




CR management



Management of CR reflects our decentralised structure, with most CR issues managed at operating company level.

The parent company sets strategy on key CR issues, identifies CR risks, raises company awareness of CR issues, manages data collection and reporting, and provides guidance and support to our companies.

Why CR is important to WPP

Strategy and goals

Our vision is for WPP and its companies to be known for environmental, ethical and social leadership.

We have a four-point strategy for achieving this:

■ **Provide leading advice** – Be the centre of excellence for environmental and social communication.

■ **Minimise our impact** – Measure and reduce our CO₂ emissions and continue to purchase high quality carbon offset to be a carbon neutral company.

In 2007 we established a goal to reduce our energy consumption by 20% by 2010.

■ **Manage risk in our operations** – Comply with all laws and industry codes governing marketing material. Improve standards and measurement in marketing practices, employment, supply chain and environment.

■ **Make a contribution** – Continue to leverage pro bono work, contributing up to 0.4% of revenue.

Business benefits from our CR strategy

We believe that our CR strategy will benefit our business in a number of ways:

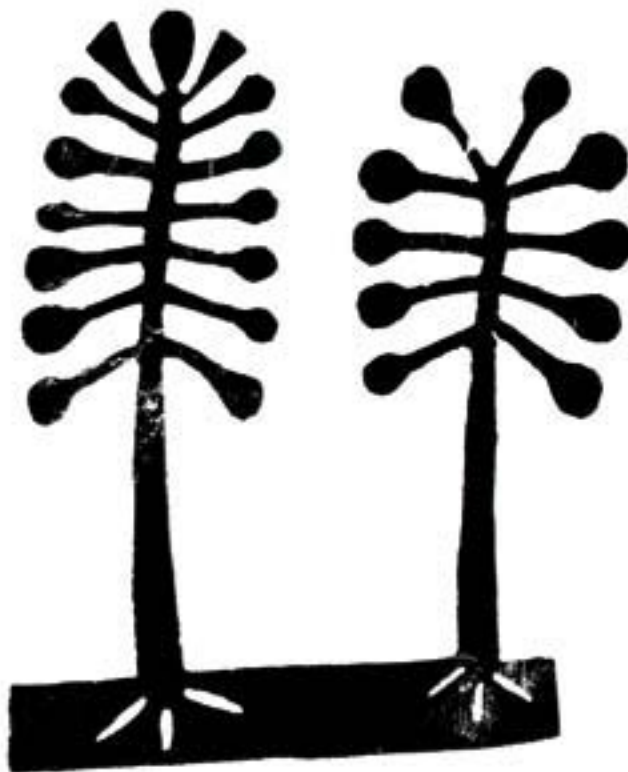
■ **Generate new business opportunities.** Increasingly, leading companies are looking for marketing services agencies to help them communicate their social and environmental achievements to a wide audience. Our CR program enhances our understanding of CR issues and supports our businesses in competitive pitches.

■ **Attract, retain and motivate the best people.**

There is strong competition for talent in our industry and questions relating to CR are frequently raised by existing employees and new candidates during job interviews. Creating a diverse company culture, adopting leading employment practices and demonstrating our commitment to social and environmental issues can help us to attract the best people. A diverse workforce also enhances our understanding of consumers in all markets.

■ **Enhance our reputation.** We will reduce the risk of adverse publicity by ensuring that our work complies fully with regulations and marketing standards and carefully evaluating the risk associated with new commissions. Our pro bono work and support for charities and community organisations reinforces our reputation for making a positive contribution in society.

■ **Meet investor expectations.** WPP share owners continue to show interest in our CR practices and we aim to respond constructively to their requests for information.



Corporate Responsibility Committee

Paul Richardson is the Board Director responsible for assessing CR risks. He chairs WPP's Corporate Responsibility Committee, established in 2003.

Our CR Committee is made up of senior representatives from our agencies. Their role is to advise on policy, monitor significant corporate responsibility risks and opportunities, determine CR strategy and coordinate communication among Group companies. Current members are:

- Nancy Ashbrooke, VP Global Human Resources, MindShare
- Jed Beitler, Chairman & CEO Worldwide, Sudler & Hennessey
- Craig Branigan, Chairman & CEO, B to D Group
- Elaine Cruikshanks, Chair, Worldwide Public Affairs Practice, Hill & Knowlton
- Owen Dougherty, Chief Communications Officer, Grey Group
- Chris Graves, President Asia Pacific, Ogilvy & Mather
- Julie Halpin, CEO, The Geppetto Group
- Mandy Pooler, Development Director, Kantar
- Dominic Proctor, Worldwide CEO, MindShare
- Vanessa Edwards, Head of Corporate Responsibility, WPP
- Tom Kinnaird, Director of Global Procurement, WPP
- Mark Linaugh, Chief Talent Officer, WPP
- Howard Paster, Executive Vice President, WPP
- Paul Richardson, Chief Financial Officer, WPP (Chair)
- Paul Stanley, Director of Internal Audit, WPP

The Committee met once in 2007 and discussed a range of issues including:

- Our climate change strategy
- Privacy and data protection issues
- Employment data

We have set up a number of working groups to address specific CR issues, including our Energy Action Teams (see pages 60 and 61) and privacy working group (page 42). Members are drawn from our Group functions and agencies.

Each WPP company has a nominated CR representative who is responsible for completing our annual internal case study survey of CR activity. The results are collated and validated by our audit function.

WPP's internal audit function also includes CR risks during reviews of Group companies. This assessment focuses on CR risks relating to employment, marketing ethics and business ethics.

Data collection

In 2007 we incorporated collection of our CR data into our Group financial data collection system. From 2008 data will be submitted by all offices on a quarterly basis. We expect this to improve the consistency and accuracy of the data reported, and to further embed CR into our businesses.

We have expanded the scope of data collected on employment and the environment. This will help us respond more fully to investor requests and strengthen our CR reporting.

Tracking performance

We have established key performance indicators and have ongoing corporate responsibility goals:

- Contribution to society – To undertake pro bono work and make donations to charity up to a value of 0.4% of revenue.
- Marketing ethics – To comply with all laws and industry codes governing marketing material and to track our performance globally to establish how we are doing.
- To pursue our climate change strategy by maintaining our carbon neutral status through increased energy efficiency, purchasing renewable energy and purchasing carbon offset.
- To reduce our absolute CO₂ emissions by 20% (from 2006 levels) by the end of 2010.

Each of our goals requires coordinated effort across five continents as WPP's management structure devolves a great deal of management responsibility and discretion to our operating companies.

Case study: Corporate REDsponsibility at Ogilvy Healthworld UK

Ogilvy Healthworld (OHW) UK has developed a unique approach to managing corporate responsibility, tailored to the needs of a healthcare communications company. Known as *Corporate REDsponsibility* (after Ogilvy's signature colour), this includes targets and policies to support WPP's objectives, such as a commitment to give up to 0.4% of total revenue to charity and a 20% CO₂ reduction target by 2010.

Engaging employees is a key part of the program. The agency published its first internal *Corporate REDsponsibility* report in 2007 summarising its policies and performance. This was distributed to all employees in the London, Oxford and New York offices.

Employees can share ideas about social and environmental issues and find out about events and fundraising activities on the *Corporate REDsponsibility* intranet site. The agency is also planning an environmental awareness day for 2008.

OHW encourages employees to volunteer their time to support good causes by offering them one paid day off each year. The company has developed a long-term pro bono partnership with Carers UK, a charity which provides support and campaigns for rights for carers. Employees use their healthcare communications skills to benefit the charity.

Corporate REDsponsibility also helps OHW stand out from the crowd and win more business. CR is becoming increasingly important to clients – 40% ask for information on social and environmental issues as part of the pitch process. The agency plans to include a revised version of its internal CR report in pitch documents and on its website.

Highlights from the report include:

- In the first half of 2007, the London office recycled 22,770kg of paper, 1,800 kg of glass and 3,360kg of cups.
- The Oxford office recycled 3,240kg of paper.
- No ethical complaints received against any client campaigns.
- £100,000 invested in training and wellbeing.

Stakeholder engagement

We engage with key stakeholders on CR issues. These include:

- **Clients** – WPP agencies are regularly asked about their approach to social and environmental issues during pitches.
- **Employees** – We engage with our people through regular surveys (conducted at operating company level). We distribute our Corporate Responsibility Report to 2,000 senior managers and send 15,000 copies to WPP CR representatives, communications departments, key account executives and new business directors. It is also available on our Group intranet and public website. Articles on CR are included in *The WIRE* (WPP's global newspaper) and our magazine for procurement professionals (*Buy-in*).
- **Industry organisations** – WPP is a founder member of the UK's Media Sector CSR Forum, a group of leading media companies committed to furthering corporate responsibility in the sector.
- **Investors** – We respond to requests for information and meetings from WPP share owners and rating agencies. In 2007 this included requests for information from:
 - Carbon Disclosure Project
 - Cooperative Insurance Services (CIS)
 - Dow Jones Sustainability Index
 - Ethical Investment Research Service (EIRIS)
 - Insight Investment
 - Investec
 - Pensions Investment Research Consultants (PIRC)
 - Vigeo

Investors raised questions on a number of subjects including our climate change strategy and our approach to managing ethical issues in client work by WPP's public relations and public affairs companies. We are currently reviewing our client code of conduct and systems for managing ethical issues, see page 46.

WPP is included in the FTSE4Good Index. We were not included in the Dow Jones Sustainability Index (DJSI) this year primarily because we do not collect all the data required on employment practices and environmental performance. The index selects leading companies from each sector, and due to improvements by other companies in our sector the score required for inclusion is higher than in previous years.

Industry organisations

WPP is a founder member of the UK's Media Sector CSR Forum, a group of leading media companies committed to furthering corporate responsibility in the sector.

Lobbying and political donations

In countries where it is consistent with applicable law, individuals working at WPP make personal voluntary political contributions directly to candidates for office, and three of our businesses – Wexler & Walker, Hill & Knowlton and Burson-Marsteller – also maintain political action committees (PACs) which accept voluntary donations from employees to support political candidates.

WPP does not make political contributions from corporate resources with the occasional exception of very small, lawful contributions to local candidates in the US.

WPP has on rare occasions sought to influence public policy on its own behalf, operating through its own companies.

Public policy work for clients

Several WPP companies have public affairs practices which lobby governments on behalf of clients, see page 46.

Corporate governance

The Board of Directors as a whole is collectively accountable to the company's share owners for good corporate governance and is committed to achieving compliance with the principles of corporate governance set out in the Combined Code.

Our goal is to comply with relevant laws, regulations, and guidelines such as the Combined Code, the US Sarbanes-Oxley Act of 2002, the NASDAQ rules, and their related regulations and, where practicable, seeks to comply with guidelines issued by institutional investors and their representative bodies.

WPP operates a system of internal control, which is maintained and reviewed in accordance with the Combined Code and the guidance in the Turnbull Report as well as the relevant provisions of the Securities Exchange Act of 1934 as they currently apply to the company. In the opinion of the Board, the company has complied throughout the year with the Turnbull Report and has also complied with the relevant provisions of the Securities Exchange Act of 1934.

Business ethics

WPP's Code of Business Conduct and CR Policy set out the standards we expect employees to meet in their work. They provide guidance for our people in dealing with a wide range of ethical, social and environmental subjects. Both documents are included in this Report and are publicly available on our website, www.wpp.com.

The CEO of each WPP company is required to sign a statement each year confirming that they comply with our Code of Conduct.

Employees can report any concerns or suspected cases of misconduct in confidence through our third-party-managed Right to Speak facility, overseen by our internal audit department. A Right to Speak phone number is available to all employees worldwide and is publicised through induction packs, the Group intranet and the WPP Policy Book which is available on our Group intranet.

Code of Conduct

WPP and its companies operate in many different markets and countries throughout the world. In all instances, we respect national laws and industry codes of conduct.

- We, the directors and employees of all companies in the WPP Group ('the Group'), recognise our obligations to all who have a stake in our success including share owners, clients, employees, and suppliers.
- Information about our business shall be communicated clearly, and accurately in a non-discriminatory manner and in accordance with local regulations.
- We select and promote employees on the basis of their qualifications and merit, without discrimination or concern for race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.
- We believe that a workplace should be safe and civilised; we will not tolerate sexual harassment, discrimination or offensive behaviour of any kind, which includes the persistent demeaning of individuals through words or actions, the display or distribution of offensive material, or the use or possession of weapons on WPP or client premises.
- We will not use, possess or distribute illegal drugs. We will not report for work under the influence of drugs or alcohol.
- We will treat all information relating to the Group's business, or to its clients, as confidential. In particular, 'insider trading' is expressly prohibited and confidential information must not be used for personal gain.

- We will not knowingly create work which contains statements, suggestions or images offensive to general public decency and will give appropriate consideration to the impact of our work on minority segments of the population, whether that minority be by race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.
- We will not for personal or family gain directly or indirectly engage in any activity which competes with companies within the Group or with our obligations to any such company.
- We will not offer any items of personal inducement to secure business. This is not intended to prohibit appropriate entertainment or the making of occasional gifts of minor value unless the client has a policy which restricts this.
- We will not accept for our personal benefit goods or services of more than nominal value from suppliers, potential suppliers or other third parties.
- We will not have any personal or family conflicts of interest within our businesses or with our suppliers or other third parties with whom we do business.
- No corporate contributions of any kind, including the provision of services or materials for less than the market value, may be made to politicians, political parties or action committees, without the prior written approval of the Board of WPP.
- We will comply with all applicable local laws and regulations, and any other laws with an international reach, such as the US Foreign Corrupt Practices Act, where relevant.

CR Policy

We believe our business can make a positive contribution to society and the environment by managing our activities with care and by working with responsible organisations that promote social and environmental causes.

Our operating companies are required to comply with this CR Policy and report performance to the parent company quarterly.

Social investment

WPP companies are encouraged to:

- Undertake pro bono work for not-for-profit organisations involved in tackling social and environmental issues.
- Make appropriate financial and other donations to social and environmental organisations.

Managing relationships

- In all our relationships we will be open, honest and transparent and will not pay or receive bribes or inducements of any kind.

Employee development

WPP companies:

- Will select and promote our people on the basis of qualifications and merit, without discrimination or concern for race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.
- Will support training and career development for our people.
- Will provide a safe and civilised workplace free from sexual harassment or offensive behaviour.

Marketing ethics

WPP companies:

- Will comply with applicable regulations and self-regulatory codes of practice in the countries in which they operate.
- Will not knowingly create work which contains statements, suggestions or images offensive to general public decency and will give appropriate consideration to the impact of our work on minority segments of the population, whether that minority be by race, religion, national origin, colour, sex, sexual orientation, gender identity, age or disability.
- Will not undertake work designed to mislead in any respect, including social, environmental and human rights issues.

Environment

WPP companies will respect the environment by minimising their impact from:

- Energy use.
- Transport.
- Consumption of paper and other resources.
- Managing any significant CR risks in our supply chains.

Human rights

- WPP companies will uphold the principles contained in the United Nations Universal Declaration on Human Rights and the International Labour Organisation's fundamental conventions on core labour standards.
- We support the right of our people and their families to basic human rights including the right to organise, the right to fair conditions of work, freedom of opinion and expression and freedom from forced labour and child labour.