

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

WPP was an early adopter of the Task Force on Climate-related Financial Disclosures. WPP's fourth disclosure, set out below, is structured around the four TCFD themes of governance, strategy, risk management, and metrics and targets. We aim to develop our disclosures in line with TCFD's 11 recommended disclosures. Some of these recommendations, published in October 2021, will take more time for us to fully consider. These relate to: detailed time horizon, financial impacts, and scenario analysis of climate related risks and opportunities. We will be working to implement the rest of the 2021 TCFD Annex¹ recommendations over the course of 2022 and intend to apply these more fully in our next TCFD Report.

WPP's overall approach to risk management and a summary of our principal risks can be found on pages 93-99 of this Annual Report. The climate-related risks set out below are included under 'emergent' risks in our summary of principal risks and for consistency with our wider risk disclosures we have not identified climate-related risk as short, medium or long-term. Opportunities identified below are already being realised. There is no material impact from climate change on our current year financial reporting.

GOVERNANCE

- Our Executive Directors have overall responsibility for climate-related risks and opportunities and our performance on carbon reduction is integrated into their incentive plans. The WPP Executive Committee sets the sustainability strategy and oversees the approach across agencies in its implementation. The Sustainability Director has operational responsibility for sustainability.
- The Board is responsible for the overall long-term success of WPP and for setting the Company's strategic direction, including on climate change. The Sustainability Committee of the Board is attended by both the CEO and CFO, as well as experienced Non-Executive Directors (see 'Our Board' from page 108) with extensive sustainability expertise, and supports the Board in its oversight of the Company's net zero strategy. The Sustainability Committee met four times in 2021 and selected a sustainability-related topic to be presented to the Board after each Committee meeting. The Committee's remit includes reviewing and monitoring implementation of the Company's sustainability strategy and evaluating performance against targets and commitments.
- In 2021, climate strategy was discussed at all Sustainability Committee meetings as the Committee monitored the development and launch of WPP's science-based carbon reduction targets and net zero strategy. During the year, the Committee supported management in its engagement strategy on sustainability. This included consultation with investors and clients while developing the Company's new commitments. WPP also held its first ESG investor presentation in which we communicated the Company's strengthened carbon reduction commitments and integrated ESG strategy, and how we believe living up to our purpose will unlock greater sustainable returns for our shareholders.

As the Company's clients integrate climate adaptation and mitigation into their business strategies, the Committee will review the growth of services which maximise their success. It will also review climate adaptation and transition plans, including steps to ensure that our campuses and offices are resilient to extreme weather and that we are meeting growing regulatory requirements that face both WPP and its clients.

Further information on sustainability governance is provided on page 87 of this Annual Report.

CLIMATE CHANGE AND OUR STRATEGY

Climate action is central to WPP's purpose and strategy. WPP is a proud signatory to the UN Global Compact's Business Ambition for 1.5°C, the purpose of which is to galvanise business support for strong climate action, and to the UNFCCC's Race to Zero campaign.

In April 2021 we committed to reach net zero emissions in our operations (Scope 1 and 2) by 2025 and our value chain (Scope 3) by 2030. This includes emissions from media buying (more than half of our total footprint) – and an industry first. To deliver this we have set science-based reduction targets (see 'metrics and targets' on page 216), to reduce emissions as far and as quickly as possible from a 2019 baseline.

Of our 50 largest clients, 62% have set or committed to set targets in line with an ambition to limit climate change to 1.5°C through the Science Based Targets initiative (SBTi). These clients look to us to help them find and scale solutions (for an example, see page 80). We also know that collaboration with clients and suppliers will be critical in delivering against our own targets. We are very focused on the role our companies can now play in promoting low-impact and regenerative living.

IDENTIFYING CLIMATE RISK AND OPPORTUNITY

Sustainability risks are integrated into our overall risk management processes.

Performance and updated risk implications are reviewed by the Audit Committee on a regular basis.

Our overall risk management process is outlined on pages 88-99 and climate change risk is included as an emerging risk within the principal risks and uncertainties disclosure on page 99.

WPP has implemented Risk Committees at Group level and in our operating companies with the aim of ensuring accountability at both levels to identify, monitor and proactively manage risk and compliance issues and we are embedding climate risks in their agendas.

Our business integrity programme is integral to ensuring that the policies, procedures and control environment set by the Board and commitments made on topics such as climate risk are understood and adhered to across all geographies and markets.

In 2021, the business continuity implications of physical climate change and the risk of not meeting WPP's sustainability commitments were integrated into the Business Integrity function's annual risk assessment.

The Board Sustainability Committee reviews WPP's climate-related risks and opportunities on an annual basis. This analysis is informed by interviews with sustainability and consumer experts from within WPP's agencies and external data sources including Maplecroft's Climate Change Exposure Index and the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs).

Factors considered include regulatory requirements, reputational risk, physical risks and opportunities to advise our clients. Evaluation criteria include relevance to our industry, relevance to sustainability, regulatory and legal risks, financial implications and the operations affected.

¹ Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).

KEY

- The selected paragraphs in the governance section of this TCFD statement highlighted with the symbol  were subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC'). A copy of PwC's report and our methodology is available on our website wpp.com/sustainabilityreport2021.

CLIMATE-RELATED
RISK OR
OPPORTUNITY

POTENTIAL IMPACT

HOW IT IS MANAGED

PHYSICAL RISKS AND OPPORTUNITIES

Increased frequency of extreme weather and climate-related natural disasters



This includes storms, flooding, wildfires and water and heat stress which can damage our buildings, jeopardise the safety of our people and significantly disrupt our operations. At present 10% of our headcount is located in countries at "extreme" risk from the physical impacts of climate change in the next 30 years.

Our strategy of co-locating our people in WPP campuses is enabling us to centralise emergency preparedness procedures. It will also enable us to more efficiently deploy climate mitigation measures. We intend to integrate climate-related risk assessment into the technical due diligence suite that we follow when we invest in a new campus building to help ensure that material, acute and chronic physical climate risks are considered in design and embedded into business continuity procedures.

TRANSITION RISKS AND OPPORTUNITIES

Changes in regulation and reporting standards



WPP could be subject to increased costs to comply with potential future changes in environmental laws and regulations and increasing carbon offset pricing to meet its net zero commitments.

WPP is developing a net zero roadmap to deliver against its net zero commitments and aims to disclose more details of that roadmap in 2023.

Carbon emission accounting for marketing and media is in its infancy and methodologies continue to evolve.

As part of this plan and through our work to decarbonise media and media supply chains, we are exploring opportunities to improve accounting for emissions from media.

This is particularly the case for emissions associated with digital media.

As we seek to limit emissions we need to reduce the total footprint of any product or service as far as possible. To manage the cost and quality of carbon credits purchased to offset remaining emissions, WPP developed a new offsetting policy and is further developing our offsetting strategy as part of our net zero roadmap.

Increased demand for sustainable products and services



Our clients look to us to provide the insight, expertise and creative solutions they need to transition their business models away from fossil fuels. For example, 62% of our top 50 clients have committed to setting science-based carbon reduction targets.

To realise this opportunity, we will need to invest in the innovation and growth of sustainability-focused services.

There is an opportunity for WPP to grow revenues from products and services which support clients as they seek to decarbonise their businesses.

Our sustainability strategy (see page 70) outlines our commitment to developing products and services which enable our clients to adopt leadership positions on climate change and exceed the expectations of consumers.

This may include developing low or net zero marketing, media and ecommerce services, developing sustainability-focused brand strategies, and promoting sustainable consumption to consumers.

In 2021 we continued to invest in our virtual advertising production capability, which reduces the emissions and environmental impact of production shoots (see page 5).

Increasingly, our agencies are hiring for sustainability-focused leadership roles. We expect this community to continue to grow. Additionally, we are evaluating whether to increase our sustainability resources for clients organically or by acquisition.

In 2021, we continued to train our people to deliver net zero products and services through programmes such as AdGreen and to innovate on behalf of our clients through initiatives like Change the Brief, now open-sourced across our industry through the Change the Brief Alliance.

KEY

Risk



Opportunity

CLIMATE-RELATED RISK OR OPPORTUNITY

POTENTIAL IMPACT

HOW IT IS MANAGED

TRANSITION RISKS AND OPPORTUNITIES

Achieving resource efficiencies through cutting our carbon footprint and improving energy efficiency



Through carbon reduction initiatives we have the opportunity to decrease the costs associated with energy use and limit increased costs associated with carbon taxation. This relates both to our buildings, and to energy-intense activities such as data storage.

Our industry is increasingly reliant on data, digital content and centralised cloud computing. We expect to see an increase in externality taxes designed to curb the carbon emissions associated with data storage, which may lead to companies embedding data minimisation strategies. This creates an opportunity for companies such as WPP, which are following a policy of using data well rather than focusing on collection, to emerge as practice leaders and drive innovation.

Through our campus strategy we have been driving energy efficiency gains by ensuring that all buildings with a floor space exceeding 50,000 square feet will be certified to advanced sustainability standards including LEED and BREEAM. By 2025, 85,000 of our people will be based in net zero campuses using electricity from 100% renewable sources.

As part of our net zero strategy we are working to identify the potential cost savings of embedding best practice solutions in our buildings. For more details see our Sustainability Report.

We are working to embed our net zero ambitions in our data and AI strategy to maximise carbon reduction opportunities. This includes through traditional methods such as embedding the use of efficient hardware and renewable energy into purchasing decisions, and by pursuing data minimisation, federation and virtualisation solutions which reduce energy consumption by keeping data in its place of origin.

Increased reputational risk associated with misrepresenting environmental claims in marketing and advertising content



As consumer consciousness around climate change rises, our sector is seeing increased scrutiny of our role in driving unsustainable consumption. Our clients seek expert partners who can give recommendations that take into account stakeholder concerns around climate change.

All the advice we provide to our clients and the content we produce for them must meet rigorous standards and we will not undertake work which is intended or designed to mislead or deceive. This is covered in our Code of Conduct and in our How We Behave online training, which all employees (including freelancers working for more than four weeks) are required to complete annually.

Our climate crisis training will ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It will be part of a broader sustainability training programme which we will run in multiple markets with localised content in key regions.

Increased reputational risk associated with working on client briefs perceived to be environmentally detrimental



WPP serves some clients whose business models are under increased scrutiny, for example energy companies or associated industry groups who are at different stages of the decarbonisation process.

This creates both a reputational and related financial risk for WPP if we are not rigorous in our content standards as we grow our sustainability-related services.

We are also developing internal tools to help our people identify environmentally harmful briefs. These tools will embed climate-related issues within existing content review procedures across the organisation. The misrepresentation of environmental issues is governed by our Code of Conduct. We are also reviewing our policies to reduce the risk that any client brief undermines the implementation of the Paris Agreement.

Our sustainability strategy outlines our commitment to supporting our clients on their sustainability journeys (see page 70).

¹ WPP, Data 2030: what does the future of data look like?

METRICS AND TARGETS

We have been reporting on our performance on carbon emissions reduction since 2006.

In 2020 we worked with the consultancy Carbon Intelligence to map our carbon emissions (Scope 1, 2 and 3) using 2019 data. We use Greenhouse Gas Protocol standards to calculate our emissions, which categorise a company's emissions into three scopes. Scope 3 is then divided into 15 sub-categories, 11 of which are relevant for WPP. For a full explanation of our approach to calculating our carbon footprint, see 'Understanding our emissions' in the 'Planet' chapter of our Sustainability Report 2021.

Our carbon emissions statement is included on page 217 of this report. Additional information relating to our carbon reduction targets, workstreams and performance data is set out on pages 76 and 77 and in the Planet chapter of our Sustainability Report 2021.

In June 2021, WPP's emissions reduction targets were verified by the Science Based Targets initiative (SBTi) aligned to 1.5°C requirements. From a 2019 baseline, WPP aims to reduce Scope 1 and 2 emissions by 84% by 2025, and halve Scope 3 emissions by 2030. We are also committed to source 100% of our electricity from renewable sources by 2025.

To meet our targets, we are focusing our efforts on reducing emissions hotspots, including working towards net zero campuses by 2025,

reducing emissions from production and media, and reducing emissions by using smarter technology. More information can be found in the 'Planet' section of our Sustainability Report 2021. In 2022 we will also focus on climate-related training for our people, and on continuing to improve the quality of our carbon emissions data.

A common challenge for reducing carbon emissions is being able to measure them with confidence. We are working to improve the quality and coverage of our emissions data.

During the year WPP appointed PriceWaterhouseCoopers LLP ('PwC') to support the expansion of WPP's assurance programme for the carbon data disclosed in this report. Throughout this report, selected carbon metrics highlighted with the symbol  were subject to independent limited assurance by PwC. For the details and results of the limited assurance see wpp.com/sustainabilityreport2021. For the first time, PwC have also assured the governance section of this TCFD statement (wpp.com/sustainabilityreport2021).

Beyond our science-based targets, our most material climate-related opportunities relate to our client work. As part of our sustainability strategy we will develop metrics which track the growth of sustainable products and services. Examples of work relating to climate change are included in our downloadable Sustainability Report 2021: wpp.com/sustainabilityreport2021.