kong and Rome, taking the total to 20. Before the end of 2021 we expect to open a further 11 sites. For WPP, every new Campus is a sign of our commitment to that country and investment in our people.

## LOOKING AHEAD

As part of our strategy for growth, by leveraging WPP's existing global strength we will accelerate our investment in high growth potential markets, including China, India and Brazil. For example, earlier this year we acquired DTI Digital, a leading Brazilian digital innovation and software engineering company. These markets are attractive as we expect them to grow at double-digits annual rates over the next five years.

Under our simplification strategy, we expect to locate 85% of our people in Campuses by 2025, compared to 33% today. There is no doubt that a lasting legacy of Covid-19 will be to change the way that we work, providing an opportunity to reduce our space requirements by about 15-20% on average.



THE  
WHAT TO BUY THE PERSON  
WHO'S 100% VEGAN WHEN  
YOU'RE 100% CLUELESS

# Bootique





# BOOTIQUES: BREAKING THE MOULD OF CHRISTMAS

**AGENCIES**  
VMLY&R COMMERCE, OGILVY,  
MEDIACOM

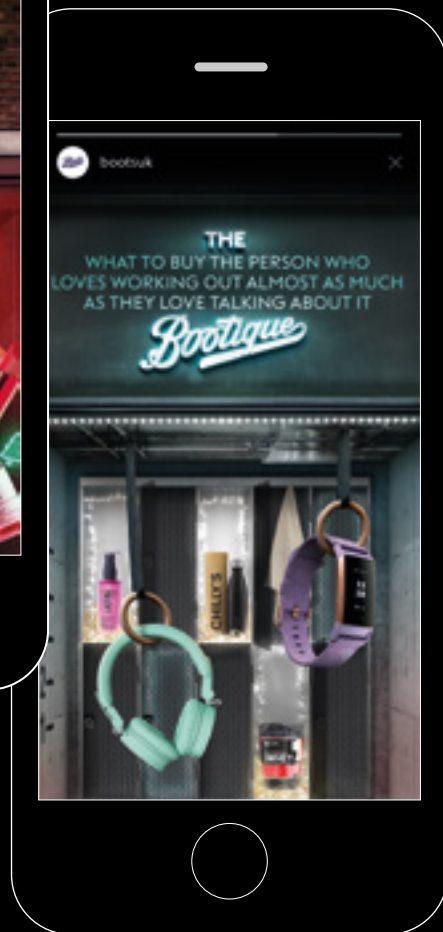
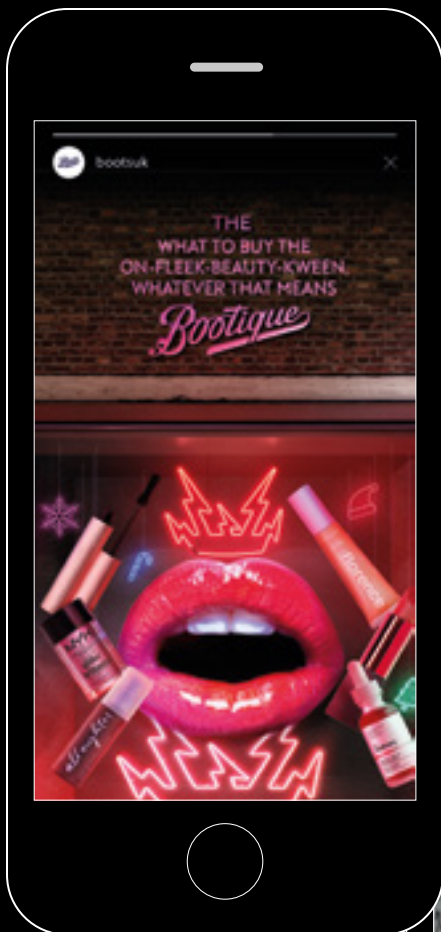
**CLIENT**  
BOOTS (WALGREENS  
BOOTS ALLIANCE)

For last year's festive season, Boots decided to break the mould of Christmas advertising. Instead of an emotive TV spot, a team from VMLY&R Commerce, MediaCom and Ogilvy created a multichannel experience for UK audiences, across digital and traditional media, that the whole nation could interact with and enjoy.

Knowing what to buy for your loved ones is a perennial Christmas problem. Fortunately, with over 2,500 stores across the UK, Boots has extensive knowledge about what British consumers love. Our agencies were able to use this data to curate bespoke ranges, answering every gifting problem, no matter how niche.

The ambition was to speak to as many consumer tribes as possible, which is why the team decided to turn every single asset created into its own shoppable Bootique. So whatever tribe you were shopping for, there was a Bootique for you.

The collaborative campaign – brought to life by a cross-disciplinary team spanning creative, PR, content, social, advertising, loyalty and media – also included the launch of physical Bootique stores across the UK.



**+95%**  
Boots.com  
page views

**+687%**  
social impressions

**223%**  
return on ad spend

# WORLD-CLASS WORKING ENVIRONMENTS

## OUR CAMPUS STRATEGY

The WPP Campus programme is a key pillar of our country-level integration strategy: providing inspiring spaces for our people to work, learn and create; encouraging closer collaboration between our agencies; and giving clients easier access to our talent and expertise.

We continue to move employees into Campuses, closing multiple smaller sites and replacing them with fewer, larger, more environmentally friendly buildings that offer modern, world-class workspaces.

The proportion of our people based in Campuses has increased steadily from 15% in 2018 to 33% in 2020, though most of our colleagues have, of course, been working from home during the last year. As of December 2020 the level of office-based working in some of our main markets was: United States 2%, UK 3%, Germany 12%, China 71% and India 10%.

Just as we are helping our clients look beyond the pandemic, we are doing the same, and in 2020 we opened new Campuses in Chicago, Hong Kong and Rome. During 2021 we plan to open another 11 globally.

In the post-Covid world there will be a greater emphasis on flexible, hybrid models of working, which the Campus programme will support through its focus on agility and shared spaces.

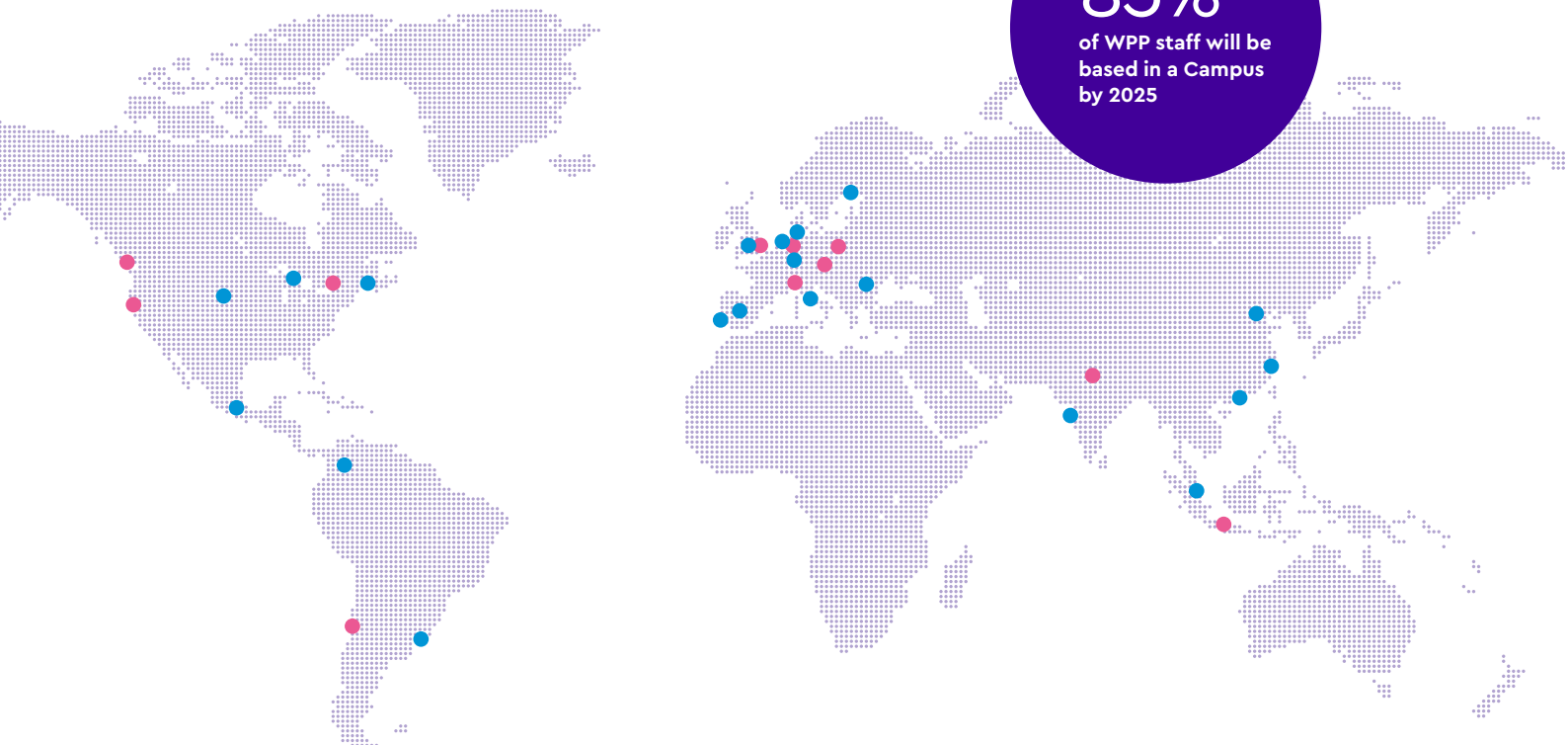
By 2025 we expect 85% of WPP employees to be based in Campuses, and a reduction in our office space requirements of between 15 and 20%.

### EXISTING CAMPUSES

- Amsterdam
- Beijing
- Bogota
- Bucharest
- Chicago
- Frankfurt
- Hamburg
- Helsinki
- Hong Kong
- Kansas
- Lisbon
- London – Sea Containers House
- Madrid
- Mexico City
- Montevideo
- Mumbai
- New York – 3WTC
- Rome
- Shanghai
- Singapore

### OPENING IN 2021

- Detroit
- Düsseldorf
- Gurugram
- Jakarta
- London – Rose Court
- Milan
- Prague
- San Francisco
- Santiago
- Seattle
- Warsaw





Hunger

narrated by

Marcus Rashford

## THE HUNGER MONSTER

**AGENCY**  
**BCW LONDON**

**CLIENT**  
**ALDI**

One in five children lives in food poverty in the UK. To help combat this, BCW worked with Aldi to raise awareness, and get consumers involved in the retailer's pledge to donate ten million meals to families in need in 2021. BCW created a poignant film, *The Hunger Monster*, which depicts a young child's relationship with hunger and its devastating effects in a poem by Giles Andreae, while celebrated illustrator Lisa Stickleby brings the story to life through the accompanying animation. The team secured the support of Marcus Rashford MBE, England footballer and campaigner, to narrate the poem and throw his weight behind the campaign.

**1.9m**  
animation views  
on social media

**570**  
items of media  
coverage

# PEOPLE & CULTURE

How we fulfil our purpose starts with our people.



**"OUR GOAL IS TO ATTRACT, RETAIN AND GROW THE MOST TALENTED, CREATIVE AND INSPIRED PEOPLE ON THE PLANET."**

Jacqui Canney  
Chief People Officer

## OUR PEOPLE ARE OUR COMPANY

At WPP we know that our people are our Company. As we transform and help our clients to do the same, we need three key attributes: a clear purpose; a set of values that guide us; and a strong strategy for growth. All three come together in our people.

## VALUES

Our core values inform how we work, who we hire and the way we operate as a business. We foster an inclusive culture across WPP, one that is equitable, tolerant and respectful of diverse thoughts and individual expression. We aim to create a work experience where people are **open** to new ideas, **optimistic** about the future, and empowered to do **extraordinary work**.

## WORKING FROM HOME

Since the onset of the pandemic, the safety and wellbeing of our people has been our top priority. In 2020 we increased our investment in wellbeing resources and initiatives, especially in relation to mental health – see page 48. We also created new ways to connect across WPP, from CEO virtual townhalls to "safe rooms" that offer more space for open and candid discussions. We are communicating more often, from focusing on wellbeing in The Weekly, our global internal newsletter, to launching WPP TV, a new platform for our people to share their creativity, expertise and insights.

Since March 2020 the large majority of our people have been working remotely. Some offices have reopened in certain countries when local rules allowed – all on a voluntary basis for those who need or want to return – at reduced capacity and with strict safety protocols. At the peak around 95% of our colleagues were working away from the office. We developed new resources and guidance to help our people in caregiver roles, from assisting sick relatives to taking care of children studying at home.

## OUR PEOPLE STRATEGY

Our people strategy is central to WPP's vision as a creative transformation company. At its heart is our goal to attract, retain and grow the most talented, creative and inspired people on the planet, those who are drawn to WPP by our purpose of building better futures. The strategy is based on three key pillars: being the employer of choice for all, modernisation of experiences and growth.

## EMPLOYER OF CHOICE FOR ALL

Being the employer of choice for all rests on our ability to hire and retain exceptional, diverse talent. Diversity and difference power creativity – from sex, gender, race and ethnicity to sexual orientation, age, religion, disability, family status and so much more. To succeed, we are seeking out people who can bring more of these different perspectives to our client work, which is why we are partnering with

organisations such as Brixton Finishing School, RARE recruitment, the One Club For Creativity and adfellows.

We are also listening more closely to our people. When we understand their experiences and learn from them, we create a deeper sense of belonging and an inclusive environment where everyone can do inspiring creative work. To this end, in 2020 we launched our first all-staff survey in our top five markets to better anticipate our people's needs and to shape our people strategy. This helped to form our 2021 Listening programme, which started with WPP Pulse – an anonymous, quarterly global survey, designed to gather and act on unfiltered, honest feedback.

In June 2020 we made a number of commitments to advance racial equity. We view this work as a moral and business imperative. We committed to take decisive action on each of the 12 points in the "Call for Change" open letter from more than 1,200 Black advertising professionals to the industry; to use our voice within and beyond our industry; and to invest \$30 million over three years to fund inclusion programmes within WPP and to support external organisations. We set out our progress against these commitments on page 49 of this report, and in more detail in our Sustainability Report.

100,000  
people

95%

of employees worked from home  
at the peak of the Covid-19 pandemic

50

editions of all-staff newsletter  
*The Weekly*, with 1.8 million  
unique opens

100%

of our employees have access to the  
Employee Assistance Programme

51%

of our senior managers are women

28

CEO virtual townhalls in 2020,  
with over 39,000 total participants

Much work remains, but we have made good progress on gender diversity. The proportion of women in executive leadership roles increased to 40%, compared to 37% in 2019, and 43% of the Board are women. We are currently running several successful gender diversity initiatives including WPP Stella, a senior leadership and networking group, and women's development programmes such as Fast Forward and Walk the Talk. In 2021 we were named an industry leader in the Bloomberg Equality Index for the third consecutive year.

In June 2020 we launched WPP Unite!, a cross-agency LGBTQ+ community, which advises on policies that impact the LGBTQ+ talent of WPP and its agencies. This year we were proud to be named one of the Best Places to Work for LGBTQ Equality in the 2021 Corporate Equality Index.

#### MODERNISATION OF EXPERIENCES

We are using technology to improve the experiences of our people, in the same way we use it for our clients and their customers. We are centralising our systems to provide the data-driven insights for improved decision-making. We are offering more user-friendly self-service tools, deploying new people management software and helping our teams match employee skills to client needs more effectively. And we continue to bring more of our people into modern, world-class Campuses, targeting 85% of employees by 2025.

Together these modernisation initiatives to simplify and standardise how we work form part of our wider business strategy to generate cost and efficiency savings – which will help us reinvest in talent and incentives to drive our growth. For more on these and other initiatives, please turn to the Chief Financial Officer's statement on page 58.

#### GROWTH

Talent is the life force of WPP. When we ask our people what they want, opportunities to grow and learn rank near the top. That is why we invest in new hires, training and skills development, to help us compete and to grow our people, teams and business.

We have named many dynamic new leaders in the last year, from internal promotions and external hires. In 2020 we appointed Simona Maggini as Country Manager for Italy, Nick Lawson as Global CEO of MediaCom, Andy Main to lead Ogilvy, and Adam Gerhart as Mindshare Global CEO, along with other senior leaders like Kirk McDonald, Devika Bulchandani and Rachel Higham. In 2021 we appointed Beth Ann Kaminkow as Global CEO of VMLY&R Commerce and Rob Reilly as WPP's Global Chief Creative Officer.

We spent £19.7 million on training in 2020 with 77% of our people taking part in formal training programmes. During 2020 we continued to work with our leading technology partners such as Adobe,

Amazon, Google, Microsoft and Salesforce to enhance our technical expertise and gained over 21,000 accreditations and certifications.

This year, we are increasing our investment in development programmes to hone the skills and capabilities we need to transform and deliver on our business strategy. We are investing more in leadership development programmes for women, people of colour and the next generation of leaders, because our growth depends on effective, diverse leadership for many years to come. And we have launched our new Career Explorer platform, which provides greater transparency into job openings so current and prospective employees have access to more career paths across WPP.

#### LOOKING AHEAD

We plan to invest an additional £150 million annually by 2025 in our people. This will be targeted at increasing talent and skills in the fast-growth areas of the industry – such as experience, commerce and technology – and boosting our capabilities in AI and machine learning. The goals are simple: strengthen skills that unlock better client relationships and results, make it easier for our people to move around our agencies, and ensure more opportunities for growth are open to all our people.

For more on our people, please turn to Employer of Choice for All on page 76.

# WELLBEING

The challenges created by the Covid-19 pandemic, racial injustice, political division, and many other issues around the globe have taken their toll on people's mental, emotional, financial and physical wellbeing. There are no simple answers to these complex issues that affect each person differently, but by increasing investment in wellbeing resources for our people we aim to anticipate and support their needs.

During 2020 we rolled out our Employee Assistance Programme to every market globally to offer our people and eligible family members access to free, confidential counselling and support, and we shared resources on topics such as managing stress, dealing with loss, and how to access local financial or legal help.

We launched our "safe room" series in response to horrific acts of racially motivated violence in the United States, so our people would have a space for open and honest conversations. The series has since been extended to various communities including Black women in leadership and single parents.

To recognise World Mental Health Day and Mental Health Awareness Month we curated a global programme of wellbeing sessions, highlighted educational wellbeing resources and gave our people a platform to share their personal tips and advice on how to look after our mental and emotional health during lockdown.

In May 2021, we are launching a new Mental Health Allies programme in the UK, with a pilot in the United States and the intention of rolling it out across other markets. Mental Health Allies are employees who volunteer to be trained to support others. As part of this initiative, we are building a Wellbeing Academy at the centre of WPP, where Allies and HR professionals will be able to seek support, continuous learning and advice.



**100%**  
of employees  
can access  
Employee  
Assistance  
Programme

**200**  
UK Mental  
Health Allies  
by May 2021

# OUR RACIAL EQUITY COMMITMENTS

In June 2020, we set out a series of commitments to help advance racial equity. We said we would take decisive action on each of the 12 points in the "Call for Change" open letter to the industry from more than 1,200 Black advertising professionals; use our voice to bring about change in and beyond our industry; and invest \$30 million over three years to fund inclusion programmes within WPP and to support external organisations. While there is much more work to be done, we have made progress towards these commitments as we embed diversity, equity and inclusion (DE&I) into everything we do.

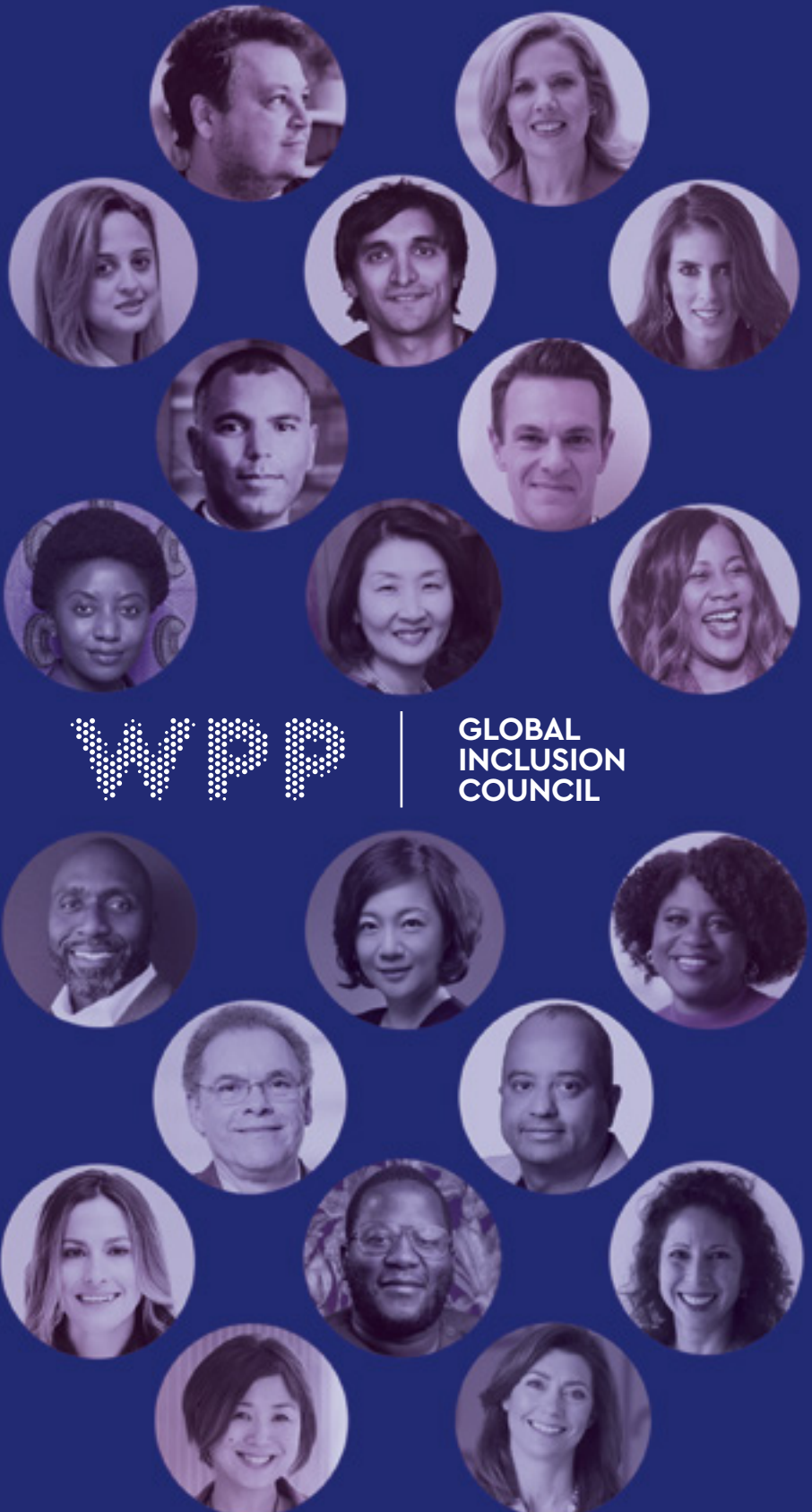
We have established our new Global Inclusion Council to advise on DE&I goals, recommend new systems and strategies, and identify barriers to progress. We released our most recent United States Equal Employment Opportunity Commission data and committed to reporting our workforce diversity data annually in our Sustainability Report. To embed DE&I into our hiring and development processes, all our HR teams received anti-bias training and we launched a diverse candidate slate policy in the US and UK.

We have partnered with organisations such as the LAGRANT Foundation to help build a more diverse future talent pool and launched NextGen Leaders, a virtual learning series for college students and recent graduates. 55% of the 846 participants in 2020 were Black, Asian and Latin American. We have implemented and are expanding learning and development opportunities for our employees of colour, including our Elevate sponsorship programme. We launched our mandatory Belonging at WPP inclusion training for all staff globally and a Conscious Inclusion programme, to raise our awareness of unconscious bias. We created an Inclusive Marketing Playbook to enable WPP teams to put inclusive marketing principles and best practice front and centre. And we established our Diversity Review Panel for our people to raise any concerns regarding negative stereotypes in our work.

To ensure transparency and accountability, we have committed to updating our employees on progress against our DE&I goals each quarter.

## \$30m

investment over three years in inclusion programmes within WPP and to support external organisations



GLOBAL INCLUSION COUNCIL

**i** For further detail on our racial equity commitments, please see our 2020 Sustainability Report





STARBUCKS  
PRESENTS:

*xi.* *i am*





## I AM

**AGENCY**

**VMLY&R BRAZIL**

**CLIENT**

**STARBUCKS**

In Brazil, trans people often suffer prejudice when they don't have their new names on official documents. The process for legally changing names is expensive and bureaucratic, and the registry offices where it happens are intimidating environments for this community.

At Starbucks, anyone who orders a drink at the counter has their name respected and written on the cup without question.

So, VMLY&R decided to invite trans people to have their names legally changed in a place where they are always welcome. The agency transformed a local Starbucks into a registry office, and participants were able to leave the store with official documents in their new names – free of charge.

The result was a seven-times increase in daily legal name changes for the city of São Paulo.

## Winner

Grand Prix El Ojo 2020

# WINNING IN MEDIA

GroupM is the world's leading media investment company, responsible for more than \$60 billion in annual media investment through agencies Mindshare, MediaCom, Wavemaker, Essence and m/SIX. The strength of our media offer was reflected in our industry-leading new business performance in 2020, with \$4.8 billion of new media business won during the year.

According to independent research consultancy COMvergence, GroupM won close to three times more new business than its nearest competitor, reflecting significant new assignments during the year including Hasbro, Sainsbury's, Walgreens Boots Alliance, Whirlpool and Uber.

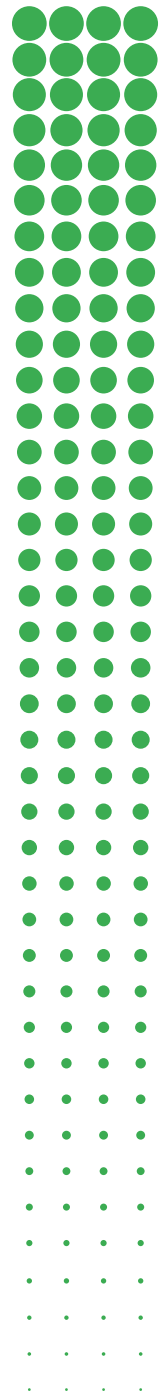
Among individual media agencies, GroupM companies led the global rankings. MediaCom was first, with a total new business value of \$1.6 billion, and Wavemaker second, with \$1.4 billion.

## 2020 KEY MEDIA NEW BUSINESS WINS

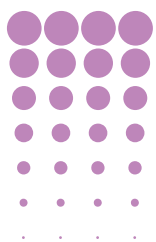


## TOTAL NEW BUSINESS VALUES 2020 (\$bn) (including billings retained)

**GROUPM**  
**4.8bn**



**MEDIABRANDS**  
**0.8bn**



**HAVAS MEDIA GROUP**  
**1.1bn**



**OMNICOM MEDIA**  
**1.6bn**



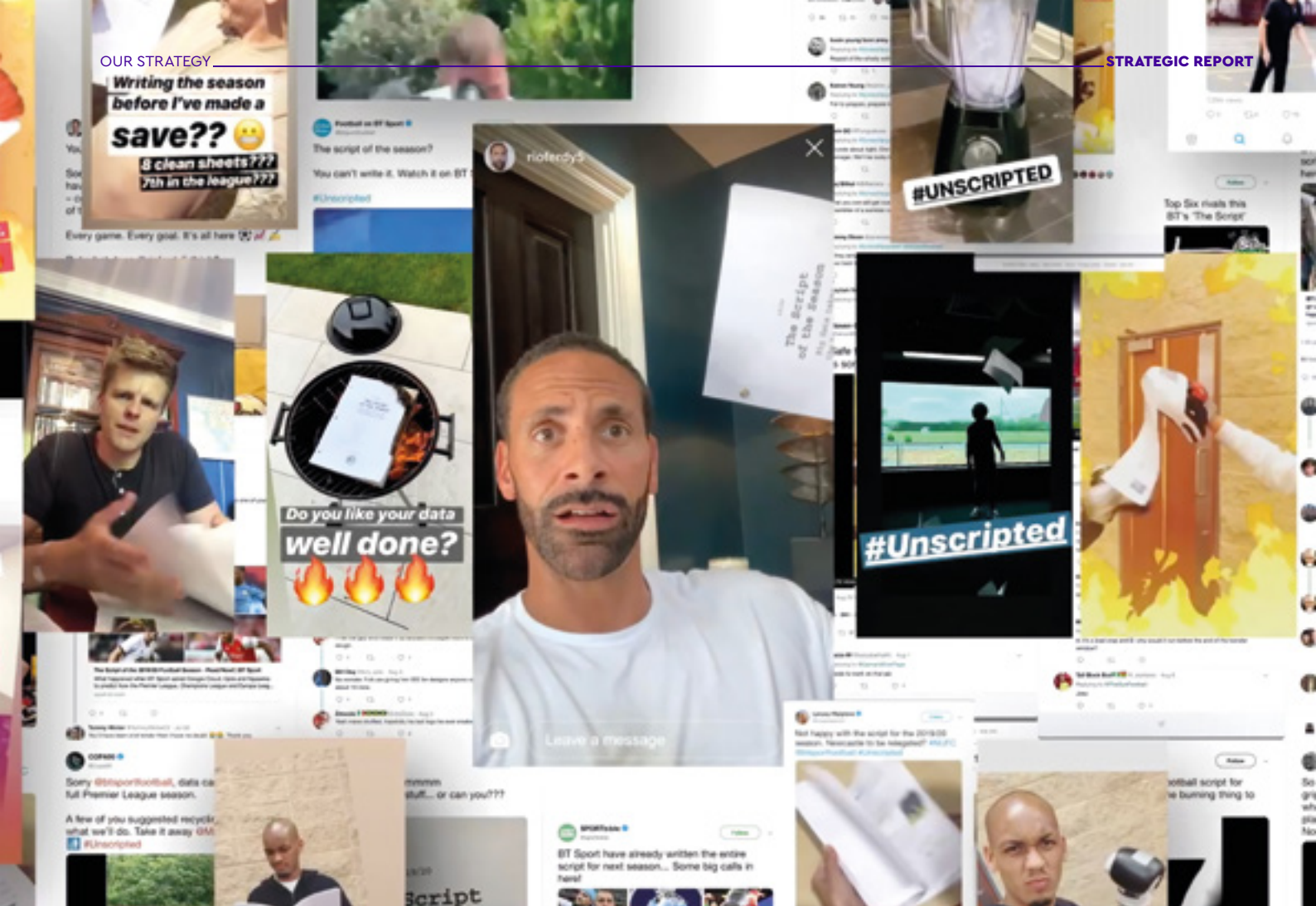
**PUBLICIS MEDIA**  
**1.7bn**



**DENTSU INTERNATIONAL**  
**1.8bn**



SOURCE: COMvergence, Billings Rankings 2019 and New Business Barometer FY 2020



**137m**  
media impressions  
across 44 countries

**40,000**  
new followers of BT Sport  
within the ten-day  
campaign period

**30%**  
increase in BT Sport  
subscriptions

# UNSCRIPTED

**AGENCIES**  
WUNDERMAN THOMPSON  
LONDON, ESSENCE LONDON

**CLIENT**  
BT SPORT

BT Sport's challenge to Wunderman Thompson and Essence was to help it take on and defeat its rivals in the battle for subscriptions. So, the agencies decided to ignite a global debate, using technology, social media and a large dose of controversy.

Time and again, football shows just how unpredictable live sport can be. You just couldn't write it. Or could you? Together with BT Sport, the agencies united Opta, the world's leading supplier of sports data, Squawka, the analytical sports agency, and Google Cloud. Their goal: use big data and AI to do the unthinkable – predict the entire season in the form of a 60-page script, before a ball had even been kicked. The next step was to release the script to pundits, players, influencers, journalists and fans – then sit back and watch the fireworks.

What followed was a conversation explosion across talk shows, newspapers, social media and news channels, driving 30% more BT Sport subscriptions than in the prior season.

# KEY PERFORMANCE INDICATORS

We track our performance against indicators that reflect our strategic, operational and financial progress, as well as our impact on society and the environment. These indicators allow the Board, management and stakeholders to compare our performance to our goals.

At our Capital Markets Day in December 2020, we introduced a number of new metrics including client satisfaction scores, digital share of billings, the share of revenue from experience, commerce and technology, and the proportion of employees in shared Campuses.

## ALIGNING PERFORMANCE MEASUREMENT WITH STRATEGY

Performance measures are selected to align to our business strategy and include a range of financial and non-financial metrics. Non-financial metrics are measured in a scorecard with appropriate measures set based on role and accountabilities.

	STRATEGIC ELEMENTS				
	Vision & offer	Creativity	Data & technology	Simpler structure	People & culture
<b>Operational</b>					
Client satisfaction score	●	●	●	●	●
Digital % of media billings (GroupM)	●		●		
Share of revenue less pass-through costs from experience, commerce and technology	●		●	●	
<b>People</b>					
Proportion of women in senior executive positions					●
Employees in shared Campuses	●	●		●	●
<b>Sustainability</b>					
Carbon emissions per person from owned operations				●	●
Share of electricity purchased from renewable sources				●	●
<b>Financial</b>					
Like-for-like revenue less pass-through costs growth	●			●	
Headline operating profit margin	●		●	●	
Like-for-like revenue less pass-through costs growth versus competitors	●		●	●	
Dividends	●			●	

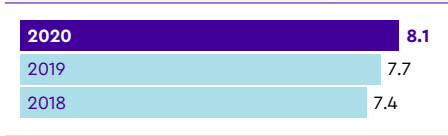
## OPERATIONAL

Our operational KPIs measure our strategic progress towards a new vision and contemporary offer to meet the needs of modern marketing and our clients' future success.

We have continued to develop our operational KPIs. Accordingly data is not available for all three years for each operational KPI. Data is shown for the years it is available.

**i** Read more on strategic progress on pages 22-53

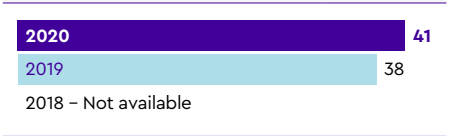
**Client satisfaction score (out of 10)** **8.1**



**Description and rationale**  
This measures how satisfied our clients are with our services, based on 59,000 clients' "Likelihood to Recommend" score out of ten. Our ability to retain satisfied clients is a key driver of our revenue<sup>1</sup>.

**Targets and performance**  
In a very challenging year, in which most of our employees worked from home, we achieved our highest ever satisfaction scores, reflecting the strength of our client relationships. We aim to maintain top-quartile performance.

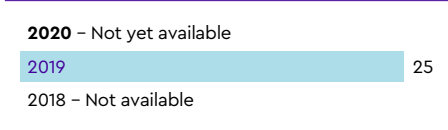
**Digital % of media billings (GroupM)** **41**



**Description and rationale**  
Billings comprise our clients' spend on media, plus our fees<sup>2</sup>. We measure the digital mix to ensure we are staying relevant to our clients, particularly as the digital media market now exceeds traditional platforms.

**Targets and performance**  
GroupM's digital billing mix increased to 41% in 2020, compared with 38% in 2019, driven by the rapid growth in demand from clients for ecommerce services, across both our media and integrated creative agencies.

**Share of revenue less pass-through costs from experience, commerce and technology (%)** **25**



**Description and rationale**  
Experience, commerce and technology are attractive addressable areas of the market where client spend is forecast to grow at around 10% annually between 2021 and 2024 compared with 1% annually for traditional communications.

**Targets and performance**  
Our revenue mix in 2019 was approximately 75% in communications and 25% in higher-growth areas. Our goal is to increase our mix in higher-growth areas from 25% to 40% by 2025, so that we increase our share of the higher-growth areas of client spend.

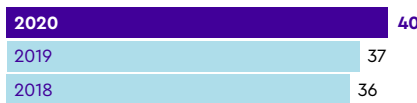
<sup>1</sup> Includes Kantar.  
<sup>2</sup> For a full description see Financial Glossary on page 225.

## PEOPLE

Every WPP workplace should be open, inclusive and collaborative to allow our people to do their best work. Our people KPIs assess our progress against these aims.

**i** Read more on:  
Campuses – page 44  
Women in leadership – pages 46 and 76

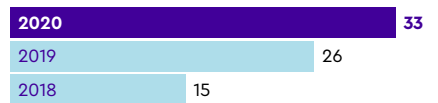
**Proportion of women in executive leadership roles (%)** **40**



**Description and rationale**  
This measures our gender diversity. We believe that diversity drives creativity, so we are working hard to improve in all aspects of diversity, equity and inclusion. We aim to achieve equal representation of women at the Board and all other levels.

**Targets and performance**  
In 2020 the proportion of women in executive leadership roles increased to 40% (2019: 37%). We are committed to achieve parity. To support this goal, we are running a number of leadership development programmes for women.

**% of employees in shared Campuses<sup>1</sup>** **33**



**Description and rationale**  
We have 20 world-class, shared Campus workplaces across the globe in low-carbon, energy-efficient buildings. Each location encourages closer collaboration between our agencies, providing clients easier access to our talent and expertise.

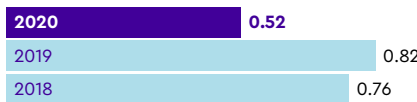
**Targets and performance**  
In 2020 33% of our employees were located in Campuses. We expect this to rise to 85% of employees in 60 Campuses by 2025, providing an opportunity to reduce both our office space and our environmental footprint.

## SUSTAINABILITY

We aim to be a sustainable business and play our part in protecting the planet. We have made a series of commitments to reduce our environmental impact, which are captured in our KPIs.

**i** Read more on our actions to tackle the climate crisis on page 81

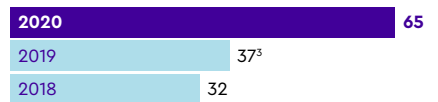
**Carbon emissions per person from our owned operations (tCO<sub>2</sub>e, scope 1 and 2)<sup>2</sup>** **0.52**



**Description and rationale**  
We support urgent action to tackle the climate crisis through the Paris Climate Agreement. We measure carbon emissions per employee, as headcount is closely linked to levels of business activity and this allows us to reflect the impact of acquisitions and disposals without needing to adjust our baseline.

**Targets and performance**  
We are committed to achieve net zero emissions across our value chain by 2030 and to achieve net zero emissions across our owned operations by 2025. In 2020 carbon emissions per employee reduced by 37% compared with 2019.

**Share of electricity purchased from renewable sources (%)** **65**



**Description and rationale**  
We have made good progress in reducing our carbon footprint, but there is more we can do, and we have committed to solely using renewable electricity to support our carbon reduction targets.

**Targets and performance**  
In 2020 we purchased 65% of our electricity from renewable sources (2019: 37%<sup>3</sup>), reflecting progress towards our target of 100% by 2025. We are currently at 100% in the United States, Canada, UK and most European markets.

<sup>1</sup> Defined as employees and freelancers in Campuses divided by total employees and freelancers.  
<sup>2</sup> These figures have been restated due to the integration of new best practice carbon emissions reporting.  
<sup>3</sup> Figure restated as part of a data reviews upon joining RE100.

## FINANCIAL

Our financial targets help us to track the underlying health of the Company; compare our performance to competitors; set financial guidance for investors; and establish our remuneration targets.

**i** Read more on our financial performance on pages 58-65

**Like-for-like (LFL) revenue less pass-through costs growth (%)** **-8.2**



### Description and rationale

This is the main measure of our strategic goal to return WPP to growth. Like-for-like revenue growth excludes the impact of currency and acquisitions. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients.

### Targets and performance

In 2020 revenue less pass-through costs declined 8.2% as clients reduced spending due to the pandemic. Our targets are mid-single-digits % growth in 2021, recovery to 2019 levels by 2022 and 3-4% annual growth from 2023 onwards.

**Organic revenue growth versus competitors<sup>2</sup> (%)** **+0.9**



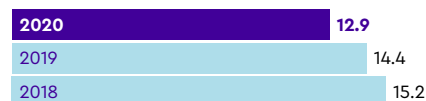
### Description and rationale

This measures our growth relative to our main competitors. It compares organic revenue growth for WPP against the average of our global marketing services peers – Dentsu, Havas, IPG, Omnicom, and Publicis.

### Targets and performance

In Q4 2020, WPP's growth rate was 0.9 percentage points faster than the average of our main peers. Going forward we aim to grow at a faster rate than the industry average.

**Headline operating profit margin (%)** **12.9**



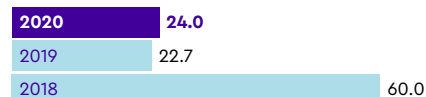
### Description and rationale

This is a key indicator of our profitability. It comprises profit on trading activities, excluding certain one-off or exceptional items<sup>3</sup>. These items are excluded because their size and nature mask the true underlying performance year-on-year.

### Targets and performance

In 2020 the headline operating margin declined 150 basis points as cost savings offset most of the revenue decline. We expect the margin to recover to 13.5-14.0% in 2021 and 15.5-16.0% in 2023, due to cost savings and revenue recovery.

**Dividends per share (pence)** **24.0**



### Description and rationale

Dividends are a key element of our returns to shareholders. They are an annual share of our profits and cash flow.

### Targets and performance

In 2020 the Board paid an interim dividend of 10p and has proposed a final dividend of 14p, which is subject to shareholder approval. Starting from 2020 the Board aims to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

<sup>1</sup> Includes 0.5-1.0pt annually of M&A contributions.

<sup>2</sup> Organic revenue growth is defined as like-for-like revenue less pass-through costs growth. This chart shows year-end data.

<sup>3</sup> For a full description see Financial Glossary on page 225.



# CHIEF FINANCIAL OFFICER'S STATEMENT

Having simplified our business and reduced debt, we are well positioned to support our clients in achieving their growth aspirations.



**"WE WERE ABLE TO MAINTAIN A VERY STRONG BALANCE SHEET THROUGH A PERIOD OF EXTREME UNCERTAINTY."**

**John Rogers**  
Chief Financial Officer

## FIRST IMPRESSIONS

When I started at WPP in January 2020, I could not have envisaged spending my first year in front of a monitor, getting to know my colleagues over a range of video-conferencing tools. But the reaction to an unprecedented global shock tells you a lot about an organisation and its people, and I have been constantly impressed by the collective and individual professionalism, commitment and resilience I have witnessed, combined with the speed and agility of response in those very difficult few weeks when visibility was at its lowest. I am truly thankful to my new colleagues for their dedication.

When I am asked what most attracted me to WPP, the answer is very simple – opportunity. I believe the services we offer are more important to our clients than ever before, as every industry is disrupted and the marketing ecosystem becomes more fragmented and complex. In addition, we have the potential to be much more than the sum of our parts: first, in the way we bring the full power and range of expertise across WPP to our clients in a more simple and effective manner; and second, in the way we run our own business, as we simplify and standardise our operations, and reinvest for future growth.

## ACHIEVEMENTS OF 2020

In such a challenging year it is especially important to reflect on what we did well. First and foremost, we moved at high speed to preserve the business. We took a number of rapid measures to improve our liquidity, including very tight control of working capital, the suspension of our share buyback and 2019 final dividend, and the issuing of two new bonds. We also worked hard to liberate "trapped" cash in a number of our subsidiaries. As a result, we were able to maintain a very strong balance sheet through a period of extreme uncertainty, and we have also retained a number of practices (particularly with regard to working capital) which can enhance our financial position further.

We also reduced cost in a highly effective manner: a £1,085 million reduction in revenue less pass-through costs translated into a £300 million reduction in headline operating profit, thanks to our cost control. Margins were much more robust than in the previous downturn in 2008/9 and, unlike in previous cycles, we were able to cut cost without cutting into the core of the business. Although there were inevitably some headcount reductions, we kept these to a minimum and are consequently well set to best serve our clients as the market recovers in 2021.

Finally, we built a robust corporate plan across the organisation, with a clear focus on growth, underpinned by efficiency and reinvestment, and with clear commitments and targets across the agencies. This forms the foundation of the medium-term guidance we have provided to our shareholders.

### FINANCE PRIORITIES CONTROL ENVIRONMENT

In such a large organisation as WPP, the need for a rigorous control environment is particularly important. Throughout 2020 the Company continued to improve and enhance controls across the business supported by the Risk and Controls Group that was created early in the year and is committed to the remediation of the material weaknesses reported as of 31 December 2020.

As the transformation programme continues our governance structures allow us to evolve and strengthen the control environment to match our strategic goals.

### TRANSFORMATION

WPP has a very material opportunity to unlock efficiency savings, creating a more effective operating platform for our agencies, transforming the way we do business and reinvesting the savings for growth. We aim to achieve annual gross savings of around £600 million by 2025 by simplifying our operating model, generating efficiencies in procurement and real estate, and through improving the effectiveness of our support functions and shared services. The responsibility for delivering the savings from this transformation sits across the organisation, and one of my first priorities is building a team that has the skills and experience to deliver such a large and complex transformation programme.

Of the total savings target, we anticipate reinvesting around two-thirds into talent, technology and incentives to drive future growth.

### INFORMED DECISION-MAKING

One of the significant benefits of the transformation described above is that it will improve the quality and speed of financial and other management information available to the business. This will empower finance to shift its centre of gravity away from highly detailed but ultimately backward-looking financial reporting to more commercial and real-time decision support: how best to bid for business, how to allocate resource across teams, and how to measure account and project profitability, for example. It will also facilitate automated, rolling forecast updates with less need for the regular, labour-intensive reviews that we undertake today.

**"WPP HAS A VERY MATERIAL OPPORTUNITY TO UNLOCK EFFICIENCY SAVINGS."**

### CAPITAL ALLOCATION

The discipline with which companies allocate capital is a key determinant of growth and sustained financial returns. Finance plays a crucial role in this process, both in helping to set the overall framework and in the assessment of each project.

As we set out in December 2020, the four elements of our capital allocation strategy are as follows:

*Capital expenditure:* we will continue to invest in our technology infrastructure and Campuses, building platforms for our people and our clients, and supporting reduced property costs and standardised systems. Capex will rise to £450-500 million in 2021 and 2022, reflecting the peak of Campus and IT investments and in part the postponement of some 2020 spend. After 2022, we expect capex to return to a more normalised range of £300-350 million per annum.

*Dividend:* our goal is to pay a dividend that is growing and sustainable, reflecting the strong cash generation of the business while allowing for sufficient reinvestment for growth. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share. The full-year dividend of 24.0p for 2020 is approximately 40% of our 59.9p headline diluted EPS.

*M&A:* acquisitions have always been an important engine for growth for WPP, enhancing organic growth and introducing future talent. We intend to pursue a focused M&A strategy, building out our capabilities in key growth areas, such as marketing technology and ecommerce, and concentrating on a few targets with critical mass which are scalable across WPP's offering to our clients. We expect to spend £200-400 million a year on acquisitions. The two deals announced since year-end, DTI in Brazil and NN4M in the UK, are exactly aligned to this approach.

*Excess capital and leverage target:* we restarted the buyback, funded by the proceeds of the Kantar transaction, in March 2021. We expect to generate and return ongoing excess capital in future years, subject to our leverage target of 1.5-1.75x average net debt/EBITDA.

The Company is in a robust financial position with good liquidity, supported by strong free cash flow generation; and has a very material opportunity to unlock efficiency savings.



**John Rogers**  
Chief Financial Officer  
29 April 2021

**"STARTING FROM THE CURRENT YEAR, WE INTEND TO GROW THE DIVIDEND ANNUALLY."**

# FINANCIAL REVIEW

## REVIEW OF RESULTS

The financial results for 2020 are based on the Group's continuing operations and the results of Kantar are presented separately as discontinued operations.

Reported billings were £46.9 billion, down 11.6%, and down 9.6% like-for-like.

Reported revenue from continuing operations was down 9.3% at £12.0 billion. Revenue on a constant currency basis was down 8.1% compared with last year. Net changes from acquisitions and disposals had a negative impact of 0.8% on growth, leading to a like-for-like performance, excluding the impact of currency and acquisitions, of -7.3%.

Reported revenue less pass-through costs was down 10.0%, and down 8.8% on a constant currency basis. Excluding the impact of acquisitions and disposals, like-for-like growth was -8.2%. In the fourth quarter, like-for-like revenue less pass-through costs was down 6.5%, reflecting a sequential recovery from Q3 as client spend showed some resilience in response to renewed lockdowns.

## OPERATING PROFITABILITY

Reported loss before tax was £2.8 billion, compared to a profit of £1.2 billion in 2019, reflecting principally the £3.1 billion of impairment charges and investment write-downs and £313 million of restructuring and transformation costs.

Reported loss after tax was £2.9 billion compared to a profit in 2019 of £939 million.

Headline EBITDA (including IFRS 16 depreciation) for 2020 was down 19.1% to £1.5 billion, compared to £1.8 billion the previous year, and down 17.7% in constant currency. Headline operating profit was down 19.2% to £1.3 billion, and down 17.2% like-for-like. The sharp decline in profitability year-on-year reflects the sudden and significant impact of Covid-19 on revenue less pass-through costs.

Headline operating margin<sup>1</sup> was down 150 basis points to 12.9%, and down 140 basis points like-for-like. Operating costs were down 8.8%, with a year-on-year saving of £810 million excluding severance. The main areas of cost reduction were in travel and discretionary expenditure (down 59.5%), property costs (down 5.1%) and staff costs (down 7.9%). Over the course of the year, we offset 74.7% of the decline in revenue less pass-through costs with cost saving actions. In the second half, this figure was 92.4%.

The Group's headline operating margin is after charging £68 million of severance costs, compared with £43 million in 2019 and £185 million of incentive<sup>2</sup> payments, compared to £294 million in 2019.

On a like-for-like basis, the average number of people in the Group in 2020 was 102,822 compared to 106,185 in 2019. On the same basis, the total number of people at 31 December 2020 was 99,830 compared to 106,478 at 31 December 2019.

## IMPAIRMENTS

Impairments of £3.1 billion (including £2.8 billion of goodwill impairments and £0.3 billion of investment and other write-downs) were recognised in 2020. The goodwill impairments relate to historical acquisitions whose carrying values have been reassessed in light of the impact of Covid-19. The impairments are driven by a combination of higher discount rates used to value future cash flows, a lower profit base in 2020 and lower industry growth rates. The majority of the impairments relate to businesses acquired as part of the Y&R acquisition in 2000.

### Notes

- Headline operating profit (excluding income from associates) as a percentage of revenue less pass-through costs.
- Short- and long-term incentives and the cost of share-based incentives.

## FINANCIAL HIGHLIGHTS (2020)

# £12.0bn

**Revenue from continuing operations**  
(2019: £13.2bn)

# -8.2%

**Like-for-like revenue less pass-through costs growth**  
(2019: -1.6%)

# 12.9%

**Headline operating margin**  
(2019: 14.4%)

# 173.8%

**Free cash flow conversion<sup>1</sup>**  
(2019: 89.3%)

This Strategic Report should be read in conjunction with pages 108-155 and pages 216-224. The Group's key performance indicators are discussed on pages 54-57.

This Strategic Report includes figures and ratios that are not readily available from the Financial Statements. Management believes that these non-GAAP measures, including constant currency and like-for-like growth, and headline profit measures, are both useful and necessary to better understand the Group's results. Where required, details of how these have been arrived at are shown on pages 212 and 213 and are defined in the Financial Glossary on pages 225 and 226.

2019 figures have been restated as described in the Financial Statements on pages 158 and 159.

### Note

<sup>1</sup> Free cash flow conversion is the ratio of free cash flow to headline earnings. Free cash flow is after earnouts and changes in working capital and before new acquisition spend, disposals and shareholder distributions. Free cash flow conversion represents total continuing and discontinued operations.

The goodwill impairment charge recognised for the year ended 31 December 2020 includes £2.8 billion related to the six-month period ended 30 June 2020. This figure is £0.3 billion higher than the £2.5 billion reported in our 30 June 2020 interim financial statements as a result of an adjustment to appropriately reflect the working capital cash flow assumptions in the impairment model. This has been fully reflected in the consolidated financial statements for the year ended 31 December 2020, and the amount will be reflected in our future filings, including in the comparatives within the 30 June 2021 financial statements. A full analysis is provided on page 223.

#### EXCEPTIONAL ITEMS

In addition to the impairments outlined above, the Group incurred a net exceptional loss of £477 million in 2020. This comprises the Group's share of associate company exceptional losses (£146 million), restructuring and transformation costs (£313 million) and other net exceptional losses (£18 million). Restructuring and transformation costs mainly comprise severance and property-related costs arising from the continuing structural review of parts of the Group's operations and our response to the Covid-19 situation. This compares with a net exceptional loss in 2019 of £136 million.

#### INTEREST AND TAXES

Net finance costs (excluding the revaluation of financial instruments) were £229 million, a decrease of £31 million year-on-year, primarily as a result of lower average net debt.

The headline tax rate (excluding associate income) was 23.5% (2019: 23.0%). The reported tax charge was £129 million (2019: £275 million). Given the Group's geographic mix of profits and the changing international tax environment, the tax rate is expected to increase slightly over the next few years.

#### EARNINGS AND DIVIDENDS

Headline profit before tax was down 23.6% to £1.0 billion, and down 24.6% like-for-like.

Losses attributable to shareholders were £3.0 billion, again reflecting principally the £3.1 billion of impairments and £477 million of other net exceptional losses.

Headline diluted earnings per share from continuing operations fell by 23.3% to 59.9p and was down 3.8% like-for-like. Reported diluted loss per share, on the same basis, was 243.2p, compared to earnings per share of 68.2p in the prior period.

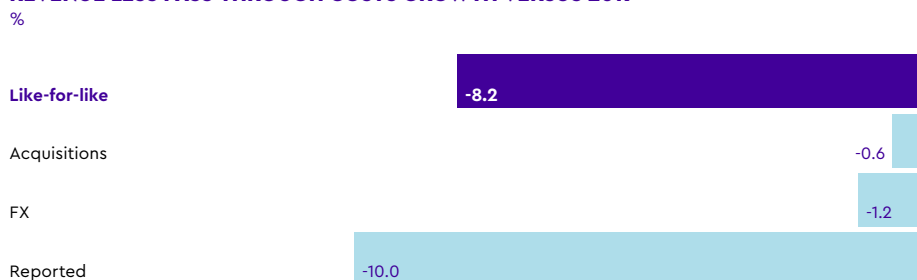
The Board is proposing a final dividend for 2020 of 14.0p per share, which together with the interim dividend paid in November 2020 gives a full-year dividend of 24.0p per share. The record date for the final dividend is 11 June 2021, and the dividend will be payable on 9 July 2021.

#### REGIONAL REVIEW

**North America** like-for-like revenue less pass-through costs was down 5.7% in the final quarter. The United States continued its trend of relative resilience compared to other markets, with VMLY&R and BCW both growing in the fourth quarter. This was offset by GroupM, which saw a slight deterioration compared to the third quarter. Canada finished the year strongly, on the back of new business wins. On a full-year basis, like-for-like revenue less pass-through costs in North America was -5.8%.

**United Kingdom** like-for-like revenue less pass-through costs was down 7.4% in the final quarter, a slight deterioration on the third quarter. AKQA and BCW were the best performers in the fourth quarter, both growing year-on-year. The lockdown in the UK limited the recovery in the larger integrated agencies. On a full-year basis, like-for-like revenue less pass-through costs was -10.5%.

#### REVENUE LESS PASS-THROUGH COSTS GROWTH VERSUS 2019



**Western Continental Europe** like-for-like revenue less pass-through costs was down 3.9% in the final quarter, an improvement on the third quarter performance. The recovery was led by Germany, the Netherlands, Denmark and Sweden. France, Spain and Italy continued to experience Covid-related headwinds. On a full-year basis, like-for-like revenue less pass-through costs was -8.1%.

In **Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe**, like-for-like revenue less pass-through costs was down 8.8% in the final quarter, the best quarter-on-quarter improvement of all the regions. The sequential improvement from the third quarter was driven by Asia Pacific and Latin America, with performance in the other regions slightly deteriorating in the fourth quarter. On a full-year basis, like-for-like revenue less pass-through costs was -10.3%.

## REVENUE ANALYSIS

£ million	2020	Δ reported	Δ LFL <sup>1</sup>	2019
N. America	4,465	-8.0%	-5.8%	4,855
United Kingdom	1,637	-8.9%	-7.9%	1,797
W. Cont. Europe	2,442	-7.1%	-8.1%	2,629
AP, LA, AME, CEE <sup>2</sup>	3,459	-12.5%	-8.1%	3,953
<b>Total Group</b>	<b>12,003</b>	<b>-9.3%</b>	<b>-7.3%</b>	<b>13,234</b>

## REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2020	Δ reported	Δ LFL	2019
N. America	3,744	-7.2%	-5.8%	4,034
United Kingdom	1,234	-11.2%	-10.5%	1,390
W. Cont. Europe	2,019	-7.2%	-8.1%	2,177
AP, LA, AME, CEE	2,765	-14.8%	-10.3%	3,246
<b>Total Group</b>	<b>9,762</b>	<b>-10.0%</b>	<b>-8.2%</b>	<b>10,847</b>

## HEADLINE OPERATING PROFIT ANALYSIS

£ million	2020	% margin <sup>*</sup>	2019	% margin <sup>*</sup>
N. America	612	16.3%	662	16.4%
United Kingdom	138	11.2%	189	13.6%
W. Cont. Europe	199	9.8%	261	12.0%
AP, LA, AME, CEE	312	11.3%	449	13.8%
<b>Total Group</b>	<b>1,261</b>	<b>12.9%</b>	<b>1,561</b>	<b>14.4%</b>

\* Headline operating profit as a percentage of revenue less pass-through costs.

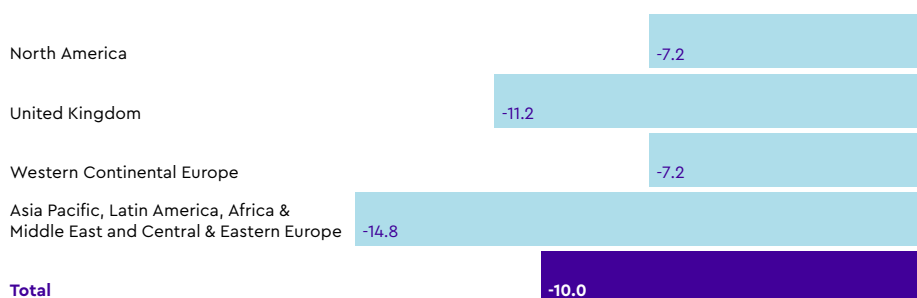
### Notes

<sup>1</sup> Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.

<sup>2</sup> Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

## REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION VERSUS 2019

%



## BUSINESS SECTOR REVIEW

**Global Integrated Agencies** like-for-like revenue less pass-through costs was down 6.3% in the final quarter, a small improvement on the third quarter performance. VMLY&R was the best performing integrated agency, returning to growth in the fourth quarter and demonstrating its improving business momentum since the merger. GroupM like-for-like revenue less pass-through costs was down 4.1% in the fourth quarter, similar to the third quarter. Of the other agencies, Wunderman Thompson improved slightly quarter-on-quarter, while trends at Ogilvy and Grey marginally deteriorated. From 2021, AKQA and Grey will come together within the AKQA Group, and Geometry will be incorporated within VMLY&R. For the full year, like-for-like revenue less pass-through costs for the segment was -7.9%.

**Public Relations** like-for-like revenue less pass-through costs was -4.1% in the final quarter. The trend at BCW, our largest agency within Public Relations, continued to improve, but H+K Strategies and Specialist PR were weaker in the fourth quarter as a result of a strong comparative period. In July, we announced the merger of Finsbury, Glover Park and Hering Schuppener to form Finsbury Glover Hering, to create a leading global strategic communications and public affairs business. Since the transaction, the business has achieved strong traction both with clients and in attracting new talent. For the full year, like-for-like revenue less pass-through costs for the segment was -4.0%.

## REVENUE ANALYSIS

£ million	2020	Δ reported	Δ LFL <sup>1</sup>	2019
Global Integrated Agencies	9,303	-8.8%	-6.1%	10,205
Public Relations	893	-6.6%	-5.8%	957
Specialist Agencies	1,807	-12.8%	-13.3%	2,072
<b>Total Group</b>	<b>12,003</b>	<b>-9.3%</b>	<b>-7.3%</b>	<b>13,234</b>

## REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2020	Δ reported	Δ LFL	2019
Global Integrated Agencies	7,319	-9.7%	-7.9%	8,108
Public Relations	854	-4.9%	-4.0%	898
Specialist Agencies	1,589	-13.7%	-11.5%	1,841
<b>Total Group</b>	<b>9,762</b>	<b>-10.0%</b>	<b>-8.2%</b>	<b>10,847</b>

## HEADLINE OPERATING PROFIT ANALYSIS

£ million	2020	% margin <sup>*</sup>	2019	% margin <sup>*</sup>
Global Integrated Agencies	968	13.2%	1,219	15.0%
Public Relations	141	16.5%	141	15.7%
Specialist Agencies	152	9.5%	201	10.9%
<b>Total Group</b>	<b>1,261</b>	<b>12.9%</b>	<b>1,561</b>	<b>14.4%</b>

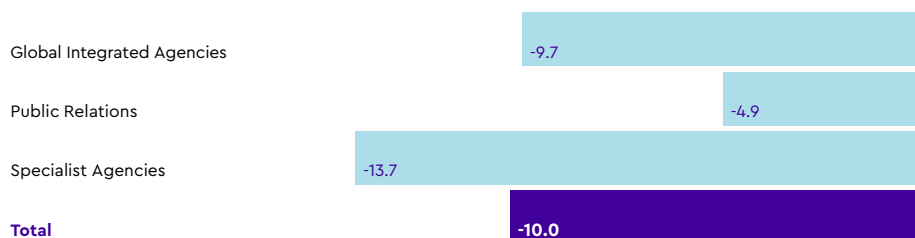
\* Headline operating profit as a percentage of revenue less pass-through costs.

### Note

<sup>1</sup> Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.

## REVENUE LESS PASS-THROUGH COSTS BY BUSINESS VERSUS 2019

%



**Specialist Agencies** like-for-like revenue less pass-through costs was down 8.6% in the final quarter. All of our main agencies improved performance over the third quarter, with AKQA, Superunion and Landor & Fitch showing the biggest sequential improvements. For the full year, like-for-like revenue less pass-through costs for the segment was -11.5%.

#### CASH FLOW HIGHLIGHTS

In 2020, net cash inflow was £1.0 billion, compared to £2.5 billion in 2019. The main drivers of the cash flow performance year-on-year were the lower operating profit as a result of the impact of the pandemic, lower net disposal proceeds, and the share buybacks, offset by the very strong working capital performance and a reduction in the dividend.

Free cash flow conversion<sup>1</sup> in 2020 was 173.8% (2019: 89.3%).

#### BALANCE SHEET HIGHLIGHTS

As at 31 December 2020 we had cash and cash equivalents of £4.3 billion and total liquidity, including undrawn credit facilities, of £6.4 billion. Average net debt in 2020 was £2.3 billion, compared to £4.4 billion in the prior period, at 2020 exchange rates. On 31 December 2020 net debt was £0.7 billion, against £1.5 billion on 31 December 2019, a reduction of £1.0 billion at 2020 exchange rates. The reduced net debt figure year-on-year mainly reflects the benefit of the improved working capital performance and the reduced outflow from dividend payments.

In May 2020, we issued bonds of €750 million and £250 million. Our bond portfolio at 31 December 2020 had an average maturity of 7.4 years, with no maturities until 2022.

The average net debt to EBITDA ratio in the 12 months to 31 December 2020 is 1.57x, which excludes the impact of IFRS 16. This is within our target range of 1.5-1.75x average net debt to EBITDA.

#### OUTLOOK

As the global economy starts to recover from Covid-19, having simplified our business and reduced debt, WPP is well positioned to support our clients in achieving their growth aspirations.

We reiterate our guidance for 2021:

- Organic growth (defined as like-for-like revenue less pass-through costs growth) of mid-single-digits percentage, returning to growth in Q2 2021;
- Headline operating margin in the range of 13.5-14.0%;
- Capex £450-500 million.

In addition, our current projections for foreign exchange movements imply around a five percentage point drag to reported revenue less pass-through costs from the strength of sterling year-on-year. We also anticipate a net working capital outflow for 2021 of £200-£300 million, reflecting some normalisation from the very strong position at the end of 2020.

#### MEDIUM-TERM GUIDANCE

At our Capital Markets Day in December 2020, we set out our new medium-term financial targets that will allow us to invest in talent, incentives and technology, improve our competitive position and deliver sustainable long-term growth. These are:

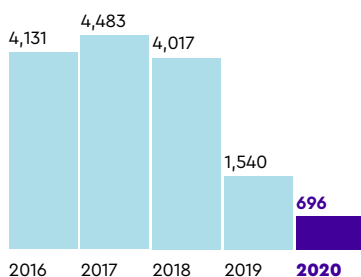
- Recovery to 2019 revenue less pass-through costs levels by 2022;
- 3-4% annual growth in revenue less pass-through costs from 2023, including M&A benefit of 0.5-1.0% annually;
- 15.5-16.0% headline operating margin in 2023;
- Dividend: intention to grow annually with a pay-out ratio around 40% of headline diluted EPS;
- Average net debt/EBITDA maintained in the range 1.5-1.75x.

#### Note

<sup>1</sup> Free cash flow conversion is the ratio of free cash flow to headline earnings. Free cash flow is after earnouts and changes in working capital and before new acquisition spend, disposals and shareholder distributions.

#### NET DEBT

£ million



**i** For more information on our strategy see pages 22-53



# SUSTAINABILITY

At WPP we use the power of creativity to build better futures for our people, planet, clients and communities.



**"OUR EXPERTISE, CREATIVITY AND ABILITY TO SHIFT OPINION AND CHANGE BEHAVIOUR CAN HELP TO BUILD A MORE SUSTAINABLE AND EQUITABLE WORLD."**

**David Henderson**  
Global Corporate Affairs Director

We know we have the opportunity to reset and to create a more sustainable and equitable future.

## WHY SUSTAINABILITY MATTERS

Like few other years before it, 2020 revealed the fragility of what was our way of life. The pandemic forced us to understand and appreciate those among us who have always been essential workers. The capturing on film of the most shocking of killings compelled us to face the truth that racial injustice is pervasive and endemic.

2020 also reassured. We have been reminded that necessity is the mother of invention; forced to work at home, we adapted fast.

And with the resources of the global scientific community and the will of the whole world, we invented multiple ways to inoculate against a virus that was unknown before last year.

## OUR RESPONSE

Although the human and economic toll has been immense, our collective response and ingenuity again gives us reason for hope. We know we have the opportunity to reset how we live our lives, and to create a more sustainable and equitable future.

The task ahead may seem difficult, but 2020 should give us reason to be optimistic. At WPP, we are working with our people, clients and partners to take action, shift opinion and change behaviour in the ways that we need to achieve that goal.

# COURAGE IS BEAUTIFUL

**AGENCY**  
**OGILVY LONDON & TORONTO**

**CLIENT**  
**DOVE (UNILEVER)**

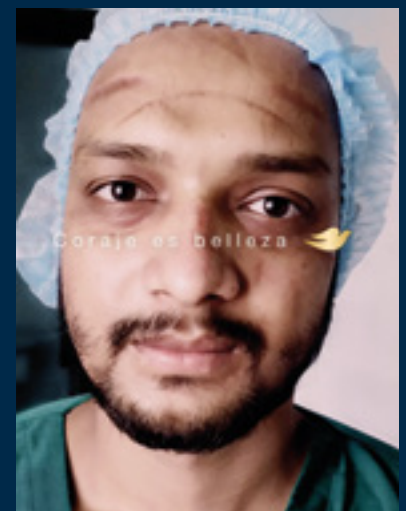
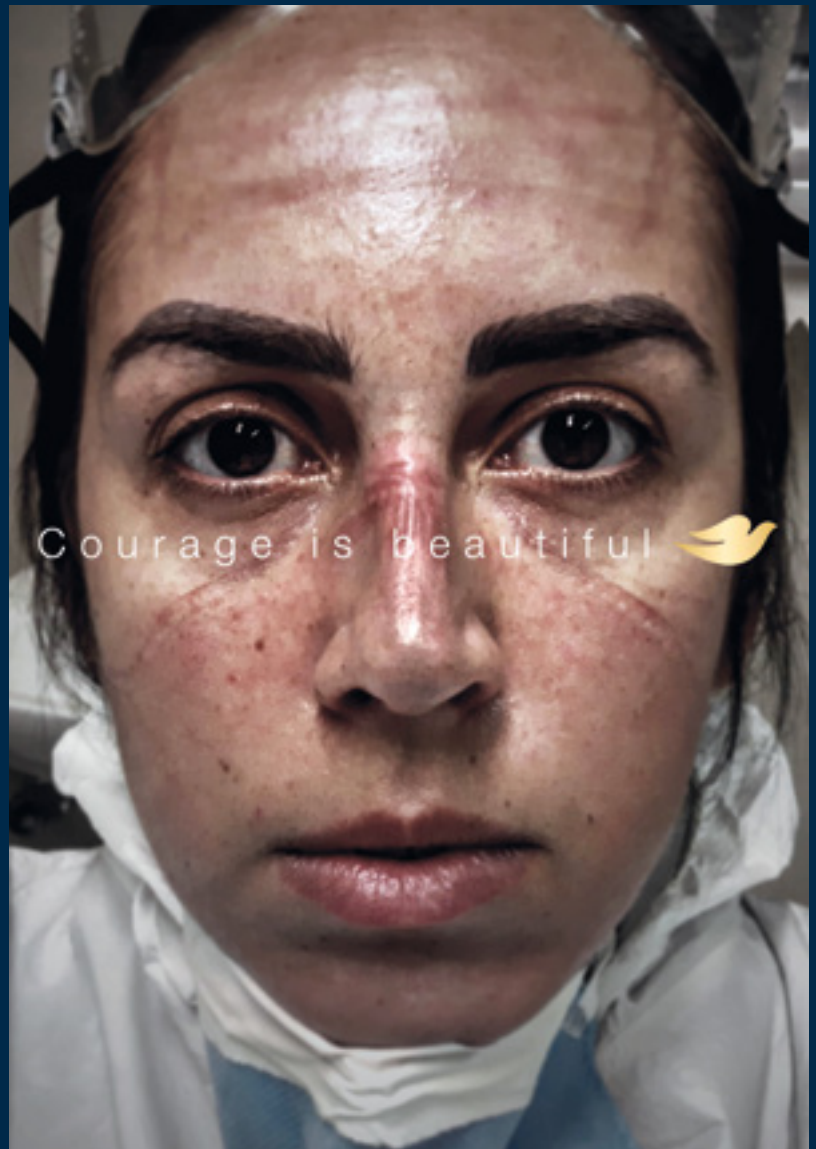
In times of crisis, beauty isn't how you look, but what you do. And during the pandemic, frontline workers have epitomised this beauty, reminding us there is no greater expression of yourself than the qualities of selflessness and bravery.

We have all seen striking images of nurses, doctors and other health professionals, their faces bruised by protective masks after long, exhausting shifts caring for Covid-19 patients.

Dove, which has challenged conventional notions of beauty for the last 15 years through its advertising, decided to honour the sacrifice and courage these images represent.

Ogilvy's challenge was to create a campaign that was true to Dove's brand purpose and deeply respectful of the healthcare workers shown. The team featured their powerful portraits in digital out-of-home media and films, thanking them directly and showing that Courage is Beautiful.













Launched in North America before rolling out across 15 countries, the campaign was covered by CNN, *The New York Times*, CBS, NBC and countless other media outlets, touching the hearts of millions and celebrating the extraordinary efforts of frontline workers around the world.



**2bn**  
 earned media  
 impressions

**360,000**  
 hashtag mentions on  
 Twitter on the first day

# OUR SUSTAINABILITY STRATEGY

	 <b>PEOPLE</b>	 <b>PLANET</b>	 <b>CLIENTS</b>	 <b>COMMUNITIES</b>
<b>MISSION</b>	Become the employer of choice for all.	Maximise our positive impact on the planet.	Enable our clients on their sustainability journeys.	Use the power of our creativity and voice to create healthy and vibrant communities.
	  		 	 
<b>DELIVERED BY</b>	<b>DRIVING DIVERSITY, EQUITY AND INCLUSION</b>			
	Ensuring an inclusive working environment with fair representation.	Building Campuses which make a positive contribution to local communities.	Ensuring our client work is inclusive and accessible.	Advancing equity and inclusion through our work, external partnerships and initiatives.
	<b>ACCELERATING THE SUSTAINABLE ECONOMY</b>			
	Growing sustainability skills and knowledge across our industry.	Reaching net zero across our value chain by 2030.	Supporting our clients to reduce their emissions and deliver their sustainability goals.	Working with partners, social enterprises and clients to drive sustainability.
	<b>ENSURING TRUST, FAIRNESS AND GOVERNANCE</b>			
	A culture where everyone is treated with dignity and respect.	Developing common carbon metrics as we move to integrated reporting.	Ensuring fairness and high privacy and data ethics standards in our work.	Buying responsibly and building a diverse supplier network.
<b>METRICS</b>	<ul style="list-style-type: none"> <li>- Proportion of women in senior leadership positions</li> <li>- Continued improvement of ethnicity data disclosure</li> <li>- Employee participation in listening and engagement programmes</li> <li>- Number of participants in sustainability or DE&amp;I training programmes</li> <li>- Sustainability strategy embedded in executive remuneration</li> </ul>	<ul style="list-style-type: none"> <li>- Progress towards net zero carbon emissions in our operations by 2025 (scope 1 and 2) and in our value chain by 2030 (scope 3)</li> <li>- Progress towards 100% renewable electricity</li> <li>- Phase out single-use plastics in our offices by 2021</li> </ul>	<ul style="list-style-type: none"> <li>- Roll out diversity evaluation scores to track progress in inclusive marketing</li> <li>- Rate of growth in sustainable and inclusive client briefs</li> <li>- Building common standards to measure carbon emissions in media and production</li> </ul>	<ul style="list-style-type: none"> <li>- Investment in pro bono work and free media space</li> <li>- Progress towards investing \$30 million in racial equity initiatives</li> </ul>

We have set a new sustainability strategy that directs us to use the power of creativity to build better futures for our people, planet, clients and communities. It sets out the action we are taking to make sure we are the employer of choice for all people – a company where a sense of belonging is felt by everyone, and our differences are celebrated. And it shows how we are tackling the greatest environmental challenges we face, committing to reach net zero carbon emissions across our value chain by 2030.

We know our clients also recognise these challenges and are looking for support and advice. That is why we are increasing our skills and capacity to assist them to make the transition to a sustainable and inclusive world. As an employer of 100,000 people in more than 100 countries, we are using our unique convening power and global partnerships to effect positive change for society as a whole. That is why we are proud to partner with the United Nations, especially the World Health Organization

and UN Women, to provide our skills in creativity, communications, data and technology to support them as they support the world.

There has never been a better time to seize the opportunities before us. We are determined to do our very best to realise this potential.

Our sustainability strategy is aligned to all five elements of our corporate strategy.

STRATEGIC ELEMENT	SUSTAINABILITY STRATEGY		
VISION & OFFER	<p><b>SUSTAINABILITY AT THE HEART OF OUR OFFER FOR CLIENTS</b></p> <p>A growing number of clients are embracing inclusion, diversity and sustainability and looking to articulate the purpose of their brands. They look for partners who share their sustainability values and aspirations. Our commitment to responsible</p>	<p>and sustainable business practices helps us to broaden and deepen these partnerships, and to meet the growing expectations and sustainability requirements in client procurement processes.</p>	<p><b>Sustainability at the heart of our offer for clients, see page 72</b></p> <p><b>Transparency and trust, see page 86</b></p>
	<p><b>CREATIVITY</b></p> <p><b>SOCIAL INVESTMENT</b></p> <p>Our pro bono work can make a significant difference to charities and NGOs, enabling our partners to raise awareness and funds, recruit members and achieve campaign objectives.</p>	<p>Pro bono work benefits our business too, providing rewarding creative opportunities for our people that often result in award-winning campaigns that raise the profile of our companies.</p>	<p><b>Investing in communities, see page 74</b></p>
	<p><b>DIVERSE, EQUITABLE AND INCLUSIVE TEAMS</b></p> <p>Diversity and difference power creativity. We foster an inclusive culture across WPP: one that is equitable, tolerant and respectful of diverse thoughts and individual expression. We want all of our people to feel valued and able to fulfil their</p>	<p>potential, regardless of background, lived experience, sex, gender, race and ethnicity, thinking style, sexual orientation, age, religion, disability, family status and so much more.</p>	<p><b>Employer of choice for all, see pages 76-78</b></p>
DATA & TECHNOLOGY	<p><b>PRIVACY AND DATA ETHICS</b></p> <p>Data – including consumer data – can play an essential role in our work for clients. Data security and privacy are increasingly high-profile topics for regulators, consumers and our clients. We have a</p>	<p>responsibility to look after this data carefully, to collect data only when needed and with consent where required, and to store and transfer data securely.</p>	<p><b>Privacy and data ethics, see page 88</b></p>
SIMPLER STRUCTURE	<p><b>GREENER OFFICE SPACE</b></p> <p>Our work to simplify our structure and consolidate our office space is driving a positive impact on our energy use and carbon footprint. We continue to move employees into Campuses, closing multiple</p>	<p>smaller sites and replacing them with fewer, larger, more environmentally friendly buildings that offer modern, world-class workspaces.</p>	<p><b>Planet, see pages 81</b></p>
PEOPLE & CULTURE	<p><b>SHARED VALUES ACROSS OUR BUSINESS AND SUPPLY CHAIN</b></p> <p>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.</p>	<p>Selecting suppliers and partners who adopt standards consistent with our own can reduce costs, improve efficiency and protect our reputation.</p>	<p><b>Employer of choice for all, see pages 76-78</b></p> <p><b>Supply network, see page 83</b></p>

# THE CHOICE

**AGENCIES**

**CARTWRIGHT AND  
GREY NEW YORK**

**CLIENT**

**PROCTER & GAMBLE**

*The Choice* is a film designed to move people to go beyond expressing feelings on social media and to take action.

It asks white people to use their power to tackle systemic racism and help fight the battle that Black people cannot win alone. *The Choice* was developed by Grey New York and Cartwright, and debuted on Oprah Winfrey's townhall *Where Do We Go From Here?* in the aftermath of the killing of George Floyd.

The film is the third in a series that began with *The Talk* and *The Look*, and which has reached huge mainstream audiences and started important conversations about race in America.

The series is part of P&G's ongoing anti-racism programme "Take on Race", which includes anti-racism resources on P&G's website and a \$5 million fund to aid social justice organisations.

**528m**

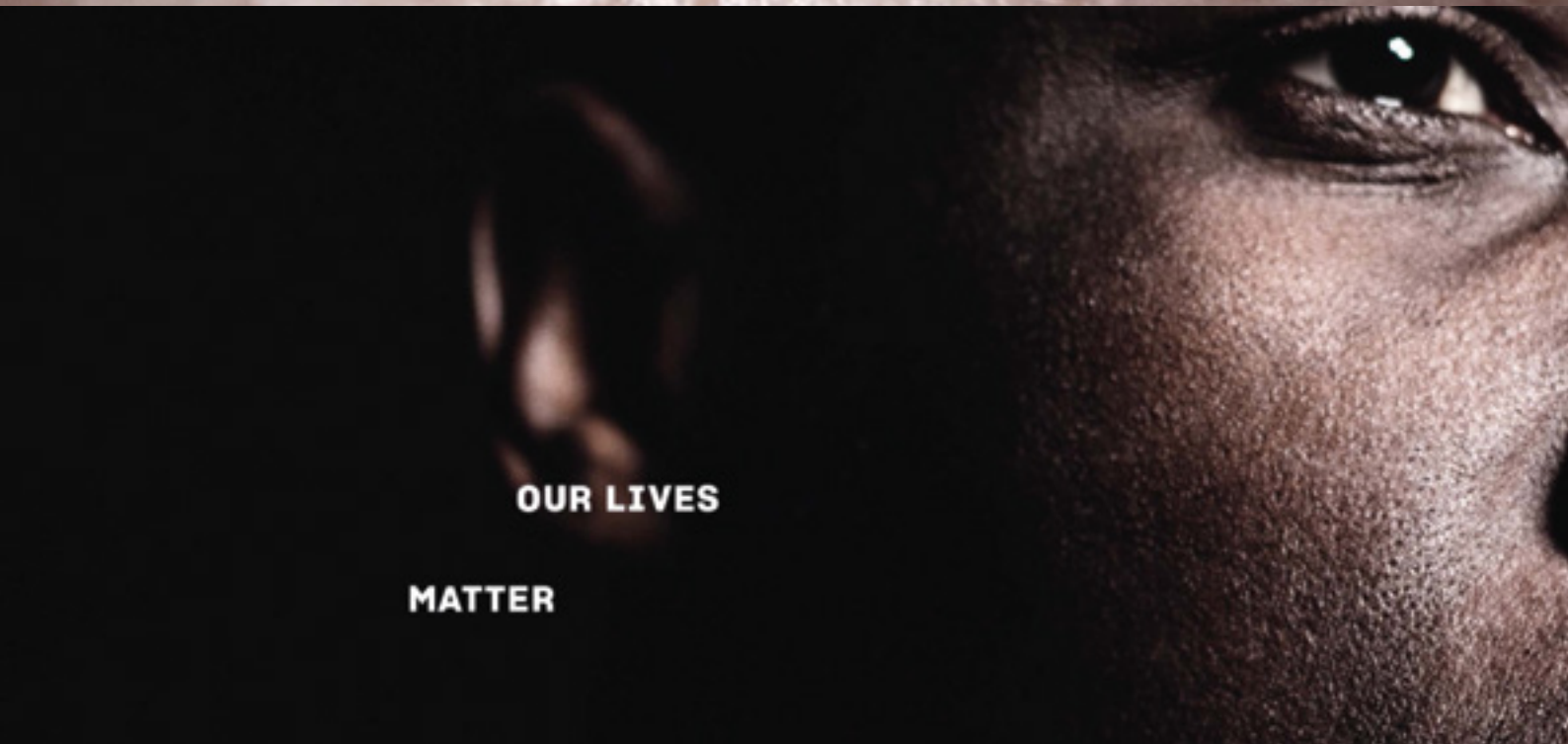
impressions in the first 20 days

**Winner**

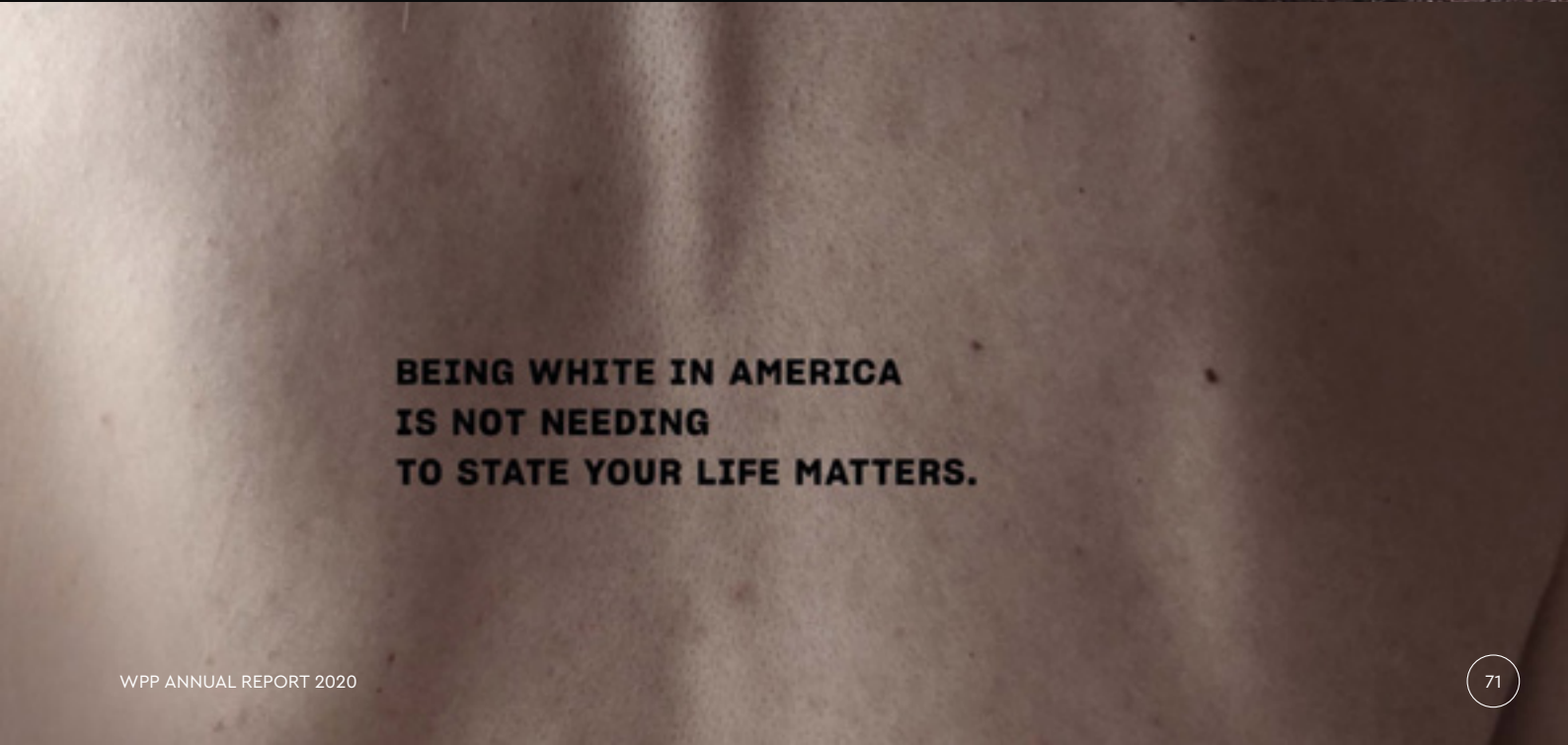
*Marketing Dive's*  
Campaign of  
the Year



**NOW  
IS THE TIME  
TO TAKE  
ACTION.**



**OUR LIVES  
MATTER**



**BEING WHITE IN AMERICA  
IS NOT NEEDING  
TO STATE YOUR LIFE MATTERS.**

# PUTTING SUSTAINABILITY AT THE HEART OF OUR OFFER FOR CLIENTS



The work we do has the power to shift opinion and change behaviour, supporting our clients to transition to a sustainable and inclusive world.

We are working closely with clients as they adapt to a post-pandemic world and embrace purpose, diversity and sustainability to create a regenerative and inclusive "new normal". While challenging, today's landscape also offers major opportunities to create new markets for more inclusive and sustainable products and services.

## WORK WITH IMPACT

The breadth and depth of our expertise means we can offer clients the latest technology alongside the creativity and sustainability expertise needed to inspire consumers and help shift behaviour to more sustainable norms.

Recognising our clients' growing focus on sustainable products and practices, we continue to strengthen our offer to ensure we can provide our clients with the best support and the expertise they need to deliver against their own sustainability ambitions. For example, in 2020 we became a founding member of AdGreen – alongside clients and partners including Google, Sky and Unilever – an initiative to unite the advertising industry to eliminate the negative environmental impacts of production.

During the year we established a Diversity Review Panel to provide a forum to escalate concerns around potentially offensive or culturally insensitive work and receive guidance and advice designed to ensure those concerns are appropriately addressed. To train and equip our client leads for the complexity of this issue, our new Inclusive Marketing Playbook and resource library codifies inclusive marketing principles and best practice for communications, marketing and new business projects. In 2021 we will also launch our Sustainability Playbook.

## COMPLIANCE WITH MARKETING STANDARDS

Marketing is powerful – it can change attitudes and behaviour. It is critical that we apply high ethical standards to our work to ensure those changes are for the better. All the content we produce for clients has to meet rigorous standards and we will not undertake work which is intended or designed to mislead or deceive. This is covered in our Code of Conduct. We work hard to maintain high standards and strong compliance in areas such as ethics, human rights, privacy and data security.

There is growing scrutiny – from consumers and regulators – of the descriptions and labels used to promote the environmental credentials of products and services. We are working closely with our agencies to make sure that we are contributing to the discussion and to ensure that our marketing services promote transparency on the environmental attributes of products.

We require that all the work our companies produce for clients complies with all relevant legal requirements, codes of practice and marketing standards. There are occasional complaints made about campaigns we have worked on, and some of these are upheld by marketing standards authorities. Our agencies take action where needed to prevent a recurrence.

Our agencies have policies and processes to mitigate against online advertising appearing on sites with illegal, illicit or unsuitable content.

As part of our commitment to ensure children's safety while engaging with content online, in 2020 WPP launched a partnership with SuperAwesome, the leading kidtech platform, to give our people and clients access to training,

industry-leading strategies and the latest privacy-by-design technology for the under-16 digital media space.

We also partnered with adtech start-up, Anzu, to help bring commonly accepted and widely applied digital advertising standards to fast-growing esports and gaming audiences.

## ETHICAL DECISIONS IN OUR WORK

We have a review and referral process for work that may present an ethical risk, such as work for government clients, work relating to sensitive products or marketing to children.

Before our people can accept potentially sensitive work, they must refer the decision to the most senior person in the relevant office and then to the most senior WPP executive in the country concerned, who will decide if further referral to a global WPP executive is required. This referral process is covered in our How We Behave online training, which all staff (including freelancers working for more than four weeks) are required to complete annually.

Our companies also have copy-checking and clearance processes for the legal team to review campaigns before publication. These processes have strict requirements in highly regulated sectors such as pharmaceutical marketing.

Each of our agencies has a global Risk Committee, chaired by its respective CEO, to ensure that leadership has a full understanding of the risks across businesses and markets (see page 90).



For more examples of our client work to address social and environmental issues, download our Sustainability Report 2020 from [wpp.com/sustainability](http://wpp.com/sustainability)



## U BY KOTEX®

**AGENCY**  
MINDSHARE NEW YORK

**CLIENT**  
KIMBERLY-CLARK

Today's advertisers have thousands of words and phrases on keyword exclusion lists, which tell automated digital advertising models not to place a brand's messages alongside content that is inappropriate or does not align with their values.

An unintended consequence is that important news stories and underrepresented communities can be excluded. Words like "dope" or "bomb", for example, can be incorrectly flagged as relating to drugs or violence, even though they are everyday jargon in Black culture – meaning that content brands may want to support is blocked, publishers lose out on revenue, and Black voices are, in effect, censored.

To address the problem, Mindshare launched a Black community private marketplace (PMP) to financially support Black journalism and community voices – with U by Kotex®, a brand that stands for championing women's progress, as the launch partner. The agency curated a list of Black publishers, content creators and artists for the PMP, which features everything from partners such as Pod Digital (the first Black-owned and curated podcast network) to a deal with Zefr that brings in over 150 Black YouTube creators.

It was the second in a series of "Inclusion PMPs" launched by the agency to help underrepresented communities in journalism; the first was a LGBTQ PMP launched in February 2020.

**22%**  
efficiency saving  
on expected cost  
per thousand  
impressions

**5%**  
brand awareness  
increase





# INVESTING IN COMMUNITIES



We aim to give creativity back at scale. We can help boost the impact of charities and non-governmental organisations (NGOs) by providing marketing and creative services, often on a pro bono basis (for little or no fee).

This work is mutually rewarding. While enabling our voluntary sector clients to raise money and awareness, recruit members, and achieve campaign objectives, pro bono work also provides opportunities for our people to work on fulfilling, impactful and sometimes award-winning campaigns that raise the profile of our companies.

During the pandemic, we worked with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19. We secured and delivered more than \$45 million in free media space (\$43.5m) and pro bono work (\$1.5m) to provide global and regional support to the World Health Organization (WHO) to help it reach the public with its vital communications promoting social distancing and good hygiene.

In June 2020 WPP and its agencies made a number of commitments to advance racial equity (see page 49). These included a commitment to use our voice to bring about change, and to invest \$30 million over three years to fund inclusion programmes within WPP and support external organisations. In the second half of the year, our focus was on establishing a governance process to monitor and manage donations and ensure this fund has impact. We will report donations in 2021.

## WHAT WE GAVE IN 2020

Our pro bono work was worth £12.6 million (2019: £10.6 million), for clients including UN Women and the World Health Organization.

We also made cash donations to charities of £4.3 million (2019: £5.2 million). Our pro bono work, combined with cash donations, resulted in a total social investment of £16.9 million (2019: £15.8 million), equivalent to 1.6% of headline profit before tax (2019: 1.2%).

WPP media agencies negotiated free media space worth £59.3 million on behalf of pro bono clients (2019: £18.9 million). Our total social contribution, taking into account cash donations, pro bono work and free media space, was £76.2 million, a significant increase versus 2019 (£34.7 million).

## VOLUNTEERING

In addition to providing donations and pro bono services, we encourage our people to volunteer their time.

In 2020, 66% of our agencies took part in organised volunteering activities as part of their support for local communities. For example, to mark its Foundation Day VMLY&R ceased normal business operations for a day to give nearly 7,000 employees around the world the opportunity to support their local community through virtual and in-person charitable volunteer projects.

## SOCIAL IMPACT

Our support helps charities and NGOs to continue to grow their work in critical areas such as improving health and education, reducing inequality and protecting human rights. Pro bono work is often worth more than an equivalent cash donation as it raises awareness of our partners' work while helping to increase donations, recruit members, change behaviour and achieve campaign goals.

We have conducted research to quantify this wider impact. Our most recent analysis shows that in 2020 our pro bono work created wider social benefits worth £108 million (2019: £92 million). This includes, for example, the impact of charities being able to improve health and wellbeing in communities. Adding in our charitable donations and free media space as well as our pro bono work, the wider social benefits created in 2020 were worth an estimated £649 million (2019: £291 million), a significant increase versus 2019 as our agencies have supported WHO campaigns to help fight the Covid-19 pandemic.

## COMMON GROUND

Good communications are essential to bring about the shift in attitudes and behaviour needed to end extreme poverty, inequality and climate change by 2030 through the UN Sustainable Development Goals. Common Ground is a collaboration between the world's six largest advertising and marketing services groups and the United Nations, created to serve that purpose.

We work directly with the UN through our Common Ground initiative, partnering with UN Women to tackle gender inequality.

**£108m**

wider social benefits created by pro bono work in 2020

**£649m**

wider social benefits from pro bono work, charitable donations and free media space in 2020

<sup>1</sup> We have restated this figure using headline profit before tax to provide a comparable measure against 2019. Reported pre-tax profits have been restated as described in the accounting policies.

**i** Read our Quantifying our Impacts report and see more examples of our pro bono work in our Sustainability Report 2020.

## MANTRA

### AGENCY

**WUNDERMAN THOMPSON  
SÃO PAULO**

### CLIENT

**AVON**

In 2019, Brazilian soccer legend Marta Vieira da Silva was wearing Avon lipstick when she scored the goal that made her the top scorer in World Cup history. It was the perfect response to the prejudice that still exists towards female athletes in Brazil, sending the defiant message – as *The New York Times* put it – that “muscles and make-up mix just fine, thanks”.

Following the success of the World Cup partnership with Marta, Avon wanted to go further and launch a complete range of long-lasting beauty products. So, it invited athletes Pâmela Rosa (world record holder in street skateboarding), Raissa Machado (Paralympic record holder in javelin), and Vitória Rosa (Olympic Brazilian sprinter) to join Marta in a campaign for the new Power Stay collection.

Wunderman Thompson made a film demonstrating that Power Stay foundation, lipstick and concealer would stick with women all day, even while training. And to connect the challenges faced by female athletes in Brazil with the performance of the products, the traditional voiceover was replaced with a form of prayer – a mantra.

**2bn+**

media impressions

**77m**

views



# EMPLOYER OF CHOICE FOR ALL



We foster an inclusive culture across WPP: one that is equitable, tolerant and respectful of diverse thoughts and individual expression.

## DIVERSITY, EQUITY AND INCLUSION

Diversity and difference power creativity – from background, lived experience, sex, gender, race and ethnicity, to thinking style, sexual orientation, age, religion, disability, family status and so much more.

WPP does not tolerate harassment, discrimination or offensive behaviour of any kind. Our Code of Business Conduct sets out our commitment to select and promote our people without discrimination or concern for factors such as sex, gender, race and ethnicity, sexual orientation, age, religion, disability or family status. This Code applies to all our people. In 2020, we launched mandatory global inclusion and diversity training called Belonging, as part of our wider How We Behave ethics training.

Progress relies on accountability so, for the first time, we have included diversity, equity and inclusion goals in our incentive plans for senior executives from 2021.

**i For information on our Code of Conduct and How We Behave training, see page 86**

## ETHNICITY

In July 2020, we released our United States Equal Employment Opportunity Commission (EEOC) data for 2018 and committed to reporting our workforce diversity data annually in our Sustainability Report. For our UK and United States data, see our 2020 Sustainability Report.

**i For information on our commitments to advance racial equity, see page 49**

## DISABILITY

We recruit, select and promote our people without discrimination or concern for disability. Candidates are assessed objectively against the requirements of the job, taking account of any reasonable adjustments that may be required for candidates with a disability. For people who develop a disability during their employment, we make adjustments to their working environment or other employment arrangements wherever possible, within a reasonable time frame and in consultation with the employee.

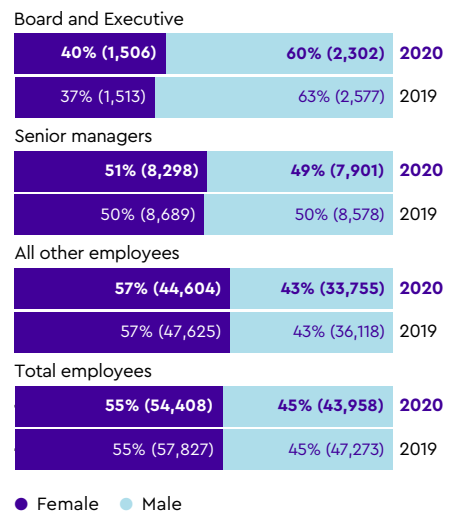
As an inclusive business we have signed up to The Valuable 500, a global initiative that is putting disability on the boardroom agenda by celebrating inclusion among 500 influential businesses. As part of our commitment, we established a centre of excellence for inclusive design to help our clients make their customer experiences disability-inclusive and accessible.

## GENDER BALANCE

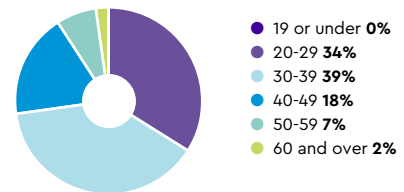
Much work remains to be done, but we have made good progress on gender diversity. 51% of our senior managers are women (2019: 50%) and the proportion of women in executive leadership roles increased to 40% (2019: 37%). At Board level, the proportion of women is 43%, compared with 40% in 2019. We aim to reach parity at all levels. We were ranked tenth by the Hampton-Alexander Review's FTSE 100 rankings for Women on Boards.

In 2019, WPP joined the 30% Club, a campaign group of Chairs and CEOs taking action to increase gender diversity on boards and management teams to a minimum of 30% female representation.

## GENDER DIVERSITY



## AGE DIVERSITY



We remain a committed signatory of the Women's Empowerment Principles, a guide for businesses on how to empower women in the workplace, marketplace and community. We are also a proud partner of UN Women, which is a significant beneficiary of our pro bono work.

**LGBTQ+**

In June 2020 we launched WPP Unite!, a cross-agency LGBTQ+ community, which advises on policies that impact the LGBTQ+ talent of WPP and its agencies. This year we were proud to be named one of the Best Places to Work for LGBTQ Equality in the 2021 Corporate Equality Index.

**HEALTH, SAFETY AND WELLBEING**

Supporting our people's physical and mental health and wellbeing is good for our people and good for business. Our companies are required to have a health and safety policy in place.

Our overall sickness absence rate in 2020 was 3.0 days per employee (2019: 3.8). This includes non-work-related illness and injuries, work-related illness and injuries, and occupational diseases such as work-related stress and ergonomic injuries. There were no work-related fatalities in 2020.

Work-related stress is one of our main – and growing – health and safety hazards. In 2020, the challenges created by the Covid-19 pandemic have taken their toll on our mental, emotional and physical wellbeing.

Our Employee Assistance Programme is a 24/7 service for employees and eligible family members that provides access to free confidential counselling and support, as well as resources on topics such as managing stress, dealing with loss and referrals to local financial or legal help. The programme now covers all of our people around the world.

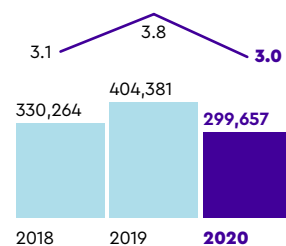
Though having good policies and procedures in place for managing mental health issues is important, we also need a working culture where people feel able to discuss concerns and seek support. Read more about how we are promoting employee wellbeing on page 48.

**COORDINATED RESPONSE TO COVID-19**

To help coordinate our response to the Covid-19 pandemic, our Covid-19 tracker app records real-time case status around the world.

Anonymised data is entered by local offices and aggregated, so users can drill down by agency and by country to get the latest status on Covid-19 cases. A "World Status dashboard" uses data from external sources to provide valuable context on topics including national case numbers and policies. We also use the app to track country-level changes to lockdowns, including restrictions on retail, hospitality and travel. This gives us a clear picture of the Covid-19 response by market.

**DAYS LOST DUE TO SICKNESS**



● Days lost due to sickness  
 — Days lost per person

## EMPLOYEE LISTENING AND ENGAGEMENT

We use formal and informal mechanisms to assess and improve employee engagement and satisfaction.

In 2020, we launched our first all-staff survey across our top five markets to better anticipate our people's needs and to shape our people strategy. This helped to form our 2021 Listening programme, which started with WPP Pulse – an anonymous, quarterly global survey, designed to gather and act on unfiltered, honest feedback.

We also launched new employee listening channels, including: virtual townhalls with the WPP CEO, which reached 39,000 participants; a series of "safe rooms" for open and candid discussions; and WPP TV, a channel for our people to share their creativity, expertise and insights.

Development needs are assessed during a formal appraisal process. In 2020, 89% of our people had a formal appraisal at least once a year (2019: 86%), including 360-degree appraisals for 69% of employees (2019: 65%).

**i** For information on skills, training and development, see Growth section on page 47

The vast majority (99%) of our companies carry out exit interviews with leavers, which often provide helpful feedback on our culture and practices in order to best implement changes and target areas for development and continuous improvement.

To ensure our Board understands the views of our employees on WPP's purpose, values and strategy, and to consult on key people issues, in 2019 we established our first People Forum in UK. Sponsored by our UK Country Manager, the Forum has representatives from across our UK business who gather feedback from their agencies to feed up to the WPP Board. In 2020, we held our first People Forum in the United States and established an India People Forum, which met for the first time in February 2021.

## LABOUR RELATIONS

We support the rights of our people to join trade unions and to bargain collectively, although trade union membership is not particularly widespread in our industry. In 2020, around 4% of our employees were either members of a trade union or covered by a collective bargaining agreement (2019: 5%). We held 185 consultations with works councils, mainly in Europe (2019: 1,507).

We have made around 7,000 redundancies as a consequence of the Covid-19 pandemic and also as part of our transformation programme, as we merge and restructure some agencies. We consulted with our employees as appropriate and supported affected people through our employee assistance programmes which includes outplacement in appropriate cases. We have also created an internal talent marketplace to try and ensure any open roles are filled by employees who have the right skills before recruiting for those roles externally.

# DENTISTS FOR ME

AGENCY  
**VMLY&R MUMBAI**

CLIENT  
**COLGATE**

When India went into lockdown to control the Covid-19 pandemic, people suffering from urgent dental problems had little or no access to dental care. Time was of the essence, so the VMLY&R team moved quickly, and in only three weeks launched Colgate Dentists for Me – India's first online dental consultation platform. The platform allows users to connect for free to nearby dentists for remote consultations and oral check-ups, via chat messaging, audio and video calls. The agency led everything from initial insights to the platform's design, content and development across web and apps. It also created a digital film as part of the social media strategy to showcase the service.

**135,000**  
minutes of consultations  
between dentists and  
patients

**50,000**  
unique sign-ups





## H&M LOOP

**AGENCY**  
**AKQA GOTHENBURG,**  
**UNIVERSAL LONDON**

**CLIENT**  
**H&M**

84% of clothing ends up as landfill or in the incinerator. It's time to change the way we see our old and worn-out clothes. Not as waste, but as a resource.

The solution? Give H&M customers the opportunity to recycle old clothing into something new, with Loop, the world's first in-store garment-to-garment recycling system.

Housed in a stunning glass box at an H&M store in central Stockholm, visitors select one of eight new, ready-to-wear designs, configured through the app, and watch as unwanted garments are fed into the Loop to get cleaned, shredded and spun into yarn without the use of water or chemicals.

Opposite the machine, eight giant screens display the end-to-end process behind it. Each depicts an individual step as a beautifully animated loop, which comes to life as customers walk by. ASMR sound enriches each film to heighten the sensory experience, and an accompanying website brings this revolutionary recycling system and its story to a global audience.

# PLANET



We support urgent action to tackle the climate crisis.

We recognise that modern lifestyles and demand for goods have contributed significantly to the climate crisis and environmental degradation. WPP is a proud signatory to the UN Global Compact's Business Ambition for 1.5°C and we aim to be net zero across our supply chain by 2030.

We have managed our carbon footprint from owned emissions (scopes 1 and 2) and business travel (limited scope 3) for 15 years. We have cut carbon emissions per employee by 37% and absolute market-based scope 1 and 2 emissions by 41%, both since 2019.

During the year we carried out an assessment of our full value chain emissions. In 2019, WPP's scope 1, 2 and 3 emissions totalled 5.4m tCO<sub>2</sub>e. Our new goals are underpinned by targets that are in line with the Paris Climate Agreement and will be verified by the Science Based Targets initiative across our value chain (scopes 1, 2 and 3) set against a 2019 baseline.

### RENEWABLE ELECTRICITY<sup>1</sup>

WPP is a member of RE100 and has committed to sourcing 100% of its electricity from renewable sources by 2025. In 2020, we purchased 65% of our electricity from renewable sources (2019: 37%), including 100% of electricity purchased in the United States and, for the first time, in Canada, the UK and most European markets.

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We support the TCFD and are developing our disclosures in line with its recommendations. Our third statement (see pages 216-218) is structured around four themes: governance, strategy, risk management, and monitoring progress. It sets out how we manage physical and transition climate-related risks and opportunities. Our climate risks include extreme weather and climate-related natural disasters, and reputational risk associated with misrepresenting environmental claims, working with oil and gas companies, and taking on environmentally detrimental briefs. Our opportunities include demand for sustainable products and services, and achieving resource efficiencies through cutting our carbon footprint and improving energy efficiency.

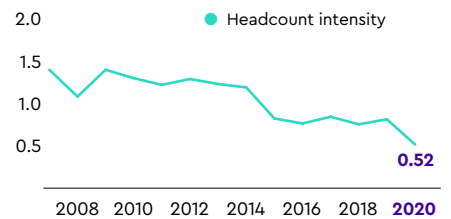
### CIRCULAR ECONOMY

It has never been more important to transition to a circular economy. During the year, the Covid-19 pandemic increased global demand for single-use plastics. We remain committed to phasing out plastics that cannot be reused, recycled or composted across all of our offices and Campuses worldwide. To give our offices – many of which were unoccupied for much of 2020 – time to adjust to new safety requirements and consumption patterns, we have extended our timeline to December 2021. We are applying a new level of rigour to how we source products to ensure they comply with our Circular Economy Plastics Policy.

<sup>1</sup> Figure restated as part of data reviews upon joining RE100.

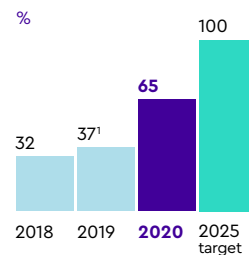
### PERFORMANCE SUMMARY

#### SCOPE 1 AND 2 (MARKET BASED) TONNES CO<sub>2</sub>e EMISSIONS PER PERSON



Our scope 1 and 2 market-based emissions for 2020 were 0.52tCO<sub>2</sub>e/head, a 37% reduction from 2019. Our carbon intensity per £1 million revenue was 4.33 tCO<sub>2</sub>e, a 35% reduction since 2019.

#### ELECTRICITY FROM RENEWABLE SOURCES



<sup>1</sup> For our carbon emissions statement, see page 219

### TARGETS AND COMMITMENTS

**2030**

net zero carbon emissions across our supply chain (scope 3)

**2025**

net zero carbon emissions across owned operations (scope 1 and 2)

**100%**

renewable electricity by 2025

**Zero**

phase out plastics that cannot be reused, recycled or composted across our offices by end of 2021



# THE GOOD DRUG TRAFFICKING

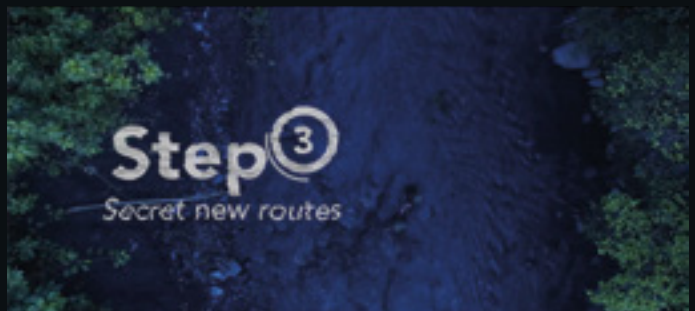
**AGENCY**  
VMLY&R COMMERCE BOGOTÁ

**CLIENT**  
COLIBRI FOUNDATION

With the ongoing humanitarian crisis in Venezuela, VMLY&R Commerce united with non-profit organisations to create The Good Drug Trafficking – a service that works with former smugglers to deliver restricted medicines and health supplies from Colombia to Venezuela in a safe and legal way.

Donations collected in Colombia by NGOs were given to foundations in Venezuela, through a network of volunteers advised by former traffickers who wanted to use their experience for good.

This huge campaign required the co-ordination of a large team of volunteers, foundations and NGOs, and meant that vital supplies continued to reach Venezuelan families in the greatest need.



30

tonnes of humanitarian aid has crossed the border since 2019

Winner

Gold El Ojo

# THE Good Drug TRAFFICKING

Delivering Humanitarian Aid to save the lives of many

An alternative that brought together the expertise of former smugglers, NGOs and citizens from both countries to get donations to those in need.

# SUPPLY NETWORK



WPP is committed to creating an inclusive, sustainable, ethical and diverse supplier network of business-enabling vendors.

Our Group procurement team manages centrally negotiated contracts with preferred suppliers. A significant proportion of additional procurement is delivered through contracts negotiated by budget holders within our agencies.

In 2020, we began an extensive transformation programme to modernise our procurement ecosystem and infrastructure and optimise how we buy. Workstreams include expanding our spend analytics tool across all markets by the end of 2022 and standardising processes and systems, beginning with the global roll-out of our travel programme in the second half of 2021.

## SOURCING STANDARDS

Our Supplier Code of Conduct includes requirements relating to labour practices (such as anti-harassment and discrimination, and health and safety), human rights (including modern slavery issues such as child, forced or bonded labour), social impacts (such as anti-bribery and corruption) as well as other sustainability issues. Our Code requires suppliers to apply similar standards to companies within their own supply chain, including evidencing diversity and social responsibility in their cultures, behaviours and attitudes.

## SUPPLIER SELECTION

Our procurement policy requires that anyone who buys goods and services in any WPP agency considers sustainability risks and criteria to determine whether suppliers are fit for purpose. In 2020 we launched new Mindful Purchasing Guidelines which outline how to select suppliers and partners that meet our responsible sourcing standards.

As part of our supplier onboarding process, we evaluate potential suppliers on factors including assurance of diversity of workforce, supply, quality, service, cost, innovation and

sustainability. In 2020 we revised our supplier questionnaire to include new questions on supplier diversity and carbon reduction.

## SUPPLIER DIVERSITY

WPP is committed to including Certified Diverse Suppliers in its purchasing lifecycle, both internally and for the benefit of our clients.<sup>1</sup>

In 2020 we relaunched our Supplier Diversity Programme to support and encourage buying from Certified Diverse Suppliers. We also joined the Global Supplier Diversity Alliance with memberships in Australia, the UK and the United States, giving us access to global directories of Certified Diverse Suppliers and guiding us on best practice so diverse suppliers can win contracts and thrive in our ecosystem.

## HUMAN RIGHTS

Respect for human rights is a fundamental principle for WPP. We aim to prevent, identify and address any negative impacts on human rights associated with our business activities.

Our human rights policy statement summarises our approach. It reflects international standards and principles, including the International Bill of Human Rights, the UN 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 a member of the United Nations Global Compact and report progress against its ten principles annually.

Our most direct impact on human rights is as a major employer. We recognise the rights of our people, including those relating to freedom of association and collective

bargaining, and we do not tolerate harassment or any form of forced, compulsory or child labour. Human rights are included in the ethics training completed by all employees, which we updated in 2020.

We work with clients to manage any human rights risks from marketing campaigns, for example by protecting children's rights in relation to marketing. WPP companies will not undertake work designed to mislead on human rights issues.

## MODERN SLAVERY

We do not tolerate any form of modern slavery in our business or supply chain.

WPP recognises the prevalence of modern slavery across all countries. We aim to implement appropriate measures to mitigate the risk of it occurring, either in our own operations or those of our partners. In 2020, we trained more than 100 members of our HR community on modern slavery risks and how to mitigate against these by following our responsible recruitment and mindful purchasing processes.

As part of our due diligence process, our supplier questionnaires include an assessment of modern slavery risk. Our Global Supplier Agreement includes a specific clause relating to modern slavery.

<sup>1</sup> Certified Diverse Suppliers are defined as minority-owned, women-owned, veteran-owned, LGBT-owned, service disabled veteran-owned, historically underutilised businesses and small businesses.

To learn more about our Supplier Code of Conduct, Human Rights Policy, and Modern Slavery Act Transparency Statement, see:



[wpp.com/sustainability/policies-and-resources](https://www.wpp.com/sustainability/policies-and-resources)





## EARTH SPEAKR: IT'S TIME TO START LISTENING

**AGENCY**  
AKQA COPENHAGEN

**CLIENT**  
STUDIO OLAFUR ELIASSON

Earth Speakr is an interactive, augmented reality artwork, developed by contemporary artist Olafur Eliasson in collaboration with AKQA. It amplifies children's views on the future wellbeing of the planet, by inviting adults and today's decision-makers, change-agents and global leaders to listen to what young people have to say.

Earth Speakr uses augmented reality to blend children's faces with objects or materials in their surroundings – or even the planet itself – as they literally speak up on behalf of the environment. Adults are invited to participate by listening to the messages and creating augmented reality "Loud Speakrs" to amplify the powerful messages kids have to share.

Earth Speakr was funded by the German Federal Foreign Office on the occasion of the German Presidency of the Council of the European Union 2020 and realised in cooperation with the Goethe-Institut. It is available in the 24 official languages of the European Union and can be accessed worldwide.

**2.5m**  
messages listened to

**450,000**  
app downloads

# TRANSPARENCY AND TRUST



We set clear standards, policies and procedures to ensure high levels of transparency and trust throughout our business.

## OUR CODE OF CONDUCT

Our policy framework and training set clear ethical standards for our people and agencies.

The WPP Code of Business Conduct applies to everyone at WPP. It sets out our responsibilities to our people, partners and shareholders to act ethically and with integrity.

It is underpinned by more detailed policies on topics including anti-bribery and corruption, hospitality and gifts, facilitation payments, the use of third-party advisors, human rights and sustainability.

We want to embed a culture of integrity and transparency in which our people recognise that doing the right thing is good business.

We require our people to take our online ethics training, How We Behave, on joining and then on a regular basis, including after each update (at least every two to three years). Topics include diversity, human rights, conflicts of interest and avoiding misleading work. In 2020, How We Behave was refreshed to include new modules on sustainability and business integrity. More than 95,000 employees completed the training.

Our online training on anti-bribery and corruption covers the requirements of the Foreign Corrupt Practices Act and UK Bribery Act, including issues such as hospitality and gifts, facilitation payments and the use of third-party advisors.

Part of WPP's Code of Conduct is making sure that our people have the confidence to speak up and raise concerns through various channels without fear of retaliation. Our approach is described under Whistleblowing on page 92.

## MANAGEMENT AND COMPLIANCE

Our Group Chief Counsel oversees our approach to ethics and compliance. Senior managers in all our agencies and our business and supplier partners are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will comply with its principles. Our Board-level Sustainability Committee and Executive Committee sustainability working group provide additional oversight and guidance on any ethical issues that may arise.

Our people can report concerns or suspected cases of misconduct confidentially (and, if they wish, anonymously) through our independently managed Right to Speak facility, which is overseen by our legal and business integrity teams and is available via phone or email in local languages. We publicise the facility in induction packs, on our intranet and external website, in offices, in the WPP Policy Book and via our ethics training. Our people can also speak directly to our business integrity team who receive a number of reports through emails, calls, texts and in person appointments.

In 2020, we received 418 Right to Speak reports (2019: 361), all of which were followed up, investigated where appropriate by our legal and business integrity teams, and reported to the Audit Committee (see page 128).

## ASSOCIATES, AFFILIATES AND ACQUISITIONS

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.

Our due diligence process for acquisitions and expansion into new markets includes a review of ethical risks including those relating to bribery and corruption, human rights or ethical issues associated with client work.

We identify any specific human rights risks associated with different countries of operation, using sources such as the Transparency International Corruption Index, Human Rights Watch country reports and government guidance.

Acquired businesses must adopt our policies and their people must undertake our ethics training within a month of joining WPP. This is agreed in an integration plan before the acquisition is finalised, and we monitor progress.

## INSTITUTE OF BUSINESS ETHICS

WPP is a member of the Institute of Business Ethics (IBE) and considers it an important partner and support for the approach that the Company takes to business integrity, sustainability and ethics. As set out more fully in Risk Governance Framework and Business Integrity Programme on page 90, we want to champion and facilitate a culture where our people feel that acting with honesty and integrity is an expected metric for success and this is also the IBE's ethos. The IBE shares knowledge and good practice as well as advice on the development and embedding of relevant policies through networking events, regular publications and training sessions, research and benchmarking reports. The IBE is a registered charity funded by corporate and individual donations.

# PUBLIC POLICY



We believe that business can make a valuable contribution to public policy debate. To protect the public interest, it is important to conduct all lobbying with integrity and transparency.

Most of our public policy activity is work that our public affairs businesses carry out for clients, including direct lobbying of public officials and influencing public opinion. On occasion, we also advocate on issues that affect our business.

Our public affairs companies include BCW, Finsbury Glover Hering and Hill+Knowlton Strategies. The majority of their work takes place in the United States, the UK and the EU, although many clients are multinational businesses operating in many countries.

## OUR STANDARDS

Our Code of Business Conduct and Political Activities and Engagement Policy govern our political activities, and both are available on our website. These documents commit us to acting ethically in all aspects of our business and to maintaining the highest standards of honesty and integrity. Political activities in particular should be conducted legally, ethically and transparently and all related communication should be honest, factual and accurate. Our policies apply to all agencies and employees at all levels.

Many of our companies are members of professional organisations and abide by their codes of conduct. Examples include the UK Association of Professional Political Consultants (APPC), and the European Public Affairs Consultancies' Association (EPACA).

WPP companies comply with all applicable laws and regulations governing the disclosure of public affairs activities. In the United States, this includes the Lobby Disclosure Act and the Foreign Agent Registration Act, which are designed to achieve transparency on client representation and require lobby firms to register the names of clients on whose behalf they contact legislators or executive branch personnel. A number of our agencies are listed on the voluntary EU Transparency Register of lobbying activities.

Our companies in the United States whose sole or primary business is lobbying have representatives of both major political parties among senior management.

We will not undertake work that is intended to mislead and always seek to identify the underlying client before taking on work. We do not knowingly represent "front groups" purporting to be independent campaign groups but which are in fact controlled by another organisation for the purpose of misleading.

Our Group Corporate Affairs Director has responsibility for developing and implementing our political activity policy and public reporting procedures. The CEO and CFO in each country or region are responsible for implementing our policy at the local level.

Any third parties conducting political activities on behalf of WPP or its agencies must comply with our Political Activities and Engagement Policy. Third parties are required to complete the WPP ethics training or equivalent within their own organisation.

## POLITICAL CONTRIBUTIONS

WPP agencies are not permitted to make direct cash donations. Other political donations can only be made with the prior written approval of a WPP executive director. Donations must be reported to WPP legal before they are made, to confirm they comply with this policy and to obtain the necessary approvals.

## POLITICAL ACTION COMMITTEES

In countries where it is consistent with applicable law, individuals working at WPP companies may make personal voluntary political contributions directly to candidates for office. Several of our businesses, including BCW and Finsbury Glover Hering also maintain political action committees (PACs) which accept voluntary donations from their people to support political candidates. In 2020, these PACs made disbursements worth \$108,037 (data from fec.gov).

## LOBBYING AND POLITICAL ADVOCACY

We occasionally contribute to the debate on public policy issues relevant to our business, sometimes through our public affairs agencies.

We advocate on sustainability issues, through partnerships such as the Common Ground initiative in support of the UN Sustainable Development Goals. Demet İnkiler, WPP's Turkey Country Manager and EMEA CEO of GroupM, serves on the local board of the UN Global Compact with responsibility for diversity and inclusion. Karen Blackett OBE, WPP's UK Country Manager and GroupM UK CEO, serves as a member of the Board of the UK's Cabinet Office.

Our agencies contribute to public policy debate in areas where they have expertise and a special interest. Our digital and research companies, for example, are involved in privacy and data protection issues.

WPP agencies must implement clear procedures for employing serving or former politicians, including a six-month "cooling-off" period for people joining WPP from public office or the public sector.

## MEMBERSHIP OF TRADE ASSOCIATIONS

We are members of trade associations, industry groups and membership organisations which undertake lobbying activity on behalf of their members. We select organisations with priorities and values aligned with our own and with robust governance processes. WPP companies must nominate a senior manager to manage and oversee trade association relationships.

At a Company level, our memberships include: 30% Club, the American Benefits Council, BritishAmerican Business Inc., Business Disability Forum, CBI, China Britain Business Council, Executive Leadership Council, Institute of Business Ethics, the Northeast Business Group on Health, PARC, RE100, The Valuable 500, Women on Boards, and the World Economic Forum.

In our markets, our agencies are often members of local advertising, PR, public affairs and market research industry associations, as well as national chambers of commerce and business councils.

# PRIVACY AND DATA ETHICS



Throughout 2020 we continued to build on our established foundations for data protection and particularly for data privacy. With increasing regulation and the increased importance of these matters for consumers, WPP demonstrates, through its expertise and direct engagement, that we are a trusted partner for our clients, suppliers and associates.

We are seeing – and responding to – increased regulation with the introduction of new laws in Brazil, California and South Africa and we have policies and governance implemented ensuring we are well placed as countries introduce similar regulation. Through our active engagement in industry bodies, particularly in the UK with the Advertising Association and the United States with the 4As and the Network Advertising Initiative, we are able to monitor and influence the changing regulatory landscape.

Our Group Chief Privacy Officer leads our work on privacy, supported by our Global Data Protection Officer. Together, they provide practical guidance and support to our agencies, ensure that privacy risks are well understood, and promote best practices.

## CLIENTS

We are understandably seeing increased interest and engagement from our clients on data privacy, protection and ethics, not only through commercial and contractual negotiations, but throughout the operational relationship. Our privacy teams have established direct relationships with their client counterparts to ensure alignment and engagement on this subject and we have jointly hosted privacy-focused client sessions establishing a shared understanding in the work being undertaken.

## DATA ETHICS

Data ethics continues to be a focus for WPP. In 2020 we launched the WPP Data Ethics Statement, complemented by the WPP AI Statement, outlining to our people, clients and stakeholders the foundations of our ethical data processing. In 2021 we will be introducing full policies for both data ethics and AI.

GroupM, WPP's media investment group, recently launched the industry's first tool to operationalise data ethics. The Data Ethics Compass allows advertisers to evaluate the ethical risk level of data assets and decisions.



[groupm.com/newsroom/groupm-operationalizes-data-ethics-with-a-proprietary-scoring-logic-criteria-and-standardization-tool/](https://groupm.com/newsroom/groupm-operationalizes-data-ethics-with-a-proprietary-scoring-logic-criteria-and-standardization-tool/)

## DIVERSITY, EQUITY AND INCLUSION

WPP is committed to diversity, equity and inclusion in our business, supply chains and client work. Whilst this is achieved through our actions and initiatives, we must also measure achievement against our own commitments. Clients are increasingly asking us to demonstrate our people are from diverse backgrounds and representative of their own customers. For over 30 of our markets, we have developed detailed guidance on how we can collect and report on such data in line with regulations and in a way that is culturally sensitive to our own people.

**i** For information on ethnicity data, see our Sustainability Report 2020

## GOVERNANCE, POLICIES AND TRAINING

We have established the WPP Risk Sub-committee focusing on data privacy, security and ethics. Co-chaired by WPP's Chief Privacy Officer and Chief Information Officer, the Sub-committee consists of representation from across the security, technology and data leadership. The Sub-committee is responsible for reviewing and monitoring the Group's approach to regulatory and legal compliance, as well as monitoring data privacy, ethics and security risk. This Sub-committee is pivotal in our approach to our own and our clients' data, as well as contributing to our overall strategy.

2020 saw the first full-increment version of the WPP Data Privacy & Security Charter. Bringing together our related policies, the Charter communicates our approach to data, setting out core principles for responsible data management through our Data Code of Conduct, our technology, privacy and social media policies, and our security standards (based on ISO 27001).

Last year we launched the revised data protection and privacy Safer Data training as part of the relaunch of the WPP How We Behave training. Completed by all staff, the new training completely overhauls the content and delivery. This training is augmented by subject-focused training, where required, covering specific regulations, regional laws or activities undertaken by our agencies.

Our annual Data Health Checker provides us with insight into how data is used, stored and transferred and helps to identify any parts of the business that need further support on data practices. The results show us that the majority of our agencies continue to have mitigation measures that match or exceed their level of privacy risk, with the average risk score being 1.6 out of five, where five is the maximum score possible and indicates maximum risk.

## ARTIFICIAL INTELLIGENCE, MACHINE LEARNING AND DATA

The Privacy, Data Protection and Security teams work closely with the Group WPP CTO function facilitating both strategic and compliance alignment particularly for the development of client-focused data services. Specifically, we recognise our clients' focus on the increasing importance of first-party data and data access and variety rather than acquisition at volume.

We are developing skilled, knowledgeable teams with an awareness and understanding about the centrality of data to our business (supported by programmes such as Demystify AI). We have launched a partnership with the Open Data Institute and are rolling out the WPP AI Academy in partnership with Coursera.

Recognition and elevation of the contribution that our data specialists make to our business has been fostered through the launch of the highly successful WPP Open Data & AI Community along with the Chief Data Officers' Group, which both seek to encourage a culture of curiosity and sharing.

# OUR APPROACH TO SUSTAINABILITY



## EMBEDDING SUSTAINABILITY IN OUR COMPANIES

WPP sets sustainability policy, with every agency responsible for implementation. We have a clear policy framework through our Code of Business Conduct, Sustainability Policy, Supplier Code of Conduct, Data Privacy and Security Charter, Human Rights Policy Statement and other policies included in the WPP Policy Book. We track progress using our social and environmental key performance indicators.

Our internal sustainability advisors are working to ensure consistent implementation of our standards. In 2020, we launched a sustainability audit across 21 countries to establish a baseline of sustainability policies and performance.

We also established new green teams in India and the Netherlands to share best practice and encourage collaboration.

## STAKEHOLDER ENGAGEMENT

Dialogue with our stakeholders, including our people, clients and shareholders, provides valuable feedback and insight into sustainability risks and opportunities, for our Company and our clients.

Most stakeholder engagement takes place in the course of doing business. We work with clients on sustainability issues (see page 72). Information on employee engagement is on page 78. In 2020, as part of our sustainability strategy review, we conducted a formal sustainability stakeholder mapping exercise with H+K to help strengthen the effectiveness of our engagement on sustainability issues.

## INVESTOR ENGAGEMENT

Our involvement with investors, rating agencies and benchmarking organisations on sustainability during 2020 included: Bloomberg Gender-Equality Index; Ecovadis; Ethibel; Vigeo Eiris; FTSE Russell; Human Rights Campaign Foundation's Corporate Equality Index; MSCI Research Inc.; Sustainalytics; Thomson Reuters D&I Index; and Workforce Disclosure Initiative (WDI).

We are included in the FTSE4Good Index and participate in the CDP climate change benchmark, receiving a rating of B in 2020 (2019: B).

## OUR MATERIALITY PROCESS

We use a materiality process to ensure our strategy, investments and reporting focus on the issues of greatest importance and relevance to our business and our stakeholders.

Our first formal materiality assessment in 2014 included interviews with clients, investors, NGOs, and sustainable business experts, as well as with senior executives in our Company functions and our agencies. We carried out further reviews in 2016 and 2017. Our most recent formal materiality assessment was completed in January 2020 and reflected our new corporate strategy and changing stakeholder priorities (see 2020 Sustainability Report).

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We support the UN SDGs as a framework for government agencies, civil society, the private sector and citizens to work together to create a more sustainable future.

We have analysed the 17 Global Goals and the 169 targets which sit behind them to identify those which are most relevant for our business. To learn more about the Goals we believe we can make the most significant contribution towards, see our full Sustainability Report 2020, available as a PDF download.

## ABOUT OUR REPORTING

Data included in this Annual Report is for the calendar year 2020 and covers all subsidiaries of the Company. Some key environmental and people data is verified by Bureau Veritas, an independent assurance provider (see 2020 Sustainability Report).

We use external frameworks to help us implement good reporting practice, to ensure we are covering the topics of most interest to stakeholders and to aid comparison with other companies.

To find further details, data, our materiality analysis, case studies and our reporting standards index, listing disclosures including GRI and UNGC and their location in our report, visit:



wpp.com

## NON-FINANCIAL INFORMATION STATEMENT

This section provides information required by regulation in relation to:

- environmental matters (page 81) and TCFD Statement, pages 216-218);
- our people (page 76);
- social matters (page 74);
- human rights (page 83); and corruption and bribery (page 86).

In addition, other related information can be found as follows:

- business model (page 12);
- principal risks and how they are managed (page 95); and
- non-financial key performance indicators (page 54).



# ASSESSING AND MANAGING OUR RISKS

The success of our strategic objectives as discussed in this report depends to a significant extent on how we identify and address the current and emerging risks and uncertainties we face as a business. The Board, assisted by the Audit Committee, has oversight and responsibility for our approach to risk management which is structured through our three lines of defence model and driven by our risk governance framework, business integrity programme, culture based upon the principles set out in our Code of Conduct and our internal control framework.

The Board has reviewed the design and effectiveness of this system during the year and up to the date of this report and carried out a robust assessment of the principal risks that could impact our business.

The system of controls described below is designed to manage and mitigate, but may not eliminate, the risk of failure to achieve our strategic objectives and is not an absolute assurance against material misstatement or loss.

## RISK GOVERNANCE FRAMEWORK AND BUSINESS INTEGRITY PROGRAMME

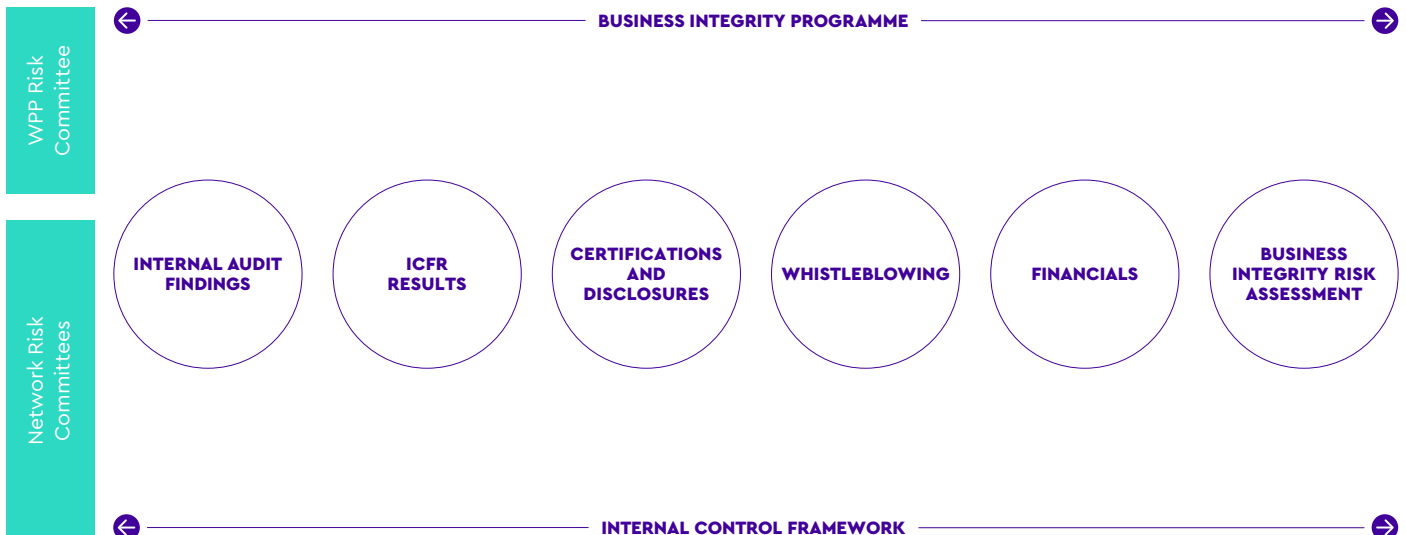
A key element of our risk governance framework is our Risk Committees. Each network has a global Risk Committee chaired by the CEO and with key senior managers participating to ensure that leadership has a full understanding of the risks across businesses and the remediation steps required from time to time in certain markets. We also have a WPP Risk Committee which has oversight of all network Risk Committees and itself reports into the Audit Committee. In 2020 we established two sub-committees to focus on the detail of risks relating to Data Privacy, Security and Ethics and to Controls at both WPP and network level.

The agenda of the Risk Committees is to review, monitor and advise on: compliance with laws, regulations, internal procedures, and industry standards, including anti-bribery and corruption matters; the implementation of our compliance framework (including setting clear standards and reporting lines for the accurate and timely monitoring of exposures and certain risk types of importance); compliance policies and

practices; and risks that present themselves throughout each network. This agenda is framed by our business integrity programme and internal control environment. In 2020 the WPP Risk Committee's terms of reference were updated to hone in on the appropriateness of WPP's values, culture and reward systems for managing risk and internal controls, and the extent to which culture and values are embedded at all levels of WPP.

In order to carry out their duties comprehensively, each Risk Committee has secure access to an increasing central pool of data from, or with the potential to impact, their network that is crucial to the ability to recognise and monitor a full risk and compliance picture; this includes internal audit reports, Internal Controls over Financial Reporting (ICFR) results, general computing controls results, information from whistleblowers, findings from investigations, responses from our annual risk mapping process and the results of our annual assessment of business integrity risk.

## WPP'S RISK GOVERNANCE FRAMEWORK



**WPP'S RISK GOVERNANCE FRAMEWORK**

Our business integrity programme is integral to ensuring that the policies, procedures and control environment set by the Board are understood and adhered to across all geographies and markets. It is produced by mapping resources, systems and processes against WPP's risk appetite (which the business integrity function supports the Board and WPP Risk Committee to set), governance requirements and regulator expectations and then crafting actions from the results for both the business integrity team and the Risk Committees.

Actions for the business integrity team focus on tackling root causes of risk and include:

- in respect of resources, championing and enhancing messages and examples from global, regional and local leadership with communications, training sessions, workshops, townhalls and practical guidance, knowhow and resources for our people and providing "on the ground" support for day to day queries from our networks;

- in respect of systems, advising on the implementation of WPP's policies, procedures and controls (including around internal reporting and approvals) and providing a compliance lens for the design and structure of our enterprise resource planning (ERP) environment (including ensuring that its functionality is leveraged to restrict access to key transactions to appropriate parties and ensure adequate segregation of duties and assets); and
- in terms of processes, conducting an annual assessment of business integrity risk, monitoring dynamic data feeds (including our financials, internal audit findings and ICFR results), pro-active management of self-certifications and disclosures from our people, reviewing and investigating whistleblowing reports and tracking remediation efforts.

**POLICIES, PROCEDURES AND CULTURE**

The quality and competence of our people, their integrity, ethics and behaviour, and the culture embedded within our businesses are all vital to the maintenance of our system of internal control which is maintained and reviewed in accordance with the UK

Corporate Governance Code, FRC guidance on risk management and internal control and the COSO framework.

In order to help our people make the right decisions, we provide a number of tools. The baseline reference of our policies and procedures are set out in our Policy Book, internal control bulletins and accounting guidelines. To help our people understand the ethical and business objectives set out in the WPP Policy Book, WPP has a mandatory online training programme which all our people (including freelancers working for more than four weeks) are required to complete on an annual basis. The programme content was refreshed in 2020 and comprises five modules: How We Behave, Business Integrity, Safer Data, Sustainability and Belonging. In addition, WPP's business integrity function organises in-person (or, through the lockdown months, video call) training sessions, townhalls and workshops throughout the year on topics thought necessary or relevant such as Ethics & Integrity, Respect in the Workplace and The ABCs of ABC (Anti-Bribery and Corruption). This top-up programme is designed in response to data collected and reviewed by WPP's business integrity function including from concerns raised and corroborated through investigations and our annual assessment of business integrity risks. It is underpinned with daily support on the ground from our regional compliance directors and managers. The business integrity function also houses an e-library of practical guides and compliance FAQs.

The core of our Policy Book is our Code of Business Conduct, which is regularly reviewed by the Board and sets out the principal obligations of all of our people. As a Group and as individuals we have a collective responsibility to behave in the right way, to live up to our values and to conduct our business with integrity. Our Code outlines the commitments we make to each other, our business partners, and others with a stake in what we do. The principles of the Code are embedded in our training courses and workshops and our senior managers are required to certify compliance with the Code on an annual basis.

**WPP'S BUSINESS INTEGRITY PROGRAMME**



**RESOURCES**

Our people – **everyone** is accountable  
 Leadership  
 Communications, training and guidance  
 "On the ground" support

**SYSTEMS**

ERP environment  
 Policies, procedures and controls  
 Financial reporting  
 Internal reporting and approvals

**PROCESSES**

Business integrity risk assessment  
 Monitoring dynamic data feeds  
 Whistleblowing  
 Due diligence  
 Certifications and disclosures  
 Remediation – and focus on **root causes**  
 Disciplinary measures and incentives

Our Anti-Bribery and Corruption Policy prohibits any form of bribery across the Group and is supported by the Advisor Payment Policy which restricts the use of advisors and details the due diligence that must be undertaken in the limited cases where advisors may be used. Our Gifts and Hospitality Policy sets limits on values that may be given or received, supported in each company by a gift register.

Our Code of Conduct for suppliers replicates all of these obligations in our supply chain. Our Policy Book also includes required practices in many operational, tax, legal and human resource areas.

The application of our policies and procedures is monitored within each company and by the internal audit, legal, business integrity and risk and controls functions. Breaches are investigated by our legal and business integrity teams and, where appropriate, external advisors.

WPP's business integrity function has a mandate to make recommendations to realign and support WPP's networks where required to manage and reduce risk. Recommended remediation can include disciplinary action, changes to systems, controls, approvals or functions, monitoring and training sessions. This approach is formalised through WPP's Whistleblowing Protocol and Investigations Protocol. The Compensation Committee continues to review how the Group's performance rewards support the risk management and internal control systems now supported, as noted above, by the WPP Risk Committee.

**WHISTLEBLOWING**

WPP's Code of Conduct sets out our responsibilities to our people, partners and shareholders to act ethically and with integrity. We want to embed a culture of integrity and transparency and where our people recognise that doing the right thing is good business.

Part of this culture is making sure that our people have confidence to speak up and raise concerns with their managers or supporting teams, or through their employee forums or our Right to Speak hotline (which is confidential and allows for anonymity) if they experience or are concerned about behaviour which conflicts with our Code.

WPP is continuously raising awareness of these channels among our people and other stakeholders and as a result there has been a steady increase in the number of reports received over the past few years. In 2020, a total of 418 reports were received from whistleblowers, 312 of which were through the Right to Speak hotline. The most commonly raised concerns were about respect in the workplace and protection of WPP's assets.

**RISK IMPACT FROM WHISTLEBLOWER REPORTS 2020**

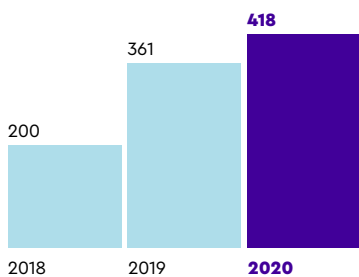
All whistleblower reports received by the Group Chief Counsel and General Counsel, Corporate Risk, which includes all Right to Speak reports, are handled in line with WPP's Whistleblowing and Investigations Protocols and logged, investigated and tracked through to a conclusion including any remediation or follow-up actions that might be required.

Reports are also analysed for risk impact and root causes. Learnings generated from this analysis are converted into recommendations including for training sessions, workshops and practical resources by WPP's business integrity function and implemented together with the support and input of the Risk Committees. Recommended remediation can also include disciplinary action, changes to systems, controls and processes or wider review and monitoring for a particular time period.

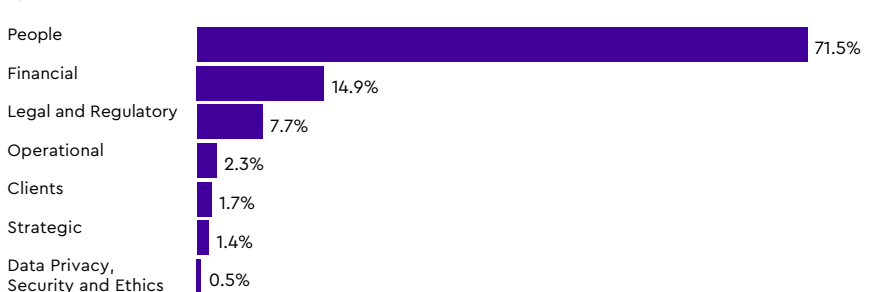
The nature of each report, action taken and outcome is reported to the Audit Committee and the approach and process are reviewed by the auditors. WPP is committed to providing a safe and confidential way for people with genuine concerns to raise them, and to do so without fear of reprisals. WPP does not tolerate any retaliatory behaviour against individuals reporting concerns and is equally committed to preserving the anonymity of an individual who makes a report and does not wish to have their identity revealed.

The consequences of misconduct or retaliation range from individual performance management, training for a business or an office and one-on-one training or coaching for an individual through to staff relocation and staff dismissal.

**TOTAL NUMBER OF REPORTS FROM WHISTLEBLOWERS**



**RISK IMPACT FROM WHISTLEBLOWER REPORTS**



**RISK MANAGEMENT**

We use a "three lines of defence" model in relation to risk management:

**1. COMPANY REVIEWS**

Each company undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks, supported by our policies, training and guidance on required internal controls over financial reporting and monitoring controls and reviews within their network.

In addition, our companies must maintain and update documentation of their internal controls and processes. This documentation incorporates an analysis of business risks, detailed control activities and monitoring, together with IT and financial controls and controls over security of data and the provision of timely and reliable information to management.

The information collated feeds up to each network's Risk Committee which uses it to assess and monitor current risk exposures, identify new risk types and set future risk strategy as well as compile it into reporting and insights for the WPP Risk Committee and executive management.

**2. EXECUTIVE MANAGEMENT REVIEWS**

The company reviews are formally communicated to executive management in monthly reports and quarterly review meetings and, in turn, to the Board. At each Board meeting, the management team presents a business review of each of the operations, including an assessment of the risks in each business and details of any change in the risk profile since the last Board meeting.

The business review includes the possibility of winning or losing major business; succession and the addition or loss of a key employee; regulatory changes; sustainability, including risks relating to marketing ethics, privacy, diversity and employment; political instability; and changes in accounting or corporate governance practice.

To add to this, the WPP Risk Committee, supported by the business integrity function, is evolving our enterprise-wide risk management process through the design and build of a risk analytics platform which will sit over dynamic data feeds and alongside refreshed risk appetite statements, drivers and tolerances and incorporate our internal control framework. The resulting dashboard analysis will allow risks to be monitored and tracked across all businesses and markets and will feed into the regular risk discussions of executive management, the Audit Committee and the Board.

In 2020 the Company also established the Risk and Controls Group to drive continuous improvement in WPP's internal control environment. The new function focuses on the design and implementation of internal financial controls as well as controls that support WPP's risk framework and transformation programmes.

**3. INTERNAL AUDIT AND AUDIT COMMITTEE OVERSIGHT**

The internal audit function, with Audit Committee oversight and external resource as required, provides an independent review of risk management and internal control via internal audits and management of the testing programme for ICFR.

**LINES OF DEFENCE**

**FIRST LINE OF DEFENCE**  
Functions that own and manage risk

**SECOND LINE OF DEFENCE**  
Functions that oversee or specialise in risk management and business integrity

**THIRD LINE OF DEFENCE**  
Functions that provide independent assurance, above all internal audit

**THE NEWLY ESTABLISHED RISK AND CONTROLS GROUP IS PART OF OUR SECOND LINE OF DEFENCE**

- To drive continuous improvement in WPP's control environment through strengthening ownership and accountability for internal controls at all levels of the organisation
- To drive culture change throughout WPP and improving understanding of internal controls
- To provide training and development as to "what good looks like" in relation to controls and demonstrating the value of good controls throughout WPP

## VIABILITY STATEMENT RISK ASSESSMENT

### ASSESSMENT OF PROSPECTS

An understanding of the Group's business model and strategy detailed on pages 12 and 22 is central to understanding its prospects.

The Group's business model, transformation programme and diversification across marketing services businesses which operate in 111 countries, with a broad spectrum of clients, technology partners and suppliers and track record of making acquisitions and setting up new businesses, are all relevant to any consideration of prospects and viability.

The Directors assess the Group's prospects on a regular basis through the financial reporting and planning process, the business reviews at each Board meeting, quarterly reviews of our businesses by the executive team and ongoing reviews of the Group's profitability, cash flows and funding requirements. The Board has considered the longer-term risks and opportunities for the Group discussed in the Strategic Report at a Board strategy session in 2020 and the potential impact of competition for talent and competition from consulting firms, technological disruption, climate change and regulation. The Board has also considered the impact of the Covid-19 pandemic which adversely affected our business and our clients' and suppliers' businesses across all of the countries in which we operate but which also accelerated changes in our sector. The Group has experienced and expects to continue to experience unpredictable reductions in demand for our services from clients in sectors impacted by the pandemic.

### VIABILITY STATEMENT

The Directors' assessment of the Group's viability for the next three years has been made with reference to:

- the impact on the Group of the Covid-19 pandemic and the measures to contain its spread, including restrictions on businesses, social activities and travel, any failure to realise anticipated benefits from the roll-out of vaccination campaigns and the resulting impact on the economies in which the Group operates, our clients and demand for our services;
- the ongoing reviews, short-term notice periods or assignment nature of many of the client engagements;
- the volatility of global economic conditions and impact of a global recession as a consequence of the Covid-19 pandemic;
- the Group's current position and prospects;

- the ongoing transformation programme updated in this report;
- the changes taking place in our industry;
- the long-term impact of technological disruption; and
- the ongoing simplification of the Group structure and improving integrated service offering to clients.

This period has been chosen as it aligns with our three-year budget process and reflects the Board's best estimate of the future viability of the Company. Whilst we have built a five-year plan, levels of uncertainty increase as the planning horizon extends and the Group's plans focus more closely on the next three years. The Board therefore considers a period of three years to be an appropriate period over which to assess the long term viability of the Company. In testing the viability of the Company, we have undertaken a robust scenario assessment of the principal risks which could threaten the viability or existence of the Company. The impact of Brexit has been considered and it is not deemed to have a significant impact on this assessment. In the scenario modelling of the principal risks, we have stress-tested our forecast cash flows to reflect the potential impact of one or more of the Group's principal risks occurring and leading to client loss, loss of reputation, contract breach, our inability to win new business, and the impact of revenue less pass-through costs decline. The Company's forecasts and projections took account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes; and considered the Group's bank covenants and liquidity headroom including the suspension of share buybacks, dividends and acquisitions.

The Company modelled a range of revenue less pass-through cost declines up to a decline of 30% compared with the year ended 31 December 2020. In the most extreme scenarios tested, the Directors have considered the further actions that could be taken to mitigate negative cash flow impact and ensure additional liquidity. The Directors have assumed that the Company will be able to refinance existing bonds and, as a result, the Company will continue to operate in accordance with its bank covenants. However the long-term viability of the Company could be impacted by other as yet unforeseen risks and the mitigating actions that have been put in place in respect of the principal risks could turn out to be less effective than intended.



Having assessed the current position of the Company, its prospects and principal risks and taking into account the assumptions above, the Board has determined that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a period of three years from 1 January 2021.

### GOING CONCERN




The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review on pages 61-65 and Principal Risks and Uncertainties on pages 95-101. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Statements and the Notes to the Financial Statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Company's forecasts and projections, taking account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2020, considering the Group's bank covenant and liquidity headroom taking into account the suspension of share buybacks, dividends and acquisitions, and cost mitigation actions which are and which could be implemented, show that the Company and the Group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due. The Company modelled a range of revenue less pass-through cost declines up to 30% compared with the year ended 31 December 2020. The Directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.



# PRINCIPAL RISKS AND UNCERTAINTIES

The Board has carried out a robust assessment of the principal risks and uncertainties affecting the Group and the markets we operate in and strategic decisions taken by the Board as at 31 December 2020 and up to the date of this report including any adverse effects of the Covid-19 pandemic and which are described in the table on the following pages.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<b>COVID-19 PANDEMIC</b>		
<p>The coronavirus pandemic negatively impacted our business, revenues, results of operations, financial condition and prospects in 2020. The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.</p> <p></p>	<p>The Covid-19 pandemic and the measures to contain its spread may have a continuing adverse effect on our business, revenues, results of operations and financial condition and prospects.</p>	<p>A strong balance sheet, supported further by action to maintain liquidity including, if needed, the suspension of share buybacks, dividends and acquisitions, cost reduction and cash conservation measures, savings on property and IT capex. Constant monitoring of working capital position.</p>
<b>STRATEGIC RISKS</b>		
<p>The failure to successfully complete the strategic plan updated in December 2020 to return the business to growth and simplify our structure.</p> <p></p>	<p>A failure or delay in implementing or realising the benefits from the transformation plan and/or returning the business to growth may have a material adverse effect on our market share and our business, revenues, results of operations, financial condition or prospects.</p>	<p>Board oversight of the implementation of the strategic plan and regular briefings on the Group's response to the Covid-19 pandemic.</p> <p>The Executive Committee regularly reviews progress against the strategic plan and actions required to deliver against the plan and convenes regularly to discuss the Group's response to and implementation of the measures highlighted above to mitigate the impact of the Covid-19 pandemic on the Group's operations, people, clients and financial condition.</p> <p>The impact of the pandemic and focus on managing cost and changes in ways of working have accelerated aspects of the transformation as we move faster towards a simplified company structure and enhanced use of technology by our people as a consequence of adapting to remote working.</p>

**KEY**

-  Increased risk
-  No change from last year
-  Reduced risk

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<p><b>OPERATIONAL RISKS</b></p> <p><b>CLIENTS</b></p> <p>We compete for clients in a highly competitive industry which has been evolving and undergoing structural change, now accelerated by the Covid-19 pandemic. Client loss to competitors or as a consequence of client consolidation, insolvency or a reduction in marketing budgets due to recessionary economic conditions or a shift in client spending would have a material adverse effect on our market share, business, revenues, results of operations, financial condition and prospects.</p> <p></p>	<p>The competitive landscape in our industry is constantly evolving and the role of traditional agencies is being challenged. Competitors include multinational advertising and marketing communication groups, marketing services companies, database marketing information and measurement, social media and professional services and consultants and consulting internet companies.</p> <p>Client contracts can generally be terminated on 90 days' notice or are on an assignment basis and clients put their business up for competitive review from time to time. The ability to attract new clients and to retain or increase the amount of work from existing clients may be impacted if we fail to react quickly enough to changes in the market and to evolve our structure, and by loss of reputation, and may be limited by clients' policies on conflicts of interest.</p> <p>There are a range of different impacts on our clients globally as a consequence of the Covid-19 pandemic. In the past, clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short term than their other operating expenses.</p>	<p>The transformation plan updated in December 2020. Emphasis on providing faster, more agile and more effectively integrated solutions for our clients.</p> <p>Simplifying our organisational structure such as the disposal of 60% of our interest in Kantar and the disposal of non-core minority holdings.</p> <p>Launch of further Campus co-locations including in Chicago, Hong Kong and Rome. Embedding data and technology more deeply into our offer to clients.</p> <p>Board focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. Creation of a team focused on culture, diversity and inclusion across the Group. Creation of the WPP Global Inclusion Council in 2020 and commitments to anti-racism.</p> <p>Continuous improvement of our creative capability and reputation of our businesses.</p> <p>The development and implementation of senior leadership incentives to align more closely with our strategy and performance.</p> <p>Business review at every Board, Management and Executive Committee meeting to identify client loss. Monthly updates to the management team on the status of the Group's major clients and upcoming pitches for potential new clients. Continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.</p>
<p>We receive a significant portion of our revenues from a limited number of large clients and the net loss of one or more of these clients could have a material adverse effect on our prospects, business, financial condition and results of operations.</p> <p></p>	<p>A relatively small number of clients contribute a significant percentage of our consolidated revenues. Our ten largest clients accounted for 21% of revenue less pass-through costs in the year ended 31 December 2020. Clients can reduce their marketing spend, terminate contracts or cancel projects on short notice. The loss of one or more of our largest clients, if not replaced by new accounts or an increase in business from existing clients, would adversely affect our financial condition.</p>	<p>Increased flexibility in the cost structure (including incentives, consultants and freelancers).</p> <p>Business review at every Board meeting and regular engagement at executive level with our clients.</p> <p>A monthly new and existing business tracker is reviewed by the Executive Committee on a monthly basis with regular updates to the Board.</p>

**PRINCIPAL RISK**

**PEOPLE, CULTURE AND SUCCESSION**

Our performance could be adversely affected if we do not react quickly enough to changes in our market and fail to attract, develop and retain key creative, commercial, technology and management talent, or are unable to retain and incentivise key and diverse talent.



**POTENTIAL IMPACT**

We are highly dependent on the talent, creative abilities and technical skills of our people as well as their relationships with clients. We are vulnerable to the loss of people to competitors (traditional and emerging) and clients, leading to disruption to the business.

**HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES**

Our incentive plans are structured to provide retention value, for example by paying part of annual incentives in shares that vest two years after grant date.

We are working across the businesses to embed collaboration and investing in training and development to retain and attract talented people. The investment in co-located Campus properties is increasing the cooperation across our companies and provides extremely attractive and motivating working environments.

Succession planning for the Chief Executive Officer, the Chief Financial Officer and key executives of the Company is undertaken by the Board and Nomination and Governance Committee on a regular basis and a pool of potential internal and external candidates identified in emergency and planned scenarios.

Compensation Committee oversight for the Group's incentive plans and compensation. Our first priority during the Covid-19 pandemic has been the safety and welfare of our people and seeking to protect them as much as possible as well as maintaining the ability to serve clients and win new business as markets recover.

**CYBER AND INFORMATION SECURITY**

We are undertaking a series of IT transformation programmes to support the Group's strategic plan and a failure or delay in implementing the IT programmes may have a material adverse effect on its business, revenues, results of operations, financial conditions or prospects. The Group is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business. During the transformation, we are still reliant on legacy systems which could restrict our ability to change rapidly.

A cyber-attack could result in disruption to one or more of our businesses or the security of data being compromised.



We may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs and client loss if we fail to adequately protect data. A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects and have an impact on long-term reputation and lead to client loss.

A significant number of the Group's people are working remotely as a consequence of the Covid-19 pandemic which has the potential to increase the risk of compromised data security and cyber-attacks.

The IT transformation programmes will underpin our strategic plan and enhance our data security.

There is a rolling programme to retire servers across the Group and move to cloud solutions.

We monitor and log our network and systems and keep raising our people's security awareness through our WPP Safer Data training and mock phishing attacks. Heightened focus on monitoring our network and systems and raising awareness of the potential for phishing and other cyber-attacks during the period of remote working and an increased focus on our control environment.



## PRINCIPAL RISK

## POTENTIAL IMPACT

HOW IT IS MANAGED AND REFLECTED  
IN OUR STRATEGIC PRIORITIES

## FINANCIAL RISKS

## CREDIT RISK

We are subject to credit risk through the default of a client or other counterparty.



We are generally paid in arrears for our services. Invoices are typically payable within 30 to 60 days.

We commit to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow.

Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance.

We are working closely with our clients during this period of economic uncertainty to ensure timely payment for services in line with contractual commitments and with vendors to maintain the settlement flow on media.

Our treasury position and compliance with lending covenants is a recurring agenda item for the Audit Committee and Board.

Increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.

## INTERNAL CONTROLS

Our performance could be adversely impacted if we failed to ensure adequate internal control procedures are in place.

We have identified material weaknesses in our internal control over financial reporting that, if not properly remediated, could adversely affect our results of operations, investor confidence in the Group and the market price of our ADSs and ordinary shares.



Failure to ensure that our businesses have robust control environments, or that the services we provide and trading activities within the Group are compliant with client obligations, could adversely impact client relationships and business volumes and revenues.

As disclosed in our Form 20-F, in connection with the Group's assessment of the effectiveness of internal control over financial reporting as of December 31, 2020, we identified material weaknesses in our internal control over financial reporting with respect to management's review of the impairment assessment of intangible assets and goodwill (specifically the selection of appropriate discount rates for use in the impairment calculations, the determination of the appropriateness of the cash flow periods and associated discounting and determination of the assumptions in respect of working capital cash flows, in each case used in the impairment calculation); the design and implementation of internal controls to ensure that the complex accounting matters and judgements are assessed against the requirements of IFRS and to reflect changes in the applicable accounting standards and interpretations or changes in the underlying business on a timely basis; and our net investment hedging arrangements (specifically concerning the eligibility of hedging relationships under IFRS, the adequacy and maintenance of contemporaneous documentation of the application of hedge accounting, and the review of the impact of changes in internal financing structures on such hedging relationships). As a result of such material weaknesses, we concluded that our internal control over financial reporting was not effective.

If remedial measures are insufficient to address the material weaknesses, or if additional material weaknesses in internal control are discovered or occur in the future, our ability to accurately record, process and report financial information and consequently, our ability to prepare financial statements within required time periods, could be adversely affected. In addition, the Group may be unable to maintain compliance with the federal securities laws and NYSE listing requirements regarding the timely filing of periodic reports. Any of the foregoing could cause investors to lose confidence in the reliability of our financial reporting, which could have a negative effect on the trading price of the Group's ADSs and ordinary shares.

Transparency and contract compliance are embedded through the networks and reinforced by audits at a WPP and network level.

Regular monitoring of key performance indicators for trading are undertaken to identify trends and issues. An authorisation matrix on inventory trading is agreed with the Company and the Audit Committee.



A new controls function has been established in 2020 to review and enhance controls across the Group. We have issued renewed guidance to our businesses of the need to focus on controls through the period of remote working as a consequence of the Covid-19 pandemic.

Management is committed to maintaining a strong internal control environment and remediating the identified material weaknesses in a timely manner, with appropriate oversight from our Audit Committee. We have made progress towards remediation and continue to implement our remediation plan. We have engaged an independent valuation specialist, on an on-going basis with oversight by management, to assist us as an integral part of the discount rate and cash flow determination process in the impairment assessment of intangible assets and goodwill. This has included such items as updating our discount determination methodology for a current market participant approach; enhancing the level of review and controls related to the selection of the variables underpinning the discount rate calculation, the discount rate methodology and annual refresh; and implementing additional validation controls and additional reviews of the selection of cash flow periods and net working capital assumptions. In the case of complex accounting matters and hedging arrangements, we are performing a comprehensive retrospective review of our controls and procedures and implementing enhanced periodic controls into our control framework and have engaged outside advisors with specialist expertise in the respective subject matter areas to assist with the performance of the comprehensive retrospective review.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<p><b>COMPLIANCE RISKS</b></p> <p><b>DATA PRIVACY</b> We are subject to strict data protection and privacy legislation in the jurisdictions in which we operate and rely extensively on information technology systems. We store, transmit and rely on critical and sensitive data such as strategic plans, personally identifiable information and trade secrets:</p> <ul style="list-style-type: none"> <li>- Security of this type of data is exposed to escalating external threats that are increasing in sophistication, as well as internal data breaches.</li> <li>- Data transfers between our global operating companies, clients or vendors may be interrupted due to changes in law (eg EU adequacy decisions, CJEU Schrems II decision)</li> </ul>	<p>We may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs and client loss if we fail to adequately protect data or observe privacy legislation in every instance:</p> <ul style="list-style-type: none"> <li>- A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects</li> <li>- Restrictions or limitations on international data transfers could have an adverse effect on our business and operations.</li> </ul>	<p>We develop principles on privacy and data protection and compliance with local laws. We also monitor pending changes to regulations and identify changes to our processes and policies that would need to be implemented. In the case of data transfers, we also identify alternative approaches, including using other permitted transfer mechanisms, in order to limit any potential disruption (eg SCCs instead of Privacy Shield following the CJEU Schrems II decision).</p> <p>We implemented extensive training ahead of GDPR and CPPA implementation and the roll-out of toolkits to assist our people to prepare for implementation and will do the same as new legislation is adopted in other markets.</p> <p>A Chief Privacy Officer and Data Protection Officer have been appointed at the Company and Data Protection Officers are in place at a number of our companies.</p> <p>Our people must take Privacy &amp; Data Security Awareness training and understand the WPP Data Code of Conduct and WPP policies on data privacy and security.</p> <p>The Data Health Checker survey is performed annually to understand the scale and breadth of data we collect so the level of risk associated with this can be assessed.</p>



PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<p><b>COMPLIANCE RISKS</b></p> <p><b>TAXATION</b> We may be subject to regulations restricting our activities or effecting changes in taxation.</p> <p>➤</p>	<p>Changes in local or international tax rules, for example, as a consequence of the financial support programmes implemented by governments during the Covid-19 pandemic, changes arising from the application of existing rules, or challenges by tax or competition authorities, may expose us to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge.</p>	<p>We actively monitor any proposed regulatory or statutory changes and consult with government agencies and regulatory bodies where possible on such proposed changes.</p> <p>Annual briefings to the Audit Committee of significant changes in tax laws and their application and regular briefings to executive management. We engage advisors and legal counsel to obtain opinions on tax legislation and principles.</p>
<p><b>REGULATORY</b> We are subject to strict anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which we operate.</p> <p>➤</p>	<p>We operate in a number of markets where the corruption risk has been identified as high by groups such as Transparency International. Failure to comply or to create a culture opposed to corruption or failing to instil business practices that prevent corruption could expose us to civil and criminal sanctions.</p>	<p>Online and in-country ethics, anti-bribery, anti-corruption and anti-trust training on a Group-wide basis to raise awareness and seek compliance with our Code of Conduct and the Anti-Bribery &amp; Corruption Policy.</p> <p>A continuously evolving business integrity function to ensure compliance with our codes and policies and remediation of any breaches of policy.</p> <p>Continuous communication of the Right to Speak confidential, independently operated helpline for our people and stakeholders to raise any potential breaches of our Code and policies, which are investigated and reported to the Audit Committee on a regular basis.</p> <p>Due diligence on acquisitions and on selecting and appointing suppliers and restrictions on the use of third-party consultants in connection with any client pitches. Rolling programme of creating shared financial services in the markets in which we operate and the creation of a new controls function in 2020.</p> <p>Risk Committees are well established at WPP and across the networks to monitor risk and compliance through all of our businesses and the enhancement of our business integrity programme across our markets.</p> <p>Gift and hospitality register and approvals process.</p>
<p><b>SANCTIONS</b> We are subject to the laws of the United States, the EU and other jurisdictions that impose sanctions and regulate the supply of services to certain countries.</p> <p>➤</p>	<p>Failure to comply with these laws could expose us to civil and criminal penalties including fines and the imposition of economic sanctions against us and reputational damage and withdrawal of banking facilities which could materially impact our results.</p>	<p>Online training to raise awareness and seek compliance and updates for our companies on any new sanctions.</p> <p>Regular briefings to the Audit Committee and constant monitoring by the WPP legal team with assistance from external advisors of the sanctions regimes.</p>

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<p><b>EMERGING RISKS</b></p> <p>Increased frequency of extreme weather and climate-related natural disasters.</p> 	<p>This includes storms, flooding, wildfires and water and heat stress which can damage our buildings, jeopardise the safety of our people and significantly disrupt our operations. At present 10% of our headcount is located in countries at "extreme" risk from the physical impacts of climate change in the next 30 years.</p>	<p>Our strategy of co-locating our people in WPP Campuses is enabling us to centralise emergency preparedness procedures. It will also enable us to more efficiently deploy climate mitigation measures. We intend to integrate climate-related risk assessment into the technical due diligence suite that we follow when we invest in a new Campus building to help ensure that material, acute and chronic physical climate risks are considered in design and embedded into business continuity procedures.</p>
<p>Increased reputational risk associated with working on environmentally detrimental client briefs and/or misrepresenting environmental claims.</p> 	<p>As consumer consciousness around climate change rises, our sector is seeing increased scrutiny of our role in driving unsustainable consumption. Our clients seek expert partners who can give recommendations that take into account stakeholder concerns around climate change.</p> <p>Additionally, WPP serves some clients whose business models are under increased scrutiny, for example oil and gas companies or associated industry groups who are not actively decarbonising. This creates both a reputational and related financial risk for WPP if we are not rigorous in our content standards as we grow our sustainability-related services.</p>	<p>Our climate crisis training will ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It will be part of a broader sustainability training programme which we will run in multiple markets with localised content in key regions.</p> <p>We are also developing internal tools to help our people identify environmentally harmful briefs. These tools will embed climate-related issues within existing content-review procedures across the organisation. The misrepresentation of environmental issues is governed by our Code of Conduct. We are also reviewing our policies to reduce the risk that any client brief undermines the implementation of the Paris Agreement.</p>

# NOW IS THE TIME FOR BRANDS TO MAKE UP FOR LOST TIME.

BY JEREMY BULLMORE

On one subject, at least, all commentators are agreed. This last year has called for an unprecedented degree of re-examination. (And an unprecedented use of the word unprecedented.) Nothing can be taken comfortably for granted; just about everything needs to be pulled up by its roots, interrogated and tested for its inherent worth. And that is certainly true for The Brand.

It's easy to forget that a common understanding of the nature of brands is relatively recent. Sixty years ago, the word brand meant nothing more than a product with a name attached and it was applied almost exclusively to household goods. Washing powders were the archetypal brands. When the new discipline of account planning was introduced in advertising agencies, the name Brand Planning was rejected as being too restrictive. Banks, retailers and venerable institutions would certainly not have seen themselves as brands – and would have been deeply affronted had any agency been insensitive enough to suggest that they were.

## FUNCTION AND REPUTATION

Products were evaluated and promoted almost entirely on function. When the UK Consumers' Association introduced product testing, there was a brief flurry of concern in the advertising community that the CA's well-publicised *Best Buy* rankings could make advertising redundant. Had an understanding of the nature of brands been more widespread, the theory of the Unique Selling Proposition could never have achieved its pernicious popularity. By encouraging companies to identify – or more often to confect – some functional product distinction, and to trumpet that distinction verbally and repetitively, USP practitioners inflicted on a luckless public some of the most insensitive advertising ever perpetrated. Only the fortuitous fact that simple name registration has a commercial value saved USP-inspired advertising from being not just sub-optimal but actually damaging to its subjects.





What inhibited the understanding of brands – and still makes any meaningful discussion of brands a bit of a minefield – is language. We struggle to find words to describe what is essentially a set of beliefs and feelings in other people's heads. As with humans, products have *reputations*. This is their Brand Image. But while their function may be susceptible to objective analysis, their reputation is not, because one of the key factors affecting the image of a brand is the composition of the individual mind entertaining that image; and no two minds are identical. If a thousand people hold an opinion of the same object or person, they will hold a thousand subtly different opinions. It's true that there can exist what has been called a consensus of subjectivity, where millions of different minds working independently construct very similar images of the same object; but it should never be forgotten that a brand's image – whose very existence defines the difference between a brand and a mere product – is an elusive, subjective Non-Thing. This much we have learned.

We have also learned of the immense commercial value of a strong brand reputation. We know beyond doubt that a strong brand is more resistant to competition; is less dependent on price promotions to maintain volume sales; and is as secure a certainty of future profit as is possible in any organic, competitive market. At much the same time, we have begun to understand the contribution that advertising can make to the reputation of brands.

People construct their feelings about a brand, automatically and unconsciously, as a result of every encounter, actual or remote, that they have with that brand. Function remains central. For a brand to deliver satisfaction at an acceptable price is an entry-level requirement – but that's just the beginning. An almost limitless number of brand encounters can have some small but significant effect on a person's perception of a brand, from whether or not their mother used the brand to an unfavourable news item about the company that makes it. Advertising is an obvious contributor to brand reputation – but if a brand is to enjoy the greatest return on its advertising, it has to be advertising of a certain style; the specific style of that specific brand.

When mass manufacturing and mass media first made advertising necessary, it was known as "salesmanship in print". Its job was to get as close to an actual sale as was possible. You featured a new range of socks in your local newspaper and expected them to sell out the following day. Today, this immediate role for advertising, "brand activation", is largely provided by online platforms. The new media are flexible, personal and accountable. Their success has been earned through demonstrable delivery. They are today's direct salesmen – but it should never be forgotten that they work most efficiently when the brands that they feature are already well-known and are already thought to be desirable.

#### THE VALUE OF FAMILIARITY

Of all the properties that a strong brand needs, simple familiarity must top the list. You're in a strange city, struck down by a minor ailment and the pharmacist doesn't speak your language. Then, on a shelf behind her, you spot the very same bottle you keep in your bathroom at home. Strange circumstances highlight the value of brand familiarity; and we've been experiencing many strange circumstances in recent months. So people can feel possessive about their brands – particularly repeat-purchase brands. Just as they talk about "my pub", or "my football club", so they feel about their favoured brands. Familiarity implies trust, reassurance – even affection.

Familiarity is acquired and maintained directly through experience and remotely through communications. The word "maintained" is important: familiarity can never achieve permanent status. When direct contact becomes less frequent or disappears altogether, familiarity fades. And as any publicist will confirm, once a client ceases to be in the public eye, demand for that client will dwindle – as will the size of any suggested fee.

#### TIME TO REPAIR

The planet's response to the coronavirus has changed the behaviour of the planet's population to a degree never before experienced. (Yes: it's been unprecedented.) Habits have been broken because they've had to be broken. Links between people and things have been weakened – and in many cases lost altogether. Some brands, in the right place at the right time, have benefited mightily. Others have suffered helplessly, their familiarity fading fast.

For many brands, the year 2021 will need to be a year of repair; a year where communications are called upon to help compensate for the absence of direct experience. It will demand creative excellence of the highest order; communications that are so true to the personality of the brand that they come close to being its proxy.

Jeremy Bullmore is a former Chairman of J. Walter Thompson London. He has also been a Non-Executive Director of WPP and a member of its Advisory Board. He has been described by *Campaign* magazine as "quite possibly the most admired man in advertising" and "Adland's greatest philosopher." *Marketing* magazine simply observed: "When Mr Bullmore speaks, the world listens."

# THE ERICSSON EFFECT

AGENCY  
**SUPERUNION LONDON**

CLIENT  
**ERICSSON**

Ericsson, the global telecoms giant, is a pioneer of technology that connects people, places and things, enabling transformation on an industrial scale: from autonomous agriculture and smart cities to driverless cars.

The growth potential of its pioneering technology is limitless. By 2050 there will be three times as many connected devices as people on this planet. 24 billion intelligent things.

But scale does not equal familiarity. Through stakeholder interviews, creative workshops and market research, Superunion found that the digitalisation of industries remained misunderstood, tangled in cold, technical language and intangible visual references.

So they helped Ericsson fix that, by putting its unmistakable identity on an invisible technology, and conveying the beauty and potential of connected devices in a voice that could resonate with many different audiences.

For the visual expression, the Ericsson icon was placed at the heart of a series of idents, conjuring a positive vision of the future for different industries and global environments. This innovative application of the brand shone a spotlight on the positive impact of technology, and its ability to transform the world for the better – which Superunion named "The Ericsson Effect".

**24bn**  
connected  
devices by 2050

