

CHAIRMAN'S LETTER



IT IS CLEAR THAT CLIENTS NOW SEE WPP AND ITS AGENCIES AS BUSINESS-CRITICAL PARTNERS IN TODAY'S COMPLEX MARKETING ENVIRONMENT"

In 2022 the Company once again successfully negotiated external challenges while delivering growth for its people, clients and shareholders.

The publication in February of WPP's full-year results for 2022 brought widespread recognition of the progress the Company has made in recent years, the resilience of its business model and the successful modernisation and diversification of its offer to clients.

The executive team deserves great credit for the turnaround in the Company's performance and reputation since 2018. It is clear that clients now see WPP and its agencies as business-critical partners in today's complex marketing environment.

As the role of technology, data and digital communications grows and shifts rapidly, and the adoption of AI in particular increases exponentially, clients place a high value on WPP's expertise in helping brands and organisations capture the opportunities.

Investment in high-growth sectors of the Company's proposition has paid dividends. Ecommerce and commerce media have been especially strong. GroupM's commerce billings, for example, increased 18% in 2022.

This growing demand for WPP's capabilities in developing areas sits alongside sustained client spending on more traditional forms of marketing communications, where WPP has long been an industry leader.

The reshaping of WPP's offer to drive growth for the Company and its shareholders was a principal theme of our Board strategy day during 2022, which provided an opportunity for the Board to hear from and engage with leaders across WPP on the Company's plans for the future.

As well as looking at how data, commerce and AI are revolutionising our clients' marketing activities, the Board discussed the ways in which technology will shape our own business, including through our global IT strategy. Other important topics were client leadership, DE&I, our transformation programme, growth plans for China, our campus programme and – last but certainly not least – our working culture.

A PEOPLE BUSINESS

One of the foundational pillars of the Company's strategy is a culture that prizes wellbeing, inclusion and a sense of belonging for all.

In my letter last year I said that our people strategy would be a primary focus for the Board and executive team in 2022. As Mark notes in his introduction to the Annual Report, WPP is a business that relies on its people for its performance, and there is no greater priority than ensuring our employees feel welcomed, engaged, inspired, recognised for their contribution and supported in their development.

The Board was therefore pleased that WPP's 2022 people survey showed significant improvements year-on-year. The Company achieved its highest ever engagement levels, and its employee net promoter score increased by 14 points. Inclusion, feeling valued and career growth were areas of particular strength.

The Company's Making Space wellbeing initiative, which drew a tremendous reaction from our people, had the full support of the Board, along with programmes such as the growing community of WPP Mental Health Allies.

Making sure the Company has a strong leadership pipeline is one of the Board's most important responsibilities. In 2022 we reviewed the Company's plans for executive development and succession, and for building leadership behaviours.

For the pipeline and existing leadership to be considered truly strong, it must be diverse. Plenty of work remains to be done to achieve parity at all levels of the business, but we have made good progress. When Joanne Wilson succeeds John Rogers as CFO following the announcement of the Company's 2023 First Quarter Trading Update, the proportion of women on the Board will be 46% (2021: 43%). We exceed the targets set by the Parker Review, with three Directors from an ethnic minority background.

In the FTSE Women Leaders Review, WPP moved up from ninth to sixth in the FTSE 100. Forty-six percent of Executive Committee members and their direct reports were women in 2022, against a FTSE 100 average of 34%.

To drive further change, WPP has linked performance in this area to remuneration, with diversity, equity and inclusion goals included in senior executives' incentive plans since 2021.

The Company has also increased its investment in leadership development programmes for people of colour, as well as in inclusive management training, in order to work systematically towards a more diverse leadership succession pipeline.

Looking to the year ahead, priorities will include expanding succession planning to the top 300 in the Company, launching a self-ID campaign to augment our diversity data, next steps for WPP's Racial Equity Programme, supporting and expanding Employee Resource Groups and embedding inclusion training for leaders.

📖 You can read more about WPP's people strategy on pages 36 and 70

CREATING VALUE THROUGH SUSTAINABILITY

Since being established in 2019, the Board's Sustainability Committee has played a key role in supporting WPP's pursuit of its ESG objectives. As the sustainability agenda grows in importance, the Committee's contribution has evolved accordingly. The skillsets and experience of its members have been invaluable as the Company considers a range of complex and interconnected issues.

During 2022 there were deep dives into topics on which WPP has taken leadership positions such as media decarbonisation and single-use plastics, regulatory developments such as TCFD reporting, improved internal processes such as the revised Assignment Acceptance Policy and Framework and new Green Claims Guide, and support for our people and communities in response to events such as the war in Ukraine.

The Company is working to embed sustainability at every level of its operating model and across the organisation. This is not primarily an exercise in compliance or risk-mitigation, but an opportunity to create value. Emphasising and acting in line with our purpose helps to attract and retain talent and develop our relationships with clients.

📖 You can read more about our sustainability strategy and commitments from page 68, and in our 2022 Sustainability Report

MANAGING RISK

As well as supporting the Company as it seeks to capture opportunities, the Board also identifies, monitors and addresses risks.

During 2022 we continued to review the structure and effectiveness of our risk management model, and assess the principal risks that could impact our business. More information about our approach is available from page 86.

Against the backdrop of challenging macroeconomic conditions and disruptive geopolitical events, the Board also worked to ensure the Company was well prepared both strategically and operationally for any downturns in its major markets.

This included reviewing strategies for cost reduction, pricing, supply chain finance management, the ongoing simplification of the Company's organisational structure and its transformation programme, cash management and capital allocation, with an overall focus on diligent and disciplined management of the balance sheet.

BOARD COMPOSITION AND EFFECTIVENESS

We announced in November that our Chief Financial Officer John Rogers would step down from the Board to pursue broader executive opportunities beyond the Company.

John, who will step down as a Director following the announcement of the Company's 2023 First Quarter Trading Update, has made an important contribution to WPP in his three years with us, including helping the Company navigate the pandemic and laying the foundations of its transformation programme. He leaves with our thanks and very best wishes for the future.

John will be succeeded as Chief Financial Officer by Joanne Wilson. Joanne is currently Chief Financial Officer of Britvic plc, having previously held the same role at dunnhumby, a global leader in customer data science that is part of the Tesco group. We look forward to welcoming her to the Board when she joins on 19 April 2023.

As I mentioned last year, Nicole Seligman, our Senior Independent Director, has completed a nine-year tenure on the Board and will not stand for re-election at the 2023 Annual General Meeting. On behalf of my Board colleagues, I would like to thank Nicole for her dedicated service to WPP and her exceptional contribution to the Board during a period of profound change for the Company. I am pleased that Angela Ahrendts has agreed to be appointed as the new Senior Independent Director. Angela will lead succession planning for WPP's next Chair.

Tarek Farahat will also not put himself forward for re-election to the Board at the 2023 AGM due to other commitments. I would like to thank Tarek for his contribution during his long service to the Board. WPP has greatly benefited from his knowledge and experience of global FMCG businesses over the years and he has been a valued member of the Audit Committee.

As always, we gave significant time to succession planning and proactively reviewing our non-executive membership in 2022, to ensure the Board continues to have the appropriate composition to support the executive team and review the Company's strategy.

We also reviewed the governance architecture of the Board's Committees on an ongoing basis, and made adjustments as required. You can read the Committee Chairs' reports from page 118.

Nicole Seligman, as part of our continuous assessment of Board effectiveness, conducted an evaluation exercise to review the performance of the Board and its Committees. The results, which can be found on page 116, confirmed that the Board and its Committees continue to operate effectively.

A POSITIVE OUTLOOK

We move into 2023 with confidence in the future growth prospects of WPP as it continues to execute its strategy.

WPP, along with the wider marketing services sector, has confounded the expectations of some commentators in recent years as concerns about structural challenges facing the industry have receded.

The Company has continued to grow, exploited the potential of new technologies, transformed its offer and maintained strong demand for its services from the world's leading organisations and brands.

It has also continued to attract outstandingly talented people, drawn by the strong culture of its agencies, its sense of purpose and its ambition to become the most creative company in the world.

Alongside the Company's robust balance sheet and compelling client offer, that talent is the foundation of our positive outlook for WPP. On behalf of the Board, I would like to extend my thanks to all our people worldwide for their commitment to their work and our clients in 2022 and beyond.



Roberto Quarta
Chairman
23 March 2023