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CR at WPP

We want WPP and its companies to be known for environmental, ethical and social leadership, within the marketing services sector.

Managing social, ethical and environmental risks to our business and capitalising on new opportunities helps us achieve our business goals and enhances our reputation with clients, our people, regulators and investors.





WPP exists:
To develop and manage talent;
to apply that talent,
throughout the world,
for the benefit of clients;
to do so in partnership;
to do so with profit.



Our CR activity supports our business strategy in a number of areas. These include:

■ **Generating new business opportunities.**

Increasingly, leading companies require a marketing services partner to help them communicate their social and environmental achievements. Our CR program enhances our understanding of these issues and supports our businesses in competitive pitches.

■ **Attracting and retaining the best people.** There is fierce competition for talent in our industry and questions relating to CR are frequently raised by our people 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 and retain the best people. A diverse workforce enhances our understanding of consumers in all markets.

■ **Enhancing our reputation.** We 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.

■ **Meeting investor expectations.** WPP share owners are showing interest in our CR practices and we aim to respond constructively to their requests for information.

■ **Improving efficiency.** Our climate strategy is reducing costs associated with business travel and energy use.

How we manage CR risk and opportunity

We focus our efforts on the issues that are most material (relevant and significant) to WPP. These are:

Issue	How it is managed	Aims
The social and environmental impact of our work for clients.	Opportunities to advise clients on marketing with a social or environmental dimension are identified by our companies.	Be a centre of excellence for environmental and social communication.
Marketing ethics, compliance with marketing standards, protection of personal, consumer and corporate data and increasing transparency about our marketing practices.	Currently managed by our operating companies with referral to Group directors as necessary. In 2009 we are introducing quarterly review meetings for senior Group managers to discuss potential ethical issues in our client work and identify risk areas (see page 38).	Comply with all laws and industry codes governing marketing material. Improve standards and measurement in marketing practices.
Employment, including diversity and equal opportunities, business ethics, employee development, remuneration, communication and health and safety.	Human resources policies are set and implemented at operating company level. WPP's chief talent officer has overall responsibility for attracting, developing and retaining our talent.	Improve standards and measurement in employment.
Social investment, including pro bono work, donations to charity and employee volunteering.	Pro bono projects are agreed between WPP companies and the charities concerned. Many of our companies have long-standing relationships with their pro bono partners. WPP the parent company helps to coordinate pro bono projects involving multiple WPP companies or cross-Group collaborations.	To make a significant contribution to good causes through pro bono application of our marketing skills and direct donations to charity.
Climate change, including the emissions from energy used in our offices and during business travel.	We have appointed cross-functional Group-wide Energy Action Teams and a network of agency climate champions to help implement our climate change strategy.	Measure and reduce our CO ₂ emissions and continue to purchase high quality carbon offset. Our goal is to reduce CO ₂ emissions by 20% by 2010.

CR issues in our supply chain and our environmental impacts beyond climate change are also important for WPP.



There are more than 150 companies within the WPP Group – each a distinct brand in its own right. A great deal of management responsibility and discretion is devolved to our operating companies. Our approach to CR reflects this decentralised structure, with many CR issues managed at operating company level.

WPP the parent company complements this activity. Our Group CR function determines CR policy, monitors risks and opportunities and coordinates data collection. It helps raise awareness within our companies and provides advice and guidance on CR issues.

Paul Richardson is the Board director responsible for CR and chair of our Corporate Responsibility Committee, see below. He provides an annual assessment of corporate responsibility risks and performance to the Audit Committee.

Corporate Responsibility Committee

Established in 2003 to advise on CR policy, the Committee is made up of senior representatives from our agencies. Current members are:

- Jed Beitler, Chairman & CEO Worldwide, Sudler & Hennessey
- Craig Branigan, Chairman & CEO, B to D Group
- 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, Head of Global Commercial & Procurement Services, WPP
- Mark Linaugh, Chief Talent Officer, WPP
- Howard Paster, Executive Vice President, WPP Public relations & Public Affairs
- Paul Richardson, Group Finance Director, WPP (chair)
- Paul Stanley, Director of Internal Audit, WPP

The Committee met once in 2008 and discussed a range of issues including:

- Our climate change strategy
- Privacy and data protection issues
- Managing ethical issues in our companies' work for clients
- Improving data collection
- Employment and diversity

We have set up Energy Action Teams to help implement our climate change strategy (see page 59). Members are drawn from our Group functions and companies. Many of our companies around the world have also assigned a climate champion, to lead energy reduction initiatives within their company (see page 58).

Monitoring performance

We have established key performance indicators to help us review and improve our performance.

CR data is collected quarterly through our Group financial reporting system. This is helping to improve the accuracy of the data we collect and to embed CR into our operating company management systems.

Each WPP company has a nominated CR representative who is responsible for completing our annual internal case study survey of CR activity.

WPP's internal audit function assesses CR risks relating to employment, marketing ethics and business ethics during reviews of Group companies.

Stakeholder engagement

Stakeholder feedback helps us to refine and strengthen our approach to CR. We engage with a number of different stakeholder groups as part of normal business practice. These include:

- **Clients** – WPP companies 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 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 and other partners** – 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. We are members of the Institute of Business Ethics.

We believe that marketing and communications will play a key role in efforts to tackle climate change. WPP is participating in Shaping the Message on Climate Change, an initiative of the UN and International Advertising Association, to improve communication on climate change and ensure a successful outcome at the Copenhagen Climate Conference in December 2009. As part of this, our Chief Executive, Sir Martin Sorrell, led the discussion session during the World Economic Forum in January 2009.

■ **Investors** – we respond to requests for information and meetings from WPP share owners and rating agencies. In 2008 this included requests for information from:

- Carbon Disclosure Project
- Cooperative Asset Management
- Dow Jones Sustainability Index
- Ethical Investment Research Service (EIRIS)
- Governance Metrics International
- Innovest
- IWFfinancial
- Pensions Investment Research Consultants (PIRC)
- SiRi

Investors raised questions on a number of subjects including our climate change strategy, supply chain management, our approach to managing ethical issues in client work and our procedures for protecting human rights. An investor's view on our approach to marketing ethics is included on page 39. WPP is included in the FTSE4Good Index.

Lobbying and political donations

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

In countries where it is consistent with applicable law, individuals working at WPP make personal voluntary political contributions directly to candidates for office. 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 has on rare occasions sought to influence public policy on its own behalf, operating through its own companies. In 2008, along with other major multinationals we engaged with the UK government on possible changes to the UK tax regime (see Corporate reorganisation on page 17).

Several WPP companies have public affairs practices which lobby governments on behalf of clients, see page 40.

Corporate governance

The Board of Directors as a whole is collectively accountable to the WPP'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, seek 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.

Tax policy

We believe it is important to state our views on tax in the context of corporate responsibility. We believe our obligation is to pay the amount of tax legally due in the territory in which the liability arises and to observe all applicable rules and regulations in all of the territories in which we operate. However, at the same time we also have an obligation to maximise share owner value and to manage financial and reputational risk. This includes controlling our overall liability to taxation.

The Group does not condone either personal or corporate tax evasion under any circumstances, and where such activities are identified, full disclosure of the activities undertaken are required to be made to the relevant tax authorities.

Our aim is to have a constructive relationship with tax authorities on an ongoing basis. Nevertheless we recognise that there may be some areas that are not free from doubt or where differing legal interpretations may be possible. Where disputes arise with tax authorities with regard to the interpretation and application of tax law, we are committed to addressing the matter promptly and resolving the matter in a responsible manner.

Corporate reorganisation

During 2008, the Board of WPP concluded that the most appropriate structure to protect the Group's taxation position and to better facilitate its financial management was to introduce a new Jersey incorporated parent company that is tax resident in the Republic of Ireland. The new parent company, WPP plc, was put in place following overwhelming share owner approval and in accordance with the requisite Court Approved Scheme of Arrangement.

WPP plc has its primary listing on the London Stock Exchange and its American Depositary Shares are traded on NASDAQ. WPP plc continues to report in sterling.

Business ethics

WPP's Code of 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 on pages 18 and 19 respectively and are publicly available on our website, 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.

We are strengthening our processes for managing ethical issues associated with client work. These are explained on pages 37 to 43.



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 of 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.