



Our supply chain

WPP spends more than \$3 billion with suppliers each year. We recognise the potential impact of our purchasing decisions on the environment and also the need to consider the labour standards associated with manufacturing in certain product sectors. Our CR supply chain vision states that:

✦ Across all of our spend, we want to do business with suppliers that meet high standards on the environment and employment practices. We are committed to managing CR risks in our supply chain, both for ourselves and for our clients ✦

Our supply chain

We spend around \$1.5 billion on goods and services for use in client work, such as film and print production, post production and market research services. Most of these are purchased through contracts negotiated by our individual operating companies.

WPP Group Procurement is responsible for negotiation of major global, regional or local procurement contracts with preferred suppliers worth around \$1.5 billion. These cover high-spend categories such as IT, travel, telecommunications, professional services (eg consultancy and recruitment) and facilities management.

WPP procurement teams are based in the UK, the US, Europe (France, Germany, Italy, Spain and Denmark), Asia Pacific (Australia, China, Hong Kong, India, Malaysia and Singapore) and Latin America (Brazil and Mexico).

Selecting preferred suppliers

WPP's Global Procurement Policy contains ethical and environmental criteria which our Group procurement teams use in supplier selection and management.

We thoroughly evaluate companies against a set of business requirements before they can become a preferred supplier. These include CR as well as assurance of supply, quality, service, cost and innovation. We do not have a standard weighting for each criteria and they may vary from project to project. We ask potential suppliers to complete a simple five-point questionnaire to raise awareness about CR issues and to make our requirements clear.

The questions we ask suppliers

Policy

■ Does your company have a CR policy?

Responsibility

■ Is a senior executive (or executives) responsible for CR performance?

■ Does your company have a CR manager or equivalent?

Key issues

■ Please identify the environmental issues most relevant to your company.

■ Please identify the social issues most relevant to your company (social issues include employment, health & safety and community).

Reporting

■ Does your company publish a CR report?

Supply chain

■ Does your company have a process for implementing CR standards in its supply chain?

In 2007, all existing and new preferred suppliers in our largest markets, the US, the UK and Asia Pacific, completed our CR questionnaire.

In addition, our procurement teams in France and Spain started including the questionnaire in all new requests for proposals in 2006 and this was extended regionally during 2007. Responses show that our suppliers fall into one of two categories: those with highly-developed CR programs and full CR performance reports (mainly multinationals) and those with rudimentary or no information on policy and performance (mainly smaller companies).

In the US we also incorporate a section on CR into our standard Group supply contract terms and conditions.

Assessing WPP suppliers in the UK

We continued our project to assess and improve the ethical and environmental credentials of selected suppliers in the UK. In 2006 we held a workshop with eight suppliers that provide products and services for client work (eg print or TV post production) where we discussed our approach to CR and our expectations of suppliers. We then followed up with each supplier individually to agree a plan for improving CR management. During 2007 we held a second workshop where the suppliers reported back on their progress to date. This showed that each supplier has implemented an adequate CR program.

We also held a workshop in 2007 for four print suppliers. Improving CR is a key theme of our Print Procurement Group (PPG) which is working with 12 of our largest UK companies to establish a single approach to management and use of print suppliers.

Performance monitoring and awareness

We include CR in our procurement reporting process. Every quarter our regional procurement teams report their progress to the head of Procurement & Commercial Services. An update is provided to the WPP Board of Directors.

WPP's procurement leadership team (our global and regional heads of procurement) regularly reviews progress of our CR supply chain initiatives.

CR is included in our procurement strategy plan and in the personal objectives for each regional head of procurement and the purchasing managers in each of our major markets. The objectives are aligned with our two main themes of supplier selection and managing supply chain risk.

They include objectives on green electricity purchasing in line with our carbon neutral strategy, see page 60.

We raise awareness of CR through our regular cross-Group sourcing team activities and we discuss CR progress during our Procurement Steering Team meetings.

Supplier diversity

Some of our companies in the US have created supplier diversity programs. For example, Ogilvy & Mather operates a supplier diversity program to increase opportunities for certified women- and minority-owned businesses to work with the company.