

## CHAIRMAN'S LETTER



**"THAT WPP HAS CONTINUED TO OPERATE SO WELL IN 2020 DESPITE WIDESPREAD LOCKDOWN-ENFORCED REMOTE WORKING REMINDS US THAT WE ARE A TRUE PEOPLE COMPANY."**

In 2020 WPP was tested in ways that no-one could have predicted. The fundamental strength of the Company, the actions taken by leadership – both in prior years and in response to the pandemic – and the incredible efforts of our people helped it to pass that test.

As Covid-19 began to wreak havoc around the world, the executive team, with the full backing of the Board, acted swiftly to protect the business and its employees through a range of financial measures and operational decisions.

To secure the Company's position, the share buyback scheme and 2019 final dividend were suspended, costs were reduced substantially and leaders – including the Board and Executive Committee – volunteered to give up a portion of their salaries and fees.

An early decision was made to put in place a global policy of managed remote working, and the Company significantly increased its investment in wellbeing resources and initiatives for employees.

A comprehensive programme of internal communications and engagement ensured a regular flow of information from the centre of WPP – where the global strategic decisions were made – as well as from the agencies that employ our people directly. Our CEO Mark Read hosted 28 virtual townhalls during the year, providing the opportunity for people to ask questions and raise issues, and the Company to take the pulse of the organisation.

Our people and agencies put their skills to work to help combat the virus, creating and delivering public awareness campaigns advocating good hygiene and social distancing, and – more recently – supporting the roll-out of vaccines.

Throughout the year, the Board was provided with regular updates on the impact of the pandemic on the Company's people and performance. As Mark notes in his statement, that performance exceeded the expectations of the market, as WPP demonstrated its great resilience.

### STRATEGIC PROGRESS

Covid-19 has only increased the pace of the changes already happening in the sectors in which WPP operates, not least the growth of digital advertising and ecommerce.

The leadership team responded by accelerating the existing strategy with, for example, the further simplification of the Company and strengthening of its agency brands through the creation of AKQA Group, VMLY&R Commerce and Finsbury Glover Hering announced during 2020.

In December a very well-received Capital Markets Day laid out the next phase of the Company's strategy for growth, plans for capital allocation and new medium-term financial targets, including the announcement of a new dividend policy. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

The Board held a Strategy Day with the executive team in advance of the Capital Markets Day to consider the strategy and to align around the vision and future prospects of the Company over the next three to five years.

Throughout the year we also received presentations from the leaders of WPP's agencies on their work to support WPP's wider strategy, providing an opportunity for the Board to see the strength of alignment across the Company.

### BOARD COMPOSITION AND EFFECTIVENESS

To ensure the Board has the necessary skills, experience and diversity to effectively support and review the Company's strategic progress, we have continued our proactive review of its non-executive membership.

During 2020 we announced the appointment of three new Board members: Angela Ahrendts DBE, Tom Ilube CBE and Dr. Ya-Qin Zhang.

Angela was Senior Vice President, Retail at Apple, Inc. from May 2014 until April 2019, where she oversaw the company's global retail operations and the integration of its physical and digital businesses. She joined Apple from Burberry, where she was CEO from 2006 to 2014, and led the company through a period of global growth based on the adoption of new technologies, the launch of new product lines and the expansion of retail operations into new markets. Angela has joined our Sustainability Committee.

Tom is a technology entrepreneur and educational philanthropist. He is the founder and CEO of AIM-listed Crossword Cybersecurity Plc, and has launched several other technology start-ups. During his 30-year career in the UK technology sector he has held senior leadership roles in organisations including Callcredit Information Group and Egg Banking plc. Tom is also a Non-Executive Director of the BBC. He sits on the Audit Committee, the Nomination and Governance Committee and the Compensation Committee of WPP.

Dr. Zhang is a world-renowned technologist, scientist and entrepreneur, who served as President of Baidu Inc, the global internet services and AI company headquartered in Beijing, between 2014 and 2019. In this role, he oversaw the company's overall technologies, emerging businesses and global operations, and helped the company to push new frontiers including cloud computing, autonomous driving, quantum computing, and AI/machine learning systems.

Prior to Baidu, Dr. Zhang held various senior positions during a 16-year tenure with Microsoft, both in the United States and in China.

I am pleased to confirm that, as at the date of this report, we exceeded both diversity targets set by the Hampton-Alexander and Parker reports on gender and ethnic diversity. Women represented 43% of the Board and three directors are from an ethnic minority background. Our ambition for Board gender diversity is to reach parity.

Today we have a strong Board and executive team, but we must, of course, continue to look to the future. Succession planning, both for the Board and senior management roles, was overseen by the Nomination and Governance Committee and by the Board.

Alongside Board membership we have also continuously reviewed the governance architecture of the Board's committees and made changes to their composition accordingly. The reports from our committee chairs can be found on the pages that follow.

And finally, as part of our ongoing assessment of Board effectiveness, our Senior Independent Director, Nicole Seligman, carried out a Board evaluation exercise considering the performance of the Board and its committees, the results of which are set out on page 125. I am pleased to report that the evaluation concluded that the Board and its committees continue to operate effectively.

### ENGAGING OUR STAKEHOLDERS

To succeed in an open and interconnected world, organisations need to demonstrate their value to all stakeholders, to operate by the principles of sustainable and responsible business at all times, and to be seen to do so.

The Board conducted deep-dives on a range of environmental, social and corporate governance (ESG) matters during 2020, from the mitigation of the Company's climate impacts to a full review of its sustainability strategy and statement of purpose.

The Board approved the change of the Company's purpose to include explicit reference to the planet. Reflecting this change, the leadership team committed WPP to achieving net zero carbon emissions across its value chain by 2030, supported by science-based targets.

Understanding how WPP's activities impact our various stakeholder groups and taking their views and interests into account when making decisions is one of the Board's most important responsibilities.

During 2020 the Board oversaw an investor perception study to provide a detailed analysis of how investors view the Company, its investment proposition and future prospects. In addition, we reviewed the results of the Company's first ever cross-agency employee survey and received updates on WPP's client satisfaction scores.

Both the Chair of the Compensation Committee and I also conducted extensive consultations with investors to discuss targets for the performance measures in the 2020 Executive Performance Share Plan.

### MANAGING RISKS

To safeguard our business and our people, along with the interests of our shareholders and wider stakeholder groups, the Board constantly identifies, monitors and analyses the risks facing the Company and the markets in which it operates.

During the year the Board conducted a thorough assessment of WPP's principal risks and uncertainties, as well as strategic risk reviews focused on areas including cyber and information security.

Our risk governance framework is set out on page 90 of this report.

### OUR PEOPLE

The fact that WPP has continued to operate so well in 2020 despite widespread lockdown-enforced remote working reminds us that we are a true "people company". Their talent, expertise and commitment, and the technology to connect to one another, were all our people needed to continue delivering results for our clients.

Exceptional people are not only our greatest asset but the key to our future growth. WPP has made great strides over the last two-and-a-half years in building a culture of openness, tolerance and respect throughout the organisation.

As well as being self-evidently the right thing to do, this is a prerequisite for success when success relies upon the ability to attract and retain the very best, in an organisation that welcomes and supports everyone equally.

The leadership team has placed diversity, equity and inclusion at the heart of the Company's strategy, and the Board tracks progress in this area just as closely as it does financial performance metrics.

From 2021 that progress will also be reported internally to all employees on a quarterly basis, so that it is clear to everyone how we are doing, and where we need to do better. The Company will also continue to provide a variety of ways for our people to make their voices heard.

That internal dialogue is vital because WPP's performance is simply a reflection of the collective effort and dedication of the many thousands of people within our organisation. As always, the Board's thanks go to all of them.



**Roberto Quarta**

Chairman

29 April 2021