



CORPORATE GOVERNANCE

Chairman's letter	88
Our Board	90
Corporate governance report	92
Nomination and Governance Committee report	98
Audit Committee report	99
Compliance with the Code	102
Compensation Committee report	104

CHAIRMAN'S LETTER



CEO APPOINTMENT

The Board of any company has no more important task than to select its leader.

The process to appoint the new Chief Executive Officer of WPP was a rigorous one, and we considered a range of outstanding candidates for the role. The external benchmarking was especially valuable in helping us to gauge the strength of the internal pool.

The Board was unanimous in its decision to name Mark Read as CEO. His stewardship of the business alongside Andrew Scott in the weeks following Sir Martin Sorrell's resignation was exemplary, and he demonstrated all the qualities required of an inspiring and effective leader.

The interim arrangements, with Mark and Andrew stepping up as co-Chief Operating Officers, and Mark's subsequent appointment as CEO, reflect the robustness of the Board's succession planning over a number of years.

We engaged with investors and clients throughout the recruitment process and we were grateful for the strong levels of support for the Company and management team during the period of transition, and for the choice of Mark as CEO.

NEW STRATEGY

In a year of significant change for WPP – and challenges on a number of fronts – the Board and the executive team worked together very constructively to stabilise the business and position it for future success.

WPP, like the wider industry, faces deep structural shifts that – as well as posing questions – present significant opportunities. We have been pleased by the backing we have received from investors, clients, partners and our own people for the new strategy that will help the Company to capture those opportunities, and for the new leadership team assembled to deliver it.

BOARD CHANGES

As your Company changes, so too does its Board. In October 2018 Paul Richardson, Group Finance Director, informed the Board that he would step down during the course of 2019, and the process to find his successor is well underway. We would like to thank Paul for his contribution to WPP over 27 years with the Company. Paul joined as Director of Treasury, was appointed to his current role four years later, and is one of the architects of the present-day WPP. He leaves with our best wishes for the future.

ANNUAL GENERAL MEETING 2019

12 noon on Wednesday 12 June 2019
Purcell Room, Southbank Centre
Belvedere Road, London SE1 8XX

We also thank Hugo Shong, who decided to retire from the Board in 2018 due to additional commitments outside WPP and increased pressure on his time and availability. He was an important contributor to the Board and its Compensation, Audit and Nomination and Governance Committees during his five years as a Director, and we are grateful for his ongoing assistance with WPP's businesses in China. As Ruigang Li comes to the end of his tenure in 2019, and will not be standing for re-election at this year's Annual General Meeting, we are seeking a new Director with similar levels of experience of the Chinese market as we refresh the Board's composition.

We are delighted to be joined by Cindy Rose OBE as the newest member of the Board and the Audit Committee. Cindy is hugely respected within the worlds of technology and business, and her input will be of great benefit as WPP responds to a changing marketplace and transforms its business.

VALUES AND CULTURE

Mark and the wider executive team have the Board's full support as they implement the plan to restore the Company to sustainable top-line growth. A key element of that plan is an emphasis on promoting the kind of values and building the kind of culture that make WPP a magnet for talented people, and a company everyone is proud to work for.

The new team places great importance on listening to people across the Company and taking their opinions into account when formulating strategy. We have established our first employee forum in the UK, and these will be rolled out in other markets.

The views from these forums will be shared with Sally Susman and Daniela Riccardi, who are responsible on behalf of the Board for engagement with our people.

GENDER DIVERSITY

The commitment to create diverse and inclusive workplaces applies throughout WPP – including at the level of the Board. Cindy's appointment raises the proportion of women on the Board to 33%. We are pleased to have made progress but clearly we still have work to do to reach gender parity in terms of Board-level representation. This mirrors the position in WPP as a whole and, indeed, the wider sector.

Although WPP has good gender balance up to and including senior management level, the proportion of women falls significantly in the most senior executive tiers – as seen in our UK Gender Pay Gap figures for 2018. It is encouraging, as we work to address this imbalance, that WPP was recognised in Bloomberg's 2019 Gender-Equality Index (GEI) as an industry leader committed to transparency in gender reporting and advancing women's equality – the only company among its peers to be included in the list.

SUSTAINABILITY

The team's determination to place culture and values at the heart of the new strategy builds on WPP's longstanding commitment to sustainable business and sustainability reporting. The Board welcomes the focus on sustainable business and purpose within the new UK Corporate Governance Code.

WPP has been a leader in its sector on sustainability; we provide details of our approach – from the work we do for clients and our substantial pro bono contribution to the ongoing programme to reduce our carbon intensity – from page 60. We support the Taskforce on Climate-related Financial Disclosures and this year we have underlined its importance in our report and made our voluntary disclosures.

OUR PEOPLE

Finally, I would like to say how much the Board appreciates the dedication and passion for great work shown by the thousands of people worldwide who make up WPP and our agencies. WPP is a talent business and we are fortunate to have so much of it within our Company.



Roberto Quarta
Chairman
10 April 2019

"IN A YEAR OF SIGNIFICANT CHANGE FOR WPP, THE BOARD AND THE EXECUTIVE TEAM WORKED TOGETHER TO STABILISE THE BUSINESS AND POSITION IT FOR FUTURE SUCCESS."

Roberto Quarta
Chairman

OUR BOARD

The Board is collectively responsible for promoting the success of WPP by directing and supervising policy and strategy. It is responsible to shareholders for the Company's financial and operational performance and risk management.



ROBERTO QUARTA

CHAIRMAN

Appointed: 1 January 2015

(Chairman 9 June 2015) **C** **N**

Nationality: Italian and American

Roberto has extensive and diverse experience in corporate governance and global commerce.

He is Partner and Chairman of Clayton, Dubilier & Rice Europe, a private equity firm, which allows him to bring valuable perspective to WPP, particularly when evaluating acquisitions and new business opportunities.

Roberto has an in-depth understanding of differing global governance requirements having served on the boards of a number of UK and international companies, including as Chairman of BBA Group plc and Rexel SA and as Non-Executive Director of BAE Systems plc, Equant NV and Foster Wheeler AG.

Other current appointments: Chairman, Smith & Nephew plc.



MARK READ

CHIEF EXECUTIVE OFFICER

Appointed: 3 September 2018

Nationality: British

Mark has held multiple leadership positions at WPP, having first joined the Company in 1989. He was responsible for WPP's expansion into technology through the acquisition of 24/7 Real Media, the creation of the POSSIBLE network and the launch of Stream, WPP's celebrated "unconference".

In 2015, he was appointed Global CEO of Wunderman, which he transformed into one of the world's leading creative, data and technology agencies.

Wired magazine ranked Mark as one of the Top 25 Digital Influencers in Europe in 2014 and he was named The Drum's Digital Individual of the Year in 2015 and 2017. In September 2018 he was named as a Financial Times and HERoes Champion of Women in Business.

Other current appointments: None.



PAUL RICHARDSON

GROUP FINANCE DIRECTOR

Appointed: 1996

Nationality: British and American

Paul became Group Finance Director of WPP in 1996 after four years as Director of Treasury.

Paul is responsible for the Company's worldwide functions in finance, information technology, procurement, property, treasury, taxation, internal audit and sustainability. Paul is a chartered accountant and fellow of the Association of Corporate Treasurers.

In October 2018 he informed the Board he would step down during the course of 2019.

Other current appointments: None.



NICOLE SELIGMAN

SENIOR INDEPENDENT DIRECTOR, NON-EXECUTIVE DIRECTOR

Appointed: 1 January 2014 **C** **N**

Nationality: American

Nicole is a global business leader and an internationally recognised lawyer. She brings to the Board analytical skills, in-depth knowledge of public company corporate governance and a comprehensive understanding of media and business issues.

Nicole was previously President of Sony Entertainment, Inc. and global General Counsel for Sony Corporation. Prior to that, as a partner at law firm Williams & Connolly, Nicole represented key public figures and major media and other companies in complex litigation.

Other current appointments: Non-Executive Director, Viacom Inc. Non-Executive Director, Far Point Acquisition Corporation. Chairman, The Doe Fund.



JACQUES AIGRAIN

NON-EXECUTIVE DIRECTOR

Appointed: 13 May 2013 **A** **C**

Nationality: Swiss and French

Jacques brings business, corporate finance and governance expertise to his role on the Board of WPP.

Currently a Senior Advisor at Warburg Pincus LLP, from 2001 to 2009 he was a member of the Executive Committee of Swiss Re AG. Prior to Swiss Re, he spent 20 years with JPMorgan Chase.

Jacques was previously Chairman of LCH Clearnet Group Ltd, a Director of the Qatar Financial Center Authorities and a Supervisory Board Member of Lufthansa AG and Swiss International Airlines AG.

Other current appointments: Chairman, LyondellBasell NV. Non-Executive Director, London Stock Exchange Group plc. Chairman, Self Trade Bank S.A.U.



TAREK FARAHAT

NON-EXECUTIVE DIRECTOR

Appointed: 11 October 2016 **A**

Nationality: Brazilian and Egyptian

Tarek has extensive leadership and brand-building experience gained in different markets around the world.

He worked for Procter & Gamble for over 26 years in Europe, the Middle East and Latin America, leading multi-billion-dollar businesses for the company. His last position at Procter & Gamble was President of Procter & Gamble Latin America and member of the Global Leadership Council.

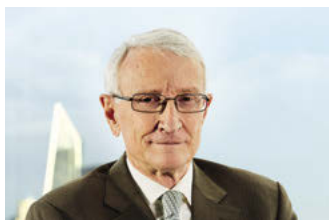
Tarek was previously Chairman of the board of JBS S.A. and a board member of Pilgrims Pride Corporation and Alpargatas. He is currently a strategic advisor and partner for several companies.

Other current appointments: None.

COMMITTEE MEMBERSHIP KEY

- A** Audit
- C** Compensation
- N** Nomination and Governance
- Committee Chairman

For full biographical details of our Board members, please see wpp.com/about/our-leadership



SIR JOHN HOOD
NON-EXECUTIVE DIRECTOR
 Appointed: 1 January 2014 **C**
 Nationality: New Zealander

Sir John brings deep knowledge and experience of international business to the Board, and provides analytical rigour arising from his leadership roles in higher education and research.

He has held advisory roles for the New Zealand and British governments and has served as a Non-Executive Director of British and New Zealand-based enterprises.

He was formerly Vice Chancellor of the University of Oxford and the University of Auckland.

Other current appointments: President and CEO, Robertson Foundation. Chairman, BMT Group. Non-Executive Director, Study Group Limited. Non-Executive Director, Aurora Energy Research. Non-Executive Director, Blackstone Group LP.



RUIGANG LI
NON-EXECUTIVE DIRECTOR
 Appointed: 12 October 2010 **N**
 Nationality: Chinese

As Founding Chairman and CEO of CMC Capital Group, China's leading equity investment group in the entertainment, technology and consumer sectors, and of CMC Inc., a media and entertainment conglomerate, Ruigang offers WPP insight into the Chinese media and technology sectors.

Ruigang was Chairman and President of Shanghai Media Group for over 10 years and was previously Chief of Staff of Shanghai Municipal Government.

Other current appointments: Chairman and CEO, CMC Capital Group. Chairman and CEO, CMC Inc. Board Member, City Football Group. Director, Creative Artists Agency. Vice Chairman, TVB (Hong Kong). Chairman, Shaw Brothers (Hong Kong). Board Member, Special Olympics.



DANIELA RICCARDI
NON-EXECUTIVE DIRECTOR
 Appointed: 12 September 2013 **N**
 Nationality: Italian

A senior FMCG, retail and fashion products executive, Daniela is a recognised leader in business development and branding. She is currently CEO of Baccarat, the international luxury goods company, and was previously CEO of Diesel Group.

Daniela has substantial global business experience, having spent 25 years at Procter & Gamble in senior management roles around the world – including Vice President of Procter & Gamble Columbia, Mexico and Venezuela, Vice President and General Manager of Procter & Gamble Eastern Europe & Russia and President of Procter & Gamble Greater China.

Other current appointments: CEO, Baccarat. Non-Executive Director, Kering. Non-Executive Director, Comite Colbert.



SALLY SUSMAN
NON-EXECUTIVE DIRECTOR
 Appointed: 13 May 2013 **N**
 Nationality: American

Sally brings expertise in communications, public affairs, governance and strategy to the Board. She is Executive Vice President, Chief Corporate Affairs Officer for Pfizer, the world's largest biopharmaceutical company. She also heads Pfizer's corporate responsibility group and plays a key role in shaping policy initiatives.

Before joining Pfizer in 2007, Sally was EVP of Global Communications at Estée Lauder, where she directed global corporate affairs strategy and served as a member of the Executive Committee.

Sally previously held several senior corporate affairs posts at American Express, in both London and the US.

Other current appointments: Co-Chair, International Rescue Committee.

DIRECTOR APPOINTMENTS SINCE YEAR-END



SOLOMON D. (SOL) TRUJILLO
NON-EXECUTIVE DIRECTOR
 Appointed: 12 October 2010 **A**
 Nationality: American

An international business executive with three decades of leading high-cap global companies in the US, Europe and Asia Pacific, Sol has wide board and corporate governance experience in the technology, media and digital sectors.

Sol has managed operations in over 25 countries from Europe and North America to China, Australasia, Africa and the Middle East.

He is a Senior Advisor to Bain & Company and Chairman of Trujillo Group LLC, which manages investments and examines emerging trends in the broader digital space.

Other current appointments: Director, Western Union. Chairman, Silk Road Telecommunications.



CINDY ROSE
NON-EXECUTIVE DIRECTOR
 Appointed: 1 April 2019 **A**
 Nationality: British and American

A high-profile leader in the technology and media sectors, Cindy has a deep understanding of the role of technology in business transformation.

As Microsoft UK CEO since 2016, she is responsible for Microsoft's product, service and support offerings across the UK. Prior to Microsoft, she was Managing Director of the UK Consumer division at Vodafone where she led the expansion of its retail store estate from 350 to over 500 stores.

Before Vodafone, Cindy was Executive Director of Digital Entertainment at Virgin Media. She also spent 15 years at The Walt Disney Company, ultimately as SVP & Managing Director of Disney Interactive Media Group.

Other current appointments: Non-Executive Director, Informa plc.

CHANGES TO THE BOARD DURING THE YEAR:
Sir Martin Sorrell – retired from the Board on 14 April 2018
Hugo Shong – retired from the Board on 31 July 2018
Mark Read – appointed to the Board on 3 September 2018

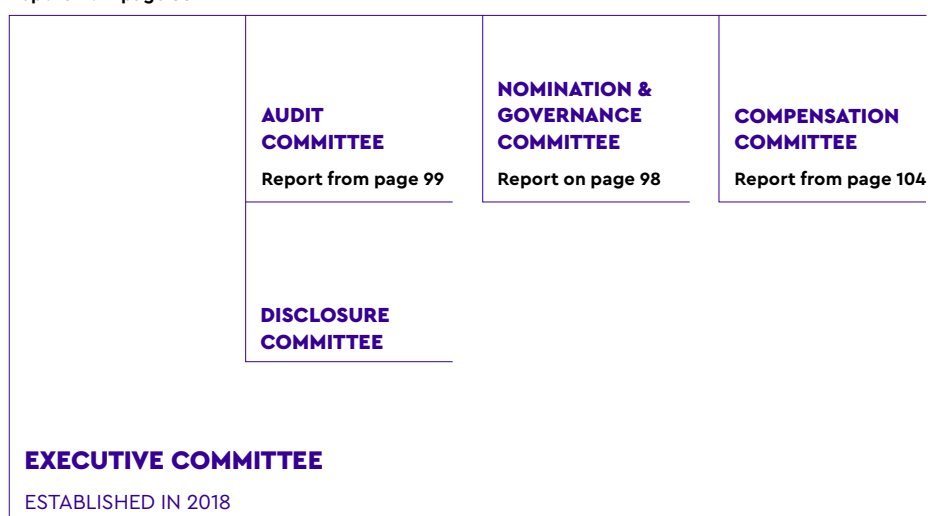
CORPORATE GOVERNANCE REPORT

The WPP Board is committed to ensuring there is a strong and effective system of corporate governance in place to support the successful execution of the Company's strategy.

OUR GOVERNANCE STRUCTURE

BOARD

Report from page 88



BOARD ATTENDANCE TABLE

	Board (scheduled meetings)	Board (unscheduled meetings) ¹	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta	● 6/6	3/3		8/8	● 5/5
Mark Read ² – appointed on 3 September 2018	5/5	3/3			
Paul Richardson	6/6	3/3			
Jacques Aigrain	6/6	2/3	● 10/10	8/8	
Tarek Farahat	6/6	2/3	10/10		
Sir John Hood	6/6	3/3		● 8/8	
Ruigang Li	5/6	1/3			4/5
Daniela Riccardi	6/6	3/3			5/5
Nicole Seligman – appointed to Nomination and Governance Committee on 17 April 2018	6/6	3/3		8/8	3/3
Sally Susman	6/6	1/3			5/5
Solomon D. (Sol) Trujillo	6/6	2/3	10/10		
Former Directors who served for part of the year					
Sir Martin Sorrell – retired on 14 April 2018	1/1				
Hugo Shong – retired on 31 July 2018	3/4				3/4

¹ Additional unscheduled meetings of the Board took place in relation to the resignation of Sir Martin Sorrell on 14 April 2018.

² Mark Read attended two scheduled meetings of the Board as CEO and three scheduled meetings of the Board as Joint COO.

COMPOSITION AND DIVERSITY

ENSURING A BALANCED BOARD

The composition of the Board and its Committees is under regular review and the range of skills and capabilities at Board level is assessed for relevance to the execution of our transformation and strategy. Cultural and gender diversity, expertise in important markets such as China, and experience in technology, ecommerce and finance are key requirements for future Non-Executive Directors.

DIVERSITY

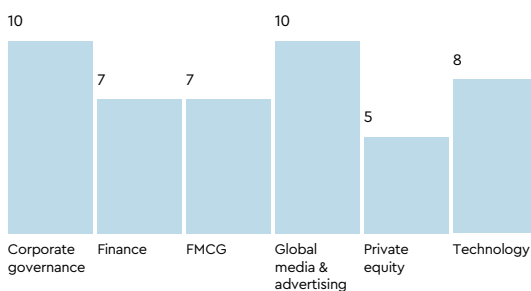
The Board's policy on diversity commits WPP to increasing diversity across the Company and supports the development and promotion of all talented individuals. As at the date of this report women comprised 33% of the WPP Board and 40% of Non-Executive Directors including the Senior Independent Director.

INDEPENDENCE AND RE-ELECTION TO THE BOARD

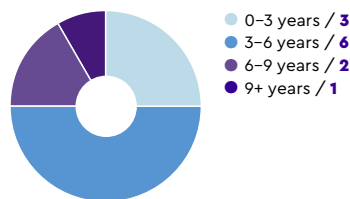
The independence, effectiveness and commitment of each of the Non-Executive Directors have been reviewed by the Nomination and Governance Committee and as part of the external Board evaluation facilitated by Dr Tracy Long and detailed on page 95. We were satisfied with the contributions and time commitment of all the Non-Executive Directors during the year. We conducted a specific review of those Directors who had been in office for more than six years. The Committee was confident that each of the Non-Executive Directors remains independent and will be in a position to discharge their duties and responsibilities in the coming year. With the exception of Ruigang Li who is retiring from the Board and Mark Read and Cindy Rose whose appointments are being ratified for the first time, all the Directors will stand for re-election at the AGM with the support of the Board.

OUR BOARD – A DIVERSE MIX OF SKILLS, EXPERIENCE AND KNOWLEDGE*

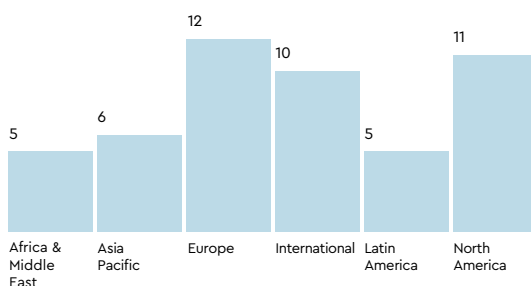
SKILLS



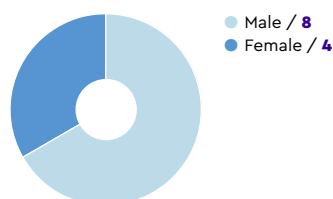
TENURE



GEOGRAPHICAL EXPERIENCE



GENDER



* Information as at the date of this report

SUCCESSION PLANNING

Following the resignation of Sir Martin Sorrell, the Nomination and Governance Committee established a succession planning subcommittee, tasked with appointing a new CEO for the Company. The subcommittee was supported by Russell Reynolds Associates, which is independent of and only provides recruitment services to the Company. Russell Reynolds had already been engaged by the Nomination and Governance Committee on its executive succession planning, prior to the resignation of Sir Martin Sorrell.

In October 2018, Paul Richardson, Group Finance Director, informed the Board that he would step down during the course of 2019. The Nomination and Governance Committee is overseeing the search for his successor, with the assistance of Spencer Stuart Associates.

For further details on the succession planning subcommittee and Non-Executive Director succession planning, see our Nomination and Governance Committee report on page 98.

PROCESS OF APPOINTING THE NEW CHIEF EXECUTIVE

SETTING ROLE REQUIREMENTS	IDENTIFYING CANDIDATES	PROCESS	RECRUITMENT
With input from the Board, shareholders, clients and senior management, the Nomination and Governance Committee prepared a detailed specification for the role of CEO, specifying the skills, knowledge, experience and attributes required.	Russell Reynolds identified internal candidates, and also undertook an extensive search process to identify potential candidates in the external market. Internal candidates were evaluated against external candidates as part of a benchmarking exercise.	The succession planning subcommittee met frequently and extensively discussed the merits of the external and internal candidates and interviewed those with the most potential.	It was concluded that the Company already had the strongest candidate internally and that making an internal appointment would best serve the Company and the structural challenges it faced. The Board agreed with the subcommittee's recommendation and as a result Mark Read was appointed as CEO on 3 September 2018.

PROCESS OF APPOINTING THE NEW GROUP FINANCE DIRECTOR

SETTING ROLE REQUIREMENTS	IDENTIFYING CANDIDATES	PROCESS	RECRUITMENT
With input from the Board, shareholders, clients and senior management, the Nomination and Governance Committee prepared a detailed specification for the role of Group Finance Director, specifying the skills, knowledge, experience and attributes required.	Spencer Stuart Associates is assisting with the search for candidates and has prepared a shortlist of internal and external candidates that are most suited to the role specification.	The subcommittee has reviewed the shortlist and has identified a number of candidates for interview. Interviews have focused on each candidate's skills and experience for the role.	An update will be provided as soon as is practical.

INDUCTION AND TRAINING

INDUCTION FOR NEW CEO

As Mark Read clearly knows our business well and has previously served as a Director of WPP plc, his induction focused on how the role and responsibility as a director of a listed company has evolved and developments in governance since he was last on the Board such as the new UK Corporate Governance Code, stakeholder engagement and the NYSE and SEC regulatory environment.

PROFESSIONAL DEVELOPMENT AND DIRECTOR TRAINING

The Board held a number of specific knowledge development sessions during the year on such issues as technology disruption and economic and sustainable risk factors impacting a number of our major clients, with CEOs and CMOs from our clients attending Board sessions to share their insights. The Board received training on the new UK Corporate Governance Code from the Group Chief Counsel and a detailed briefing on Brexit from Global Counsel.

The Board also refreshed its view of enterprise risk management this year and carried out a session on risk and risk appetite with EY and this programme will continue in 2019.

The Board continued to receive regular reports building greater awareness of our businesses and the legal, regulatory and industry-specific challenges it faces. This is complemented by Board meetings being held in our co-location sites which enables greater contact with the businesses and an opportunity to meet with senior and local management teams.

BOARD INDUCTION

On completion of the induction programme, all new Directors should have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the operations and the work of the Committees they are joining.

BOARD PERFORMANCE EVALUATION

PROCESS

In line with the UK Corporate Governance Code, it is the Board's policy to undertake an externally facilitated Board performance evaluation every three years.

The 2018 Board performance evaluation was externally facilitated by Dr Long of Boardroom Review Limited who has no other connection with the Company. Dr Long undertook the previous externally facilitated review in 2015, which was completed in 2016.

In addition to the Board evaluation, Dr Long also evaluated the performance of the:

- Chairman
- Senior Independent Director
- Chair of all three Board Committees

Dr Long has attended Board and Committee meetings as an observer and has held one-on-one discussions with each Director, the Company Secretary, Group Chief Counsel and Chief Operating Officer.

OUR BOARD EVALUATION PROCESS

OBSERVE

Attendance as an observer at all Board and Committee meetings in December 2018.

ENGAGE

One-on-one meetings with all Board members, as well as:

- Company Secretary
- Chief Operating Officer
- Group Chief Counsel

EVALUATE

The work of the Board, individual and collective contribution and use of time and quality of information.

FEEDBACK

A discussion document and individual feedback sessions followed by verbal feedback presented by Dr Long at a session of the Board.

KEY AREAS OF FOCUS



OUTCOMES

The Board has effective leadership in place, with strong support for and relationships between the Chairman, CEO, the Senior Independent Director and Committee Chairs. Following the CEO appointment, the Board is engaging with the strategic process and transformation agenda. Alongside the CEO, who is rebuilding the leadership team and resetting its culture, the Board is developing metrics for performance, development and succession. There is an increased focus on cyber and information security and geographic risk, and strong leadership from the Audit Committee on the risk and control framework. There is open communication with shareholders and preparation for potential challenges in 2019.

CHAIRMAN'S EVALUATION

Following the CEO succession process, the Chairman is transitioning the Board through a period of change and transformation and developing a supportive relationship with the new CEO. There are constructive relationships between the Chairman, the Senior Independent Director and the Committee Chairs and in collaboration with the CEO, the Chairman is redeveloping the Board's modus operandi.

KEY RECOMMENDATIONS FOR 2019

- BOARD COMPOSITION**
 The Board's contribution is dependent on ability to add strategic relevance, diversity of perspective and governance expertise and should constantly evolve the Board's skills mix.
- SUPPORTING THE TRANSFORMATION**
 Continuous level of domain knowledge and visibility of the changing landscape.
- CONTINUED FOCUS ON THE RISK FRAMEWORK**
 The transformation will demand continued focus on risk, enterprise resilience and the global compliance framework from the Board and its Committees.

HOW OUR BOARD ENGAGES

OUR APPROACH TO ENGAGEMENT

The success of our business is dependent upon our ability to understand and respond to the needs of the various stakeholders connected with WPP. When making decisions, our Board considers which course of action best leads to the success of the Company over the long term, which requires an understanding of how our decisions impact these groups.

During the year, and particularly in relation to the development of our new strategy, we have engaged with key stakeholders, as set out on the following page.

Looking ahead, we plan to expand our engagement activities. We are supportive of the new requirements contained within the new UK Corporate Governance Code and regulations and will report against these as required next year.

A CHANGING STAKEHOLDER ENVIRONMENT

As our industry continues to change, so too has the way in which we interact with our stakeholders. The line that separates client, stakeholder, partner and competitor has become increasingly blurred, as they are all interconnected. Google is a client, supplier and competitor, for example.

ENGAGEMENT IN ACTION

SHAREHOLDERS

During the year, we have engaged extensively with shareholders and the most frequently asked shareholder questions are set out below.

Other topics we engaged on in 2018 included our preparation for GDPR and data ethics, Brexit, our sustainability credentials, workforce engagement and Diversity and Inclusion (D&I).

TOP 5 QUESTIONS FROM SHAREHOLDERS

1 Describe the competitive environment and if there is intense pricing behaviour

Our competitive environment is described from page 36. Our industry has always been competitive on pricing as well as quality, but we believe the client should pay us a fair amount for the services that we provide and our view on that has not changed.

2 Why are the creative agencies suffering and what do you need to do?

The role of traditional agencies is being challenged. Clients want our creativity

3 Are clients in-housing media or creative and how are you responding?

While there is an increase in demand from some clients to bring our people closer to them, on-site, in-housing is not at the heart of the economics of WPP. In-housing is difficult and, particularly in media and digital media, the challenges of recruiting, retaining and training people should not be underestimated. It is worth remembering that Essence, part of GroupM, is Google's digital media planning and buying agency. It buys the media for Google on Google.

4 Why are you losing share in the US and how will you turn your largest market around?

In the past we have been too slow to adapt, become too complicated and have under-invested in core parts of our business. Core to our strategy is addressing our under-performing operations, particularly in

5 What are you most concerned about – consultants, in-housing or Google/Facebook?

The technology firms are vying with us for talent and attention, but the direct competitive threat of Google, Facebook and Alibaba is overstated. They are important partners to WPP.

Consulting firms have expanded rapidly into areas in which we compete. We need to recognise that new competition, be ready for it and promote our existing consulting and technology capabilities more effectively. As above, in-housing is not currently at the heart of the economics of WPP.

WORKFORCE

In 2018 we set up our first employee forum in the UK. We will roll this out to more markets starting with India, China and Turkey. The views and ideas raised through these forums will be shared with the two Non-Executive Directors, Sally Susman and Daniela Riccardi, who are responsible for workforce engagement. We use employee surveys to assess employee engagement and satisfaction and in 2019 we plan to launch a Company-wide employee survey.



"ENGAGEMENT WITH OUR PEOPLE IS A KEY PART OF OUR NEW CULTURE."

Daniela Riccardi
Non-Executive Director



"OUR ROLE IS TO HELP THE BOARD UNDERSTAND THE VIEWS AND INTERESTS OF OUR PEOPLE."

Sally Susman
Non-Executive Director

OUR ENGAGEMENT DURING 2018

The following table summarises our key stakeholders, as well as the engagement that has been undertaken across the business during the year:

STAKEHOLDER GROUP	HOW WE ENGAGED IN 2018	
<p>SHAREHOLDERS</p> <p>Engagement with our shareholders is an ongoing process and particularly through a year of change of CEO and the launch of our new strategy. We have engaged with major shareholders and analysts at meetings with our Chairman, Committee Chairs, new CEO and our investor relations team, at our investor day, AGM and through webcasts and ongoing email exchanges.</p>	<p>At the WPP investor day in December we updated investors and financial analysts on the new strategy for the Company. The presentations remain on our website, together with updates on our progress.</p> <p>We held meetings with all major shareholders through the CEO succession process and launch of the new strategy, in major cities in the UK, US and Europe and attended all the major conferences in our sector.</p>	<p>Our 2018 AGM was well attended, and all proposed resolutions passed. The AGM gave our shareholders the opportunity to pose questions directly to the Board. We provided live webcasts of our AGM and investor day which allowed for engagement by all shareholders, regardless of location.</p> <p>Our investor relations team responded to daily questions from shareholders and analysts and we have listed some of these on page 96.</p>
<p>PEOPLE</p> <p>We depend on the talent, creative abilities and technical skills of our people. To attract and retain the best and most forward-thinking talent, we are focused on embedding our new culture, improving diversity and inclusion and investing in skills and creativity.</p>	<p>During the year, we launched our employee forum. Further details can be found on page 96.</p> <p>Our HR surveys covered 75% of employees, giving us an informed picture of how our employees feel about the Company – some of the key results are summarised in our Sustainability Report. We also carried out 1,267 consultations with works councils about initiatives impacting our employees.</p> <p>Mark Read communicated directly with employees through all-staff emails and video on the new strategy, new hires, client wins and the new culture.</p> <p>We created the first WPP Executive Committee in 2018 and held a number of D&I forums bringing together people from across our Company to</p>	<p>discuss how we could continuously improve our culture and working practices.</p> <p>We launched The Weekly in 2018, an email of the latest news, work and thinking across WPP for all our people worldwide, and relaunched the Company website and intranet with an emphasis on our people and their work.</p> <p>We offered a wide range of initiatives and training programmes to our people including mentoring, volunteering, apprenticeships, training programmes with our partners at Amazon and Adobe, GroupM University, SAFER DATA, Stella and the WPP Africa Academy and the WPP School of Communications in Mumbai to give just a few examples.</p>
<p>CLIENTS AND PARTNERS</p> <p>Our clients are in many cases also our partners providing services to our Company and may also be our competitors. We are constantly engaging through our Client Team Leaders, our respective CEOs, participation in collaborative training, our unconference event Stream, joint sustainability and pro bono initiatives and on shared policy initiatives such as the Business Against Slavery forum.</p>	<p>During the year this included client presentations at our Board meetings and client participation in events, such as our WPP investor day and strategy conference. Our people participated in multiple joint hackathons with Amazon and Google during the year focused on new products and workflow innovation.</p> <p>The issues we engaged with our clients and partners on in 2018 included CEO succession,</p>	<p>our new strategy and the changes taking place in our market and understanding the changes taking place in our clients' and suppliers' markets, our preparations for and impact of GDPR and our SAFER DATA training, the issues raised by Brexit for our Company and people and the due diligence undertaken on our supply chain, diversity and inclusion, transparency in our media businesses, brand safety and sustainability initiatives.</p>
<p>GOVERNMENT/NGOs</p> <p>We engage with governments, regulators and NGOs to inform the policy frameworks that affect our Company, clients, investments and competitive environment and support our strategic goals.</p>	<p>We are a founding member of the Business Against Slavery Forum in conjunction with the Modern Slavery Unit at the UK Home Office and participated in the forum throughout the year.</p> <p>We are a member of the United Nations Global Compact and have continued our Common Ground collaboration with the six marketing services groups and the UN, using the power of communication to accelerate progress towards gender equality. We are a signatory to the</p>	<p>Women's Empowerment Principles and participated in the Workforce Disclosure Initiative. We also launched Creativity for Equality, a strategic partnership with UN Women to help positively impact the lives of girls and women.</p> <p>We responded to numerous government consultations including, in the UK, the Kingman review of the FRC, the Insolvency and Corporate Governance consultation, the UK Immigration White Paper and the Good Work consultation papers.</p>
<p>INDEXES/TRADING ASSOCIATIONS</p> <p>We have representatives on our industry bodies in the markets in which we operate who engaged on issues that affect our people, clients and competitors. We contributed during the year to indexes that provide meaningful data on governance and policy issues.</p>	<p>We are members of the IPA in the UK and the 4A's in the US and engaged on topics such as transparency in media trading and brand safety. We participated in the Business Disability Forum, Business in the Community and the CBI, particularly related to their workstream around Brexit.</p>	<p>We also participated in the Corporate Equality Index and the Corporate Political Engagement Index.</p>

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Committee members:

- Roberto Quarta (Chairman)
- Ruigang Li
- Daniela Riccardi
- Nicole Seligman – appointed 17 April 2018
- Sally Susman

Highlights

- CEO and Group Finance Director succession
- Focus on Board composition and succession to support the transformation plan
- First year of TCFD disclosures

Key responsibilities

- Evaluates Board composition and ensures Board diversity and a balance of skills
- Reviews executive succession plans to maintain continuity of skilled resource
- Oversees matters relating to corporate governance and sustainability

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS

STEP 1

Engage with search consultancy and provide them with a search specification

STEP 2

Shortlisting candidates by Committee

STEP 3

Interview process with Committee members and Chief Executive Officer

STEP 4

Recommendation to the Board on the chosen candidate

STEP 5

Appointment terms drafted and agreed with the selected candidate

DEAR SHAREHOLDER

I am pleased to present the Nomination and Governance Committee report which reviews our significant work over the past year, the focus of which has been the succession of the Executive Directors, Board composition and succession planning for Non-Executive Directors and senior management to support the transformation plan.

BOARD AND COMMITTEE CHANGES

2018 was a year of great change for the Company following the resignation of Sir Martin Sorrell. I became Executive Chairman for an interim period while we followed a succession process to identify our new Chief Executive Officer, Mark Read.

The Group Finance Director, Paul Richardson, announced his intention to retire during the course of 2019 and the succession process for his role is well advanced with the assistance of Spencer Stuart Associates, which is independent of the Company.

Following the 2018 AGM, Hugo Shong retired from the Board and this Committee and Nicole Seligman became a member of this Committee on 17 April 2018.

Ruigang Li has served on our Board for nearly nine years and will not stand for re-election at the AGM in 2019. We are seeking a new Non-Executive Director with similar levels of experience of the Chinese market.

As part of our ongoing succession planning for the Board, the Committee is delighted to welcome Cindy Rose as a new Non-Executive Director to the Board and the Audit Committee effective 1 April 2019.

COMMITTEE EFFECTIVENESS

The externally facilitated Board performance evaluation concluded that the Committee operated well and has managed a challenging and significant level of change in the Board during this past year.

APPOINTMENT PROCESS

When considering the recruitment of new Directors, the Committee adopts a formal and transparent process with due regard to the skills, knowledge and level of experience required including geographic experience and diversity.

EXECUTIVE DIRECTORS

Following the resignation of Sir Martin Sorrell, the Committee established a succession planning subcommittee comprising me as Chairman, Nicole Seligman, Jacques Aigrain and Sally Susman.

Further details of the succession planning process for Executive Directors in 2018 can be found on page 94.

NON-EXECUTIVE DIRECTORS

Russell Reynolds has assisted the Committee during the search process for new Non-Executive Directors, to find those candidates who have the skills and experience to align the Board's composition with the Company's strategic objectives and transformation plan whilst increasing our diversity.

SUCCESSION PLANNING

In addition to succession planning for Board roles, the Committee received presentations from the new Chief Executive Officer on succession planning for senior management to support the transformation plan. The Committee monitors a schedule on the length of tenure, skills, experience and diversity of the Board.

ACTION PLAN

For 2019 the Committee plans to continue the focus on the Group Finance Director recruitment and review succession plans for the Board and key roles across the business, as well as employee engagement and sustainability initiatives.

GOVERNANCE AND SUSTAINABILITY

The Committee oversees the governance and sustainability agenda on behalf of the Board and received updates on corporate governance developments and the sustainability strategy during the year and has considered the impact of those developments and strategy on the Company.



Roberto Quarta
Chairman of the Nomination and Governance Committee
10 April 2019

AUDIT COMMITTEE REPORT

Highlights

- Instigated a detailed risk management review to evolve the Company's enterprise risk management process
- Carried out an in-depth review of the internal audit function and the continued compliance with Section 404 of SOX
- Oversaw the selection of a new Deloitte lead audit partner and the associated transition period

Key responsibilities

- Reviews the integrity, adequacy and effectiveness of the Group's system of internal control, including the risk management framework and related compliance activities

MEMBERS AND MEETINGS

The members of the Committee during 2018 were Jacques Aigrain (Committee Chairman), Solomon D. (Sol) Trujillo and Tarek Farahat.

The Committee held 10 meetings during the year, which were attended by Deloitte LLP (the Company's external auditors, "Deloitte"), the Company's Chairman, the Senior Independent Director, the Group Finance Director, the Chief Executive Officer, the Chief Operating Officer, the Director of Internal Audit, the Group Chief Counsel, the Group Chief Accountant and the Company Secretary. Individual attendance by the Committee members during 2018 is set out in the table on page 92.

The Committee also held separate private meetings with Deloitte, the Director of Internal Audit and the Group Chief Counsel. The Committee Chairman held pre-meetings with Deloitte and regular meetings with the Company's Directors of Internal Audit, Tax and Treasury and the Group Chief Counsel. The Committee Chairman has an ongoing dialogue with the Group Finance Director, the Group Chief Accountant, the Director of Internal Audit and the Director of Tax and reports to the Board, as a separate agenda item, on the activities of the Committee at the following Board meeting.

COMMITTEE RESPONSIBILITIES AND HOW THEY WERE DISCHARGED IN 2018

The key responsibilities of the Committee during 2018 were as follows:

- Monitoring the integrity of the Group's financial statements and reviewing significant financial reporting judgements;
- Reviewing and monitoring the Group's internal control framework and the activities and effectiveness of the Group's internal audit function;
- Assisting the Board in meeting its responsibilities in carrying out a robust assessment of the principal risks facing the Group and reviewing and reporting on the systems and key elements of risk management as they affect the Group;

- Regular consideration of the risk dashboard and risk map for presentation to the Board. Reviewing the Group's risk management processes, including the establishment of Risk Committees at network level;
- Reviewing the Group Treasury policy with a particular focus on debtors, working capital and cash management and the continued ability of the Group to adopt the going concern basis in preparing the financial statements;
- Reviewing reports on any material litigation or regulatory reviews involving Group companies;
- Reviewing the Group's mergers and acquisitions strategy, reviewing the analytical integrity for material M&A transactions and the earn-out payments profile of previous acquisitions. Reviewing integration processes;
- Reviewing the Group's tax position and its UK tax strategy and reviewing the impact of any significant changes in tax laws;
- Monitoring the accounting and legal reporting requirements applicable to the Company, including all relevant regulations of the UK Listing Authority, the SEC, the NYSE and the Jersey Financial Services Commission and the provisions of the UK Corporate Governance Code;
- Reviewing the implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, adopted from 1 January 2018 and the future implementation of IFRS 16 Leases from 1 January 2019;
- Overseeing the Group's continued compliance with Section 404 of SOX, setting the SOX agenda, considering and approving audit plans and monitoring through regular status reports submitted by the Director of Internal Audit and Deloitte;
- Reviewing the continued implementation of the Group's IT transformation project and reviewing the Group's co-location and shared services initiatives; and
- Reviewing matters reported on the Group's Right to Speak helpline, the investigations into such matters and the actions taken by the Group in response.

FAIR, BALANCED AND UNDERSTANDABLE

A subcommittee of the Board including members of the Committee examined whether the Annual Report & Accounts for 2018 was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The subcommittee received an early final draft of the report for review and comment and a report from the Disclosure Committee relating to the composition of the report. The Board subsequently considered the report as a whole and discussed the report's tone, balance and language for compliance with these standards. The Board's statement on the report is on page 175.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

The Company's management team make key decisions and accounting judgements in the process of applying the Group's accounting policies. The key judgements were detailed in reports and presentations by management to the Committee during 2018, which were examined by the Committee and discussed with management and Deloitte.

Deloitte also reported to and discussed with the Committee whether suitable accounting policies had been adopted in the financial statements for the year ended 31 December 2018 and whether management had made appropriate estimates and judgements.

The areas of significant judgement considered by the Committee in respect of the financial statements for the year ended 31 December 2018 and how these were addressed are set out below and reflect a number of the principal risk areas identified by the Board on pages 80-83.

AREA OF FOCUS	ACTIONS TAKEN/CONCLUSION
The assessments made for goodwill impairment testing purposes.	The Committee received detailed reports and presentations from management and challenged management's assumptions and goodwill impairment assessment model, with a particular focus on VMLY&R in the current year given relative sensitivity. The Committee Chairman met with management and Deloitte to consider the goodwill impairment assessments further. Based on management's expectations of future performance of certain businesses and consideration of sensitivity, the Committee was satisfied with the appropriateness of the analysis performed by management and the level of disclosure and goodwill impairment charges recognised in 2018.
The judgements made in respect of the release of provisions related to other media income.	The Committee considered information from management summarising the judgements taken in addition to the results of testing undertaken by Deloitte to support the judgements made and agreed those were appropriate.
The valuations of non-controlled investments and unlisted associates.	The Committee examined the valuations with management which are based on local management forecasts, recent third-party investment and/or other supporting information such as industry valuation multiples. The Committee considered the sample testing of the investments performed by Deloitte and agreed that the valuations were appropriate.
The accuracy of forecasting the potential future payments due under earnout agreements in respect of acquired businesses.	The Committee considered the forecasting with management and the testing undertaken by Deloitte and agreed that earnouts have been accounted for appropriately.
The valuation of year-end provisions in respect of working capital.	The Committee received briefings on the approach taken by management in assessing the level of exposure across the Group and considered Deloitte's audit procedures in this respect. The Committee concluded that management's approach was appropriate.
Accounting for the judgemental elements of remuneration, including pensions, bonus accruals, severances and share-based payments.	The Committee agreed that the assumptions applied by management are reasonable.
The judgements made in respect of tax, in particular the level of central tax provisioning.	The Committee supported management's assumptions in both these areas and believe the current level of provisions is reasonable.
The going concern assessment and viability statement and key forecast assumptions.	The Committee concur with management's going concern, viability and forecasting assumptions as set out on page 79.
The judgements made as to whether the Kantar group constituted a disposal group 'held for sale' for the purposes of IFRS 5.	The Committee considered management's assessment of the conditions that must be satisfied in order to conclude a disposal group is 'held for sale' and agreed with management's application of the guidance and ultimate conclusion that those conditions were not satisfied.
Recognition of restructuring and transformation costs.	The Committee reviewed management's key accounting judgements and procedures in this area and the testing carried out by Deloitte. The Committee was satisfied with the quantum of costs recognised in 2018 and the presentation of such costs in the financial statements.

EXTERNAL AUDIT

Deloitte has been the Group's auditors since 2002. The lead audit partner rotates every five years. After five years in post, Richard Muschamp will step down as the Group's lead audit partner and the Committee welcomes Rob Topley as his replacement in respect of accounting periods commencing from 1 January 2019. The Committee oversaw the selection of the new lead partner and the associated transition process. In 2018, the effectiveness of the audit process was evaluated through a Committee review of the audit planning process and discussions with key members of the Group's finance function. The Committee considered the Audit Quality Review's 2017/18 Audit Quality Inspection Report on Deloitte and the actions taken by Deloitte to address the findings in the report. The 2018 evaluations concluded that there continued to be a good quality audit process and constructive challenge where necessary to ensure balanced reporting. The Committee held private meetings with Deloitte and the Committee Chairman met privately with Deloitte before each meeting. The Committee continues to be satisfied with the performance of Deloitte and confirms that Deloitte continues to be objective and independent. The Committee recommends the reappointment of Deloitte at the AGM on 12 June 2019.

The Committee considered the Group's position on its audit services contract in the context of the regulations concerning the audit market. Although there is no immediate intention to tender the audit contract, the Company will re-tender at the latest by the 2022 year-end in compliance with the transitional arrangements for competitive tender that require mandatory rotation after the 2023 fiscal year-end.

The Company confirms that it has complied with the Competition and Markets Authority final order on mandatory tendering and Audit Committee responsibilities.

INTERNAL AUDIT

The annual internal audit plan is approved by the Committee at the beginning of the financial year. Progress against the plan is monitored through the year and any significant changes to the plans require Committee approval. Significant issues identified within internal audit reports are considered in detail along with the remediation plans to resolve those issues. The Committee also considers the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the principal risks and controls throughout the Group. The Committee Chairman holds pre-meetings with the Director of Internal Audit and regular update meetings, to ensure the internal audit function has adequate standing and is free from management restrictions and has direct access to the Committee if required.

NON-AUDIT FEES

The Committee has established a policy regarding non-audit services that may be provided by Deloitte, which prohibits certain categories of work in line with relevant guidance on independence, such as the FRC revised ethical standards and ethical standards issued by the SEC. The prohibited categories of work include advice on remuneration and on tax services being provided by Deloitte in the European Union and a general default to an alternative provider elsewhere subject to adherence to regulations. Other categories of work may be provided by the auditors if appropriate and if pre-approved by the Committee, either as individual assignments or as aggregate amounts for specified categories of services. All fees are summarised periodically for the Committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2018 is shown in note 3 of the financial statements on page 135.

COMMITTEE COMPOSITION AND EVALUATION

The Committee and its members were formally assessed by the Nomination and Governance Committee as part of the review of Committee composition in 2018 and as part of the externally facilitated evaluation process described on page 95 for their technical suitability to be members and also for its overall effectiveness. The Board has designated the Committee Chairman as the Committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and together with Tarek Farahat as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code and competence in accounting or audit for the purposes of DTR 7.1. The members of the Committee are considered by the Board to be independent and (when considered as a whole) have competence relevant to the sectors in which the Company operates, and have financial and/or financial services experience as set out on pages 90 and 91.

Cindy Rose has been appointed as an additional member of the Committee with effect from 1 April 2019.

TERMS OF REFERENCE

The Committee's terms of reference are adopted by the Board and reviewed annually by the Committee, most recently on 21 March 2019. A copy of the Committee's terms of reference is available on the Company's website at wpp.com/about/corporate-governance.



Jacques Aigrain
Chairman of the Audit Committee
10 April 2019

COMPLIANCE WITH THE CODE

This statement of compliance summarises how the Company has implemented the principles and provisions of the 2016 UK Corporate Governance Code (the Code). The Code is available at www.frc.org.uk.

The Board considers that WPP complied in all material respects with the principles of the Code. The Board also confirms that it complies with all of the provisions of the Code, with the exception of A.2.1. The Code requires that the role of the Chairman and Chief Executive should not be exercised by the same individual. While this is ordinarily the case for the Company, following the resignation of the previous Chief Executive, Sir Martin Sorrell, on 14 April 2018, the Board appointed Roberto Quarta as (interim) Executive Chairman until a new Chief Executive was appointed. Roberto Quarta held this role for just under five months, until 3 September 2018, when Mark Read was appointed as the new Chief Executive.

The FRC issued a new Code in July 2018 (the UK Corporate Governance Code 2018). The Board will assess its governance practices against the principles of the new Code during 2019 and will report on its implementation in next year's Annual Report & Accounts.

A. LEADERSHIP

A.1 THE ROLE OF THE BOARD

The Board is collectively responsible for promoting the long-term success of the Company by directing and supervising the Company's policy and strategy and is responsible to shareholders for the Company's financial and operational performance and risk management. Responsibility for the development and implementation of Company policy and strategy and for day-to-day management issues is delegated by the Board to the Group Chief Executive and Group Finance Director. The list of matters reserved to the Board can be downloaded from wpp.com/about/corporate-governance.

Details of 2018 Board attendance at Board and Committee meetings are set out on page 92.

The Company provides insurance cover for its Directors and Officers.

A.2 DIVISION OF RESPONSIBILITIES

As noted above the role of the Chairman and Chief Executive are ordinarily separated. The separate roles are set out in writing and are agreed by the Board.

A.3 THE CHAIRMAN

The Board is chaired by Roberto Quarta, who chairs the Nomination and Governance Committee and is a member of the Compensation Committee and attended all meetings of the Audit Committee at the invitation of its Chairman. The Chairman provides the leadership of the Board and is the main point of contact between the Board and the CEO. The Chairman represents the Board in discussions with shareholders and investor bodies, ensures that systems are in place to provide Directors with timely and accurate information, represents the Company in external gatherings, and is also responsible for the Board governance principles. He has led the ongoing emphasis on management development and CEO and senior management succession planning.

A.4 NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have a diverse range of skills, experience and backgrounds. As detailed in their biographies on pages 90 and 91, the Non-Executive Directors work across the globe in media and advertising, investment banking and investment management, pharmaceuticals, logistics and bioenergy, FMCG, international management consulting, private equity and angel investing, business education, manufacturing, consumer products and retail management, internet start-ups, government and non-profit organisations. They provide constructive challenge and assistance to the Group Chief Executive in developing the Company's strategy.

The Senior Independent Director is Nicole Seligman who is available to shareholders and acts as a sounding board for the Chairman and as an intermediary for the other Directors with the Chairman, when necessary. The Senior Independent Director's role includes responsibility for the Chairman's appraisal and succession and this year the Board evaluation process. Nicole Seligman was appointed to the Board in January 2014 and is a member of the Compensation Committee and the Nomination and Governance Committee. As the Senior Independent Director, Ms Seligman customarily attends the Audit Committee meetings at the invitation of the Chairman of that Committee.

B. EFFECTIVENESS

B.1 COMPOSITION OF THE BOARD

As at the date of this report, the Board is composed of 12 Directors. Two current members are Executive Directors and 10, including the Chairman, are Non-Executive Directors. One Non-Executive Director will be retiring at the AGM in 2019, following which the Board will be composed of 11 Directors. The independence of each Non-Executive Director is assessed annually by the Board. The Board has confirmed that all of the Non-Executive Directors standing for election and re-election at the 2019 AGM continue to demonstrate the characteristics of independence.

B.2 APPOINTMENTS TO THE BOARD

The Nomination and Governance Committee leads the process for appointments to the Board and makes recommendations to the Board. The Nomination and Governance Committee is chaired by the Chairman of the Board and comprises only Non-Executive Directors. The terms of reference of the Nomination and Governance Committee are available on the Company's website at wpp.com/about/corporate-governance.

Mark Read was appointed to the Board on 3 September 2018 and Cindy Rose has been appointed to the Board with effect from 1 April 2019. For more details on the appointment process refer to the Nomination and Governance Committee report on page 98.

B.3 COMMITMENT

Letters of appointment for Non-Executive Directors do not set out a fixed time commitment for Board attendance and duties but give an indication of the likely time required. It is anticipated that the time required by Directors will fluctuate depending on the demands of the business and other events.

B. EFFECTIVENESS

B.4 DEVELOPMENT

On joining WPP, Non-Executive Directors are given an induction which includes one-to-one meetings with management and the external auditors, briefings on the duties of Directors of a Jersey company, the Company's Share Dealing Code, WPP Code of Conduct and the UK Corporate Governance Code. The induction also covers the Board Committees that a Director will join. All Directors are fully briefed on important developments in the various business activities which the Company carries out worldwide and regularly receive extensive information concerning the Company's operations, finances, risk factors and its people, enabling them to fulfil their duties and obligations as Directors. The Directors are also frequently advised on regulatory and best practice requirements which affect the Company's businesses on a global basis.

B.5 INFORMATION AND SUPPORT

All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties.

B.6 EVALUATION

Dr Tracy Long of Boardroom Review Limited, an external facilitator with no connection to WPP, was engaged to lead the Board effectiveness evaluation that was started in 2018 and completed in 2019. More information on the evaluation is on page 95.

B.7 RE-ELECTION

The Directors submit themselves for annual re-election at each AGM, if they wish to continue serving and are considered by the Board to be eligible. Directors may be appointed by shareholders by ordinary resolution or by the Board on the recommendation of the Nomination and Governance Committee and must then stand for re-election at the next AGM, where they may be re-elected by ordinary resolution of the shareholders. With only specific exceptions to ensure Board continuity, Non-Executive Directors shall not stand for re-election after they have served for the period of their independence, as determined by applicable UK and US standards, which is nine years.

C. ACCOUNTABILITY

C.1 FINANCIAL AND BUSINESS REPORTING

The Board is responsible for the presentation of a fair, balanced and understandable assessment of the Company's position and prospects, within the Annual Report as well as all publicly available financial information. We have an appropriate system in place to meet this responsibility. See page 175 for further information.

C.2 RISK MANAGEMENT AND INTERNAL CONTROL

The Company operates a system of internal control, which is maintained and reviewed in accordance with the UK Corporate Governance Code and the FRC guidance on risk management and internal control. See pages 78 and 79.

C.3 AUDIT COMMITTEE AND AUDITORS

During 2018, the Audit Committee comprised three Non-Executive Directors and was chaired by Jacques Aigrain. On 1 April 2019, Cindy Rose was appointed as a Director of the Company and a member of the Audit Committee. Details of Mr Aigrain's extensive recent and relevant financial experience are set out on page 90. The terms of reference of the Audit Committee are available on the Company's website at wpp.com/about/corporate-governance. Refer to page 99 for the review of the Audit Committee's responsibilities and how these were discharged in 2018.

D. REMUNERATION

D.1 THE LEVEL AND COMPONENTS OF REMUNERATION

The Company's compensation policy is designed to attract the best talent and ensure people are rewarded fairly and competitively. The policy sets out a reward structure that looks at the short, medium and long term and is designed to promote sustainable performance aligned with shareholder interests. Shareholders approved the Directors' Compensation Policy at the 2017 AGM and this is available on the Company's website.

D.2 PROCEDURE

The Compensation Committee is responsible for setting and managing the compensation of all Executive Directors. Controls and procedures are in place to manage compensation of all other employees in the Group.

E. RELATIONS WITH SHAREHOLDERS

E.1 DIALOGUE WITH SHAREHOLDERS

The relationship with shareholders, potential shareholders and investment analysts is given high priority by the Company.

The Company has a well-developed and continuous programme to address the needs of shareholders, investment institutions and analysts for a regular flow of information about the Company, its strategy, performance and competitive position. Given the wide geographic distribution of the Company's current and potential shareholders, this programme includes regular visits to investors, particularly by the Group Chief Executive, the Group Finance Director and the Head of Investor Relations, in the UK, Continental Europe and the major financial centres in North America and also in Asia Pacific and Latin America. The Company's Chairman meets with investors and regularly consults with investors' governance representatives and advisory bodies. The Company provides a preliminary announcement, an interim management statement at the end of the first and third quarters that includes a trading update, an interim report at half year and a trading update and presentation at the AGM.

The Company ensures that it has a proper dialogue with shareholders and their representative bodies through Executive and Non-Executive Directors in relation to remuneration and corporate governance matters. The Chairman and Senior Independent Director provide thorough feedback to the Board on issues raised with them by shareholders.

The Company's website, wpp.com, provides current and historical financial information, including trading statements, news releases and presentations and the Company's statement of its corporate governance practices.

E.2 CONSTRUCTIVE USE OF GENERAL MEETINGS

The AGM is a key opportunity for the Board to communicate with the Company's shareholders. Notice of the 2019 AGM will be available on the Company's website. All Directors will attend the AGM and the Chairmen of the Audit Committee, the Compensation Committee and the Nomination and Governance Committee will be available to answer questions.

COMPENSATION COMMITTEE REPORT

LETTER FROM THE CHAIRMAN OF THE COMPENSATION COMMITTEE

"THE COMMITTEE'S KEY FOCUS IS TO ENSURE OUR COMPENSATION STRUCTURE ALIGNS THE INTERESTS OF EXECUTIVES TO THOSE OF OUR SHAREHOLDERS AND IS IMPLEMENTED FAIRLY AND RESPONSIBLY."

Sir John Hood
Chairman of the
Compensation Committee

Highlights

- Setting the compensation package for the new CEO
- Managing the retirement arrangements of departing executives
- Consultation with our shareholders

Key responsibilities

- Aligning compensation to business strategy and shareholder interests
- Setting measures and targets for the incentive plans
- Ensuring that our practice aligns with corporate governance standards

DEAR SHAREHOLDER

On behalf of the WPP Board I am pleased to present the Directors' Compensation report for the year ended 31 December 2018. In my letter to you, I will bring to your attention the main issues that we addressed during 2018 and the plans for the year ahead. I have included a short summary of the key financial highlights from the report, at the end of my letter, before the formal report. At the front of each section in the report, we have included a summary of the relevant part of the Directors' Compensation Policy for your guidance. The full policy is available on our website at wpp.com/about/corporate-governance.

During 2018 several important issues were dealt with by the Committee, including the appointment of the new CEO, Mark Read, the resignation of the former CEO, Sir Martin Sorrell, and the forthcoming retirement of the Group Finance Director, Paul Richardson. These matters are all discussed in more detail below.

2018 AGM VOTING RESULT

At last year's AGM, we were disappointed to receive a 27% vote against the Compensation Committee report. We responded by lodging a statement on the Government website. In essence, the Committee believes that the reason for the opposition voiced by shareholders was a perceived lack of transparency regarding details relating to the resignation of Sir Martin Sorrell. During 2018, the Chairman has conducted an extensive consultation exercise with shareholders in relation to Sir Martin's resignation.



To learn more see
wpp.com/about/corporate-governance

BOARD CHANGES

Sir Martin Sorrell resigned on 14 April 2018. He was treated in accordance with the Directors' Compensation Policy and details of this treatment are set out in this report.

Following a thorough recruitment process, the Board appointed Mark Read to the post of CEO with effect from 3 September 2018. The Committee set his salary and benefits commensurate with his position and taking into account the current corporate governance guidance. In line with our wish to be as transparent as possible, we provided full details of his compensation terms with the formal announcement of his appointment and they are also set out within this report. There are no planned changes to his compensation for 2019.

Late in 2018, Paul Richardson notified the Board that he intended to retire from the Company. He confirmed his decision early in 2019. His formal retirement date, at the end of his one-year notice period, will be 31 January 2020. He will be treated in accordance with our Directors' Compensation Policy and the relevant stock plan rules. The Committee have determined that Paul must maintain, at a minimum, his share ownership requirement of 300% of base salary for two years post his retirement date. Full details of his retirement terms are set out in this report.

PAY FOR PERFORMANCE 2018

As noted elsewhere in this report, 2018 has been a difficult year for WPP and this is reflected in the outcomes for the short- and long-term incentive plans which are aligned to both financial and share price performance. In relation to the short-term incentive plan, the financial component of the scorecard was based on targets that were not achieved, resulting in a zero pay-out for this element of the scorecard.

However, the CEO performed strongly against his personal objectives and the Group Finance Director made good progress against the personal strategic targets that he had been set. The payment for Mark Read was prorated as he was appointed CEO only for the last third of the year and this is reflected in both the single figure in the total compensation table and the table that sets out the performance achievement for the 2018 STIP. In the interests of transparency, we have also provided details of the bonus he earned for the other two thirds of the year for his roles as CEO of Wunderman and joint COO.

The 2014 Executive Performance Share Plan (EPSP) award completed its five-year performance period on 31 December 2018. This is a performance share plan that measures achievement against three performance measures: relative TSR, return on equity and earnings per share. As a consequence of the decline in our share price over the last 18 months and a weakening of our financial performance, two of the three measures failed to reach the threshold levels. Only the return on equity measure met the performance target resulting in an overall vesting level of 33%. The Committee considered whether the pay-out was fair considering the overall performance. After careful consideration, we concluded that the plan design had effectively captured the performance with a low vesting level and that no further adjustment was warranted.

PERFORMANCE TARGETS FOR 2019 INCENTIVES

The financial measures for the annual short-term incentive plan will remain consistent with prior years. The three measures are headline PBT growth, revenue less pass-through costs and headline PBIT margin. The performance targets will be fully disclosed in the 2019 Annual Report.

The Committee are currently reviewing the performance targets for the 2019 EPSP awards and will consult with shareholders later in the year about the changes required to ensure that the plan continues to provide an achievable, but stretching, incentive for management.

LOOKING FORWARD

The CEO presented the new WPP strategy to shareholders in December 2018. The Committee will be considering what changes are required to the incentive plans during 2019 to align to the new strategy. The Committee will consult with our shareholders on any proposed changes and these will be incorporated into the next version of the Directors' Compensation Policy to be tabled at the 2020 AGM. The revised policy will also incorporate amendments to the policy and disclosures required by the latest corporate governance regulations, including the CEO pay ratio and feedback from our workforce engagement initiative. The Committee are aware that certain bodies would like to have seen us publish the CEO pay ratio for 2018, but in light of the change of CEO it was felt that to have published a ratio this year would not have been meaningful.

Finally, I would like to thank the shareholders with whom we have met and my fellow Committee members and management for their support during the year.

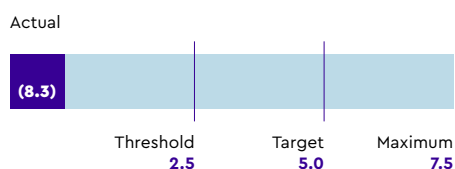


Sir John Hood
Chairman of the
Compensation Committee
10 April 2019

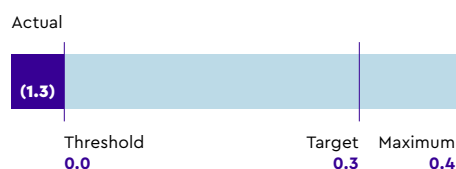
PERFORMANCE AT A GLANCE

GROUP FINANCIAL PERFORMANCE MEASURES

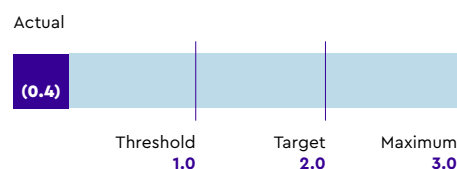
LIKE-FOR-LIKE HEADLINE PBT GROWTH %



CONSTANT CURRENCY HEADLINE PBIT MARGIN IMPROVEMENT %



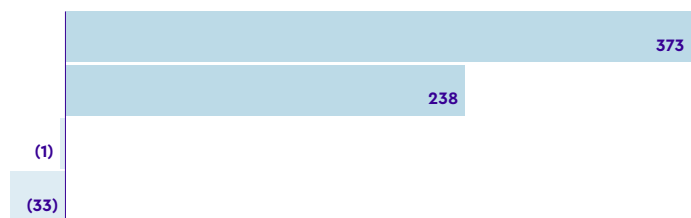
LIKE-FOR-LIKE GROWTH IN REVENUE LESS PASS-THROUGH COSTS %



LONG-TERM PERFORMANCE

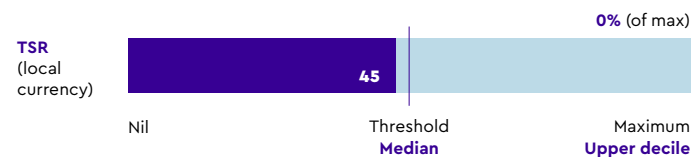
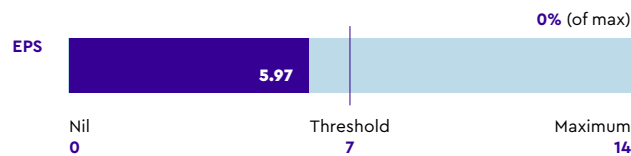
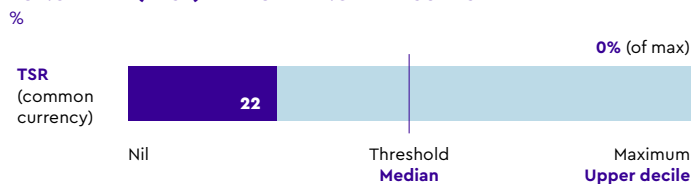
WPP Total Shareholder Return (TSR)
%

	FTSE 100	S&P 500	WPP
20Y	162	371	373
10Y	121	326	238
5Y	34	118	(1)
1Y	(5)	4	(33)



Source: DataStream. TSR calculated up until 31 December 2018.

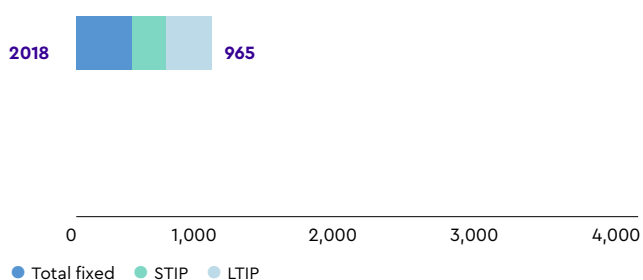
LONG-TERM (EPSP) PERFORMANCE MEASURES



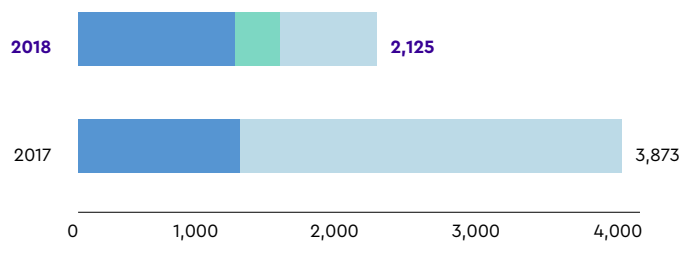
TOTAL COMPENSATION 2018

£000

Mark Read



Paul Richardson



HOW WE WILL IMPLEMENT OUR PROPOSED COMPENSATION POLICY IN 2019

	Policy	2019	2020	2021	2022	2023	Implementation for 2019
Base salary	24-month review period						Mark Read: £975,000 Paul Richardson: \$945,000 + £100,000
Benefits	A fixed benefits allowance will be provided as an alternative to the provision of itemised benefits, to be used at the executive's discretion						Mark Read: £35,000 Paul Richardson: \$85,000
Pension	Pension is provided by way of a contribution to a defined contribution arrangement, or a cash allowance, determined as a percentage of base salary						Mark Read: 17.6% Paul Richardson: 30%
Short-term incentives	<ul style="list-style-type: none"> - 70% financial and 30% individual strategic objectives - One-year performance - 60% cash, 40% deferred WPP shares (two years) 						Mark Read: 0-250% Paul Richardson: 0-250%
Long-term incentives	<ul style="list-style-type: none"> - TSR, EPS and ROE - Five-year performance - 100% WPP shares 						Mark Read: 0-350% Paul Richardson: 0-300%

IMPLEMENTATION REPORT

This section of the Compensation Committee report sets out details of how the Company's Compensation Policy was implemented in 2018. It includes details of the 2018 director compensation together with a summary of pay across the Group.

The Policy was approved by shareholders at the 2017 AGM. For each element of pay, we have included a summary of the current policy to provide context for the decisions made.

GOVERNANCE IN RELATION TO COMPENSATION

During 2018, the Compensation Committee met eight times on a formal basis, with several additional informal meetings held as needed to deal with the matters related to the resignation of the former CEO and appointment of the new CEO. A table of Board and Committee attendance can be found on page 92.

The Committee members do not have any personal financial interest (other than as a shareholder as disclosed on page 117) in the matters to be decided by the Committee, potential conflicts of interest arising from cross-directorships or day-to-day involvement in running the Group's businesses. The terms of reference for the Compensation Committee are available on the Company's website, and will be on display at the AGM, as set out in the Notice of AGM.

ADVISORS TO THE COMPENSATION COMMITTEE

The Compensation Committee regularly consults with Group executives. In particular, the Committee invites certain individuals to attend meetings, including the Chief Executive Officer (who is not present when matters relating to his own compensation or contracts are discussed and decided), the Company Secretary, the Chief Talent Officer and the Worldwide Compensation & Benefits Director. The latter two individuals provide a perspective on information reviewed by the Committee and are a conduit for requests for information and analysis from the Company's external advisors.



To learn more see
[wpp.com/about/
corporate-governance](http://wpp.com/about/corporate-governance)

EXTERNAL ADVISORS

The Committee retain Willis Towers Watson (WTW) to act as independent advisors. They provide advice to the Compensation Committee and work with management on matters related to our compensation policy and practices. They are a member of the Remuneration Consultants Group and have signed the code of conduct relating to the provision of advice in the UK. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent. WTW provides limited other services at a Group level and some of our operating companies engage them as advisors at a local level. In 2018, WTW received fees of £130,000 in relation to the provision of advice to the Committee. The Committee receives external legal advice, where required, to assist it in carrying out its duties.

CHANGES IN EXECUTIVE DIRECTORS

Mark Read was appointed Chief Executive Officer on 3 September 2018. His compensation package is within the Policy approved by shareholders:

- Annual base salary of £975,000;
- Annual bonus of up to 250% of salary with mandatory deferral of at least 40% of bonus into shares deferred for a two-year period. The target bonus is 125% of salary;
- EPSP award of 350% of salary;
- A taxable cash allowance, in lieu of a pension contribution, of 20% of salary, less employer's National Insurance equivalent to an adjusted contribution rate of 17.6%; and
- A benefits allowance of £35,000 per annum to enable him to procure his own benefits as required.

His contract of employment contains restrictive covenants including an industry non-compete, a non-deal with clients and a non-poach and non-employ of key WPP individuals.

Sir Martin Sorrell resigned on 14 April 2018. Under the terms of his employment agreements, he was treated as having retired. His share awards will be prorated in line with the plan rules and will vest over the next five years, to the extent Group performance targets are achieved. Details of his remuneration arrangements can be found on page 116.

It was announced in late 2018 that Paul Richardson intended to retire from office. He confirmed in early 2019 that he will be retiring as Group Finance Director on 31 January 2020 after serving his contractual 12-month notice period. On retirement, he will be eligible to be treated in accordance with his contract and the terms set out in the Directors' Compensation Policy. He will be paid his fixed compensation comprising base salary, pension and benefits allowance until his retirement date. He will be eligible to be considered for a STIP payment for 2019 dependent on performance. In accordance with the Stock Plan rules, the Compensation Committee have agreed that he will be treated as a retiree and outstanding stock will vest on a prorated basis to the extent performance targets are achieved. Vesting will occur on the scheduled vesting dates, the last of which is March 2023. In addition, he will be required to hold WPP shares equal to his share ownership requirement of 300% of base salary for a period of two years post his retirement date.

STATEMENT OF SHAREHOLDER VOTING

At the 2018 AGM, just over 27% of shareholders voted against the 2017 Compensation Committee report. The Committee understands that while the 2017 Compensation Committee report detailed the compensation paid and decisions made in relation to the 2017 performance year, the reason for the significant vote against the report was primarily discontent around the circumstances leading to Sir Martin Sorrell's resignation in April 2018, his contractual treatment as a retiree and the "good leaver" treatment of his outstanding share awards.

During 2018, the Chairman and the Company have engaged extensively with shareholders on the obligations of the Company and the historic and unique nature of the 2008 employment agreement, the terms of which not have been replicated in the employment terms of the new CEO. The Committee and the Company are committed to engaging further with shareholders over the coming months, particularly ahead of any new Compensation Policy.

The result of the shareholder vote at the Company's 2018 AGM in respect of the 2017 Compensation Committee report is set out below, along with the result of the vote on Directors' Compensation Policy at the 2017 AGM.

VOTING OUTCOME FOR 2017 COMPENSATION COMMITTEE REPORT (AT 2018 AGM)

Resolution	Votes for		Votes against		Votes cast	Votes withheld
	Number	%	Number	%	Number	Number
To approve the Compensation Committee report	709,510,755	72.75	265,711,511	27.25	975,222,266	31,298,536

VOTING OUTCOME FOR 2017 COMPENSATION POLICY (AT 2017 AGM, WHEN THE CURRENT POLICY WAS APPROVED)

Resolution	Votes for		Votes against		Votes cast	Votes withheld
	Number	%	Number	%	Number	Number
To approve the Compensation Policy	869,083,431	91.71	78,532,980	8.29	947,616,411	17,339,998

EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

Single total figure of remuneration

		Base salary £000	Benefits ⁵ £000	DEPs ⁶ £000	Pension £000	Short-term incentive ⁷ £000	Long-term incentive ⁸ £000	Total annual remuneration £000
Mark Read ¹	2018	325	12	–	57	244	327	965
Paul Richardson ^{2,3}	2018	808	64	–	243	320	690	2,125
	2017	833	66	–	249	–	2,725	3,873
Sir Martin Sorrell ⁴	2018	391	70	–	102	–	2,522	3,085
	2017	1,149	200	2,170	402	–	10,009	13,930

Notes

¹ Mark Read was appointed as CEO on 3 September 2018 and his salary is prorated accordingly.

² Any US dollar amounts received in 2018 have been converted into pound sterling at an exchange rate of \$1.3351 to £1.

³ Paul Richardson's base salary figure is denominated in US dollars other than his fee for Directorship of WPP plc of £100,000 which, per above, has been converted at an exchange rate of \$1.3351 to £1. There has been no change in base salary over 2018 and the differences between the 2018 and 2017 values are due to a change in exchange rates.

⁴ Sir Martin Sorrell resigned from the Company on 14 April 2018. The base salary includes accrued and unused holiday pay.

⁵ The benefits, and total annual compensation, set out in the table above exclude the disclosable value of expenses related directly to attendance at Board meetings that would be chargeable to UK income tax. The expenses were for Mark Read £1,666, Sir Martin Sorrell £2,253 (£4,492 in 2017) and Paul Richardson £7,625 (£8,307 in 2017). Details of benefits are set out on page 111.

⁶ In 2017 Sir Martin Sorrell received Dividend Equivalent Payments ("DEPs") in accordance with the approval granted by shareholders of amounts equal to the dividends that would be payable totalling £2,169,831, in respect of the shares reflected in the UK and US Deferred Stock Units Awards Agreements. These agreements comprised the awards granted under the Capital Investment Plan in 1995. 2017 was the final year in which such payments were made.

⁷ STIP was not awarded in 2017 due to performance targets for 2016 being missed.

⁸ This is the value of the 2014 and 2013 EPSP awards which vested in 2019 and 2018, following the end of the five-year EPSP performance periods on 31 December 2018 and 31 December 2017 respectively. For Mark Read this figure includes the Leaders 2015 award which vested in November 2018.

FIXED ELEMENTS OF REMUNERATION (AUDITED)

The Compensation Policy summaries below are from the 2017 Compensation Policy, as approved by shareholders, and represent the maximum levels applicable. The Committee chose to exercise its discretion in the appointment package for the new CEO and apply lower levels than provided for within the Policy.

BASE SALARY

BASE SALARY POLICY	Reviewed every 2 years or following a change in role Includes director fee of £100,000	Company and personal performance taken into account during review process	Base salary will normally increase by no more than the local rate of inflation
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	Effective date	Contractual salary 000	Base salary received in 2018 000
Mark Read ¹	3 September 2018	£975	£325
Paul Richardson ²	1 July 2013	\$945 and £100	\$1,079
Sir Martin Sorrell ³	1 July 2013	£1,150	£391

Notes

¹ Mark Read's base salary for 2018 is in respect of his period as CEO, from 3 September 2018.

² The director fee for Paul Richardson has been converted into US dollars at a rate of \$1.3351 to £1.

³ Sir Martin Sorrell received 40% of his base salary in US dollars, converted using monthly exchange rates, paid up to his date of resignation.

The base salaries for the Executive Directors are reviewed, but not necessarily changed, every 24 months. Paul Richardson's base salary has not changed since 2013. Paul Richardson also receives a fee of £100,000 for his Directorship of WPP plc. This was an historic practice which has not been applied to the new CEO.

FIXED ELEMENTS OF REMUNERATION (AUDITED) CONTINUED

BENEFITS AND PENSION

 BENEFITS POLICY	Fixed, non-itemised allowance enabling executives to procure their own benefits as required	Allowance as follows: CEO – £200,000 ¹ CFO – \$85,000	Reviewed periodically by the Committee
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	2018 Benefits 000
Mark Read ¹	£12
Paul Richardson	\$85
Sir Martin Sorrell ²	£70

Notes

¹ While the Compensation Policy allows for a benefits allowance of up to £200,000 for the CEO, Mark Read was appointed with a benefits allowance of £35,000, which is prorated for his period as CEO.

² Sir Martin Sorrell's allowance was estimated up to his date of resignation. The figure reflects the final position in respect of the benefits allowance.

This allowance excludes the disclosable value of expenses, related directly to attendance at Board meetings that would be chargeable to UK income tax.

 PENSION POLICY	Contribution to a defined contribution retirement arrangement, or a cash allowance	Contributions/allowances are as follows (as % of base salary): CEO – 30% ¹ CFO – 30% New EDs – 25%	Only base salary is pensionable
---	--	--	---------------------------------

	Contractual pension (% base of salary)	2018 pension 000
Mark Read ¹	20%	£57
Paul Richardson	30%	£243
Sir Martin Sorrell ²	30%	£102

Notes

¹ While the Compensation Policy allows for new Executive Directors to receive an allowance of 25% of base salary, Mark Read was given an allowance of 20% less employer's National Insurance contribution of 13.8% resulting in a net pension contribution of 17.6%. The 2018 amount is prorated for the period as CEO.


² Sir Martin Sorrell's pension allowance was prorated up to his date of resignation.

VARIABLE ELEMENTS OF PAY

The purpose of the short-term and long-term incentives is to drive the achievement of the Group's business and strategic priorities and maximise alignment with shareholder interests. The performance measures used in the incentive plans are linked to the Group's strategy as detailed elsewhere in this report.

SHORT-TERM INCENTIVE (AUDITED)

This section summarises the Compensation Committee's assessment of the Executive Directors' performance during 2018 under the short-term incentive plan.

 SHORT-TERM INCENTIVE POLICY	CEO – 400% base salary (target 50% of max)	70% subject to financial performance	60% cash	Deferred shares subject to malus provisions Cash bonus subject to clawback provisions
	Other EDs – 250% base salary (target 66% of max)	30% subject to individual objectives	40% deferred into shares, vesting after 2 years	

Whilst the Policy allows for the CEO to have awards under the short-term incentive plan of up to 400% of base salary, it was determined to appoint the new CEO on 250% of base salary with a target of 50% of maximum.

2018 SHORT-TERM INCENTIVE PLAN OUTCOME (PERCENTAGES EXPRESSED RELATIVE TO BASE SALARY)

Sir Martin Sorrell left the Company before the end of the performance period (31 December 2018). In line with the Directors' Compensation Policy, he was not eligible to be considered for STIP in 2018.

	Actual short-term incentive received	Attributed to financial objectives	Attributed to personal objectives	Total 2018 short-term incentives £000
Mark Read	75%	0%	75%	244
Paul Richardson	40%	0%	40%	320

In respect of the 2018 short-term incentive awards, 40% will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral requirement. ESAs are subject to malus provisions. The cash bonuses are subject to clawback provisions.

Mark Read's short-term incentive in the table above relates to performance post his appointment as CEO on 3 September 2018, prorated for his four months in office. In addition, he received a short-term incentive payment of £1,246,049 related to his performance as CEO of Wunderman and then joint-COO in the course of the first eight months of the year. The STIP will be delivered £747,629 as a cash award and £498,420 as an ESA award.

PERFORMANCE AGAINST 2018 FINANCIAL OBJECTIVES (70% OF THE AWARD)

Performance against all financial objectives is calculated on a pro forma ('like-for-like') basis other than headline PBIT margin which is calculated on a constant currency basis. The key financial short-term incentive plan objectives for both of the Executive Directors are consistent with 2017 and provide a robust basis for assessing financial achievement.

GROUP PERFORMANCE (CEO AND CFO)

Measure	Weighting	Threshold	Target	Maximum	Actual	% of target achieved	% of maximum achieved
Like-for-like headline PBT growth	1/3	2.5%	5.0%	7.5%	(8.3%)	0%	0%
Constant currency headline PBIT margin improvement	1/3	0%	0.3%	0.5%	(1.3%)	0%	0%
Like-for-like growth in revenue less pass-through costs	1/3	0%	1%	2%	(0.4%)	0%	0%

PERFORMANCE AGAINST 2018 INDIVIDUAL STRATEGIC OBJECTIVES (30% OF THE AWARD)

Executive Director	Personal Measures 2018 (30%)	Clarification of measures	Maximum potential (% of base salary)	Award received (% of maximum)
Mark Read	Leadership planning	Establishing a core management team	75%	100%
	Strategy planning	Creating a new strategy for presentation to shareholders by year-end		
Paul Richardson	Working capital management	Continually improving the year-on-year rolling average NWC as a percentage of the Rolling Annual Revenue and Billings; combined with specific focus on key territories where improvement is required	75%	53%
	WPP IT transformation	Building on IT transformation to date, with specific focus on IT cost management and savings across the Company		


Mark Read was given two key personal objectives on his appointment as CEO as set out in the table above. In the four-month period from his appointment he made a number of critical executive appointments and promotions and established a new core management team to help him implement the Company's new strategy. He formulated and gained approval from the Board for a new strategy which was presented to, and well received by, shareholders in December 2018. The Committee considered that he fully achieved both personal objectives and awarded him a maximum bonus.

Paul Richardson had two personal strategic objectives as described in the previous table. The Committee reviewed progress against both the objectives and considered that good progress had been made in improving the rolling average NWC and addressing the underlying issues that influenced this measure. In relation to IT transformation, while solid progress has been made, there remains more work to be done and the Committee rated this goal accordingly. Overall, on the personal objectives, a performance level slightly above target was achieved.

SHORT-TERM INCENTIVE WEIGHTINGS AND MEASURES FOR 2019

The Committee has reviewed the performance objectives for 2019 to ensure continued alignment with Company strategy. The Group financial measures of headline PBT growth, headline PBIT margin improvement and revenue less pass-through costs growth will remain the same. Further detail will be provided in next year's Annual Report. The Committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of, or during, the relevant performance period. To the extent targets are no longer commercially sensitive they will be disclosed at the end of the relevant performance period in that year's Annual Report, as we have done in previous years.

LONG-TERM INCENTIVES (AUDITED)

 <p>EXECUTIVE PERFORMANCE SHARE PLAN (EPSP) POLICY</p>	CEO – 6x base salary	1/3 relative TSR	Five-year performance period	Subject to malus and clawback provisions Awards accrue dividends
	Other EDs – 3x base salary	1/3 headline diluted EPS growth		
	15% of maximum at threshold	1/3 average ROE		
	Straight-line vesting between threshold and maximum			

VESTING OF 2014-2018 EPSP AWARDS

Vesting of the 2014 EPSP awards was dependent on performance against three measures, all assessed over a five-year period:

- WPP's relative TSR, measured in common and local currency, against a custom group of WPP's comparators (Dentsu, GfK, Havas, Interpublic, Ipsos, Omnicom, Nielsen and Publicis), weighted by their respective market capitalisation;
- Compound annual growth in headline EPS;
- Average return on equity.

Over the five-year performance period:

- WPP's TSR outperformed 22% of the weighted peer group on a common currency basis and 45% on a local currency basis. Performance was below threshold, resulting in none of that element vesting;
- The compound annual growth rate in headline EPS was 5.97%, which was below the threshold target, resulting in none of that element vesting;
- The Group delivered strong return on equity of 15.91%, resulting in vesting at maximum for that element.

In aggregate, WPP's performance against the three measures resulted in an overall achievement of 33.33% of the maximum award.

Performance measure	Weighting	Threshold	Maximum	Actual	% of maximum achieved
Relative TSR (common currency)	1/3	50% of weighted peer group outperformed	90% of weighted peer group outperformed	22%	0%
Relative TSR (local currency)				45%	0%
EPS growth	1/3	7.0%	14.0%	5.97%	0%
Average ROE	1/3	10.0%	14.0%	15.91%	100%
Total vesting (% of maximum)					33.33%

	Number of shares awarded	Additional shares in respect of dividend accrual	Number of shares vesting	Shares/ADR price on vesting	Value of vested 2014-2018 EPSP awards 000
Mark Read	68,174	4,504	27,228	£8.5606	£233
Paul Richardson ¹	40,927	2,732	16,374	\$56.2594	\$921
Sir Martin Sorrell ²	867,756	48,728	294,591	£8.5606	£2,522

Notes

¹ Paul Richardson's EPSP awards were granted in respect of ADRs.

² In addition to the application of the performance outcome, Sir Martin Sorrell's award was time prorated in accordance with the Plan Rules.

LONG-TERM INCENTIVES (AUDITED) CONTINUED

2018 EPSP AWARDS GRANTED

In 2018, the Executive Directors were granted awards under the EPSP. The 2018 awards are subject to three equally-weighted independent performance conditions, being relative TSR, EPS and ROE. The table below summarises the awards granted and the performance conditions against which participants will be measured.

Awards granted in 2018	Basis and level of award (% of salary)	Award over	Number of interests awarded	Face value at date of grant ¹ 000
Mark Read	350%	Ordinary shares	396,617	£3,412
Paul Richardson	300%	ADRs	58,628	\$3,240

Performance measures	Total Shareholder Return (TSR)	Earnings per share (EPS)	Return on equity (ROE)
Weight	One-third	One-third	One-third
Nature	Relative to peers	WPP growth	WPP absolute
Performance zone (threshold to maximum)	Median to upper decile	7-14% compound annual growth	15-18% annual average ²
Payout	Below threshold: 0% of element vests Threshold: 15% of element vests Maximum or above: 100% of element vests Straight-line vesting between threshold and maximum		
Performance period	Five years ending on 31 December 2022		

Notes

¹ Face value is calculated based on the five-day average share price preceding the date of award (£8.604 for ordinary shares and \$55.2631 for ADRs).

² The ROE measure for EPSP awards issued in 2013 and 2014 was a 10% to 14% average return.

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. For 2018 EPSP awards, the comparator group comprised Dentsu, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance is calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.

EPSP MEASURES AND TARGETS FOR 2019-2022

The Committee will be engaging with major shareholders about the measures for the 2019 awards, prior to any awards being made later in 2019.

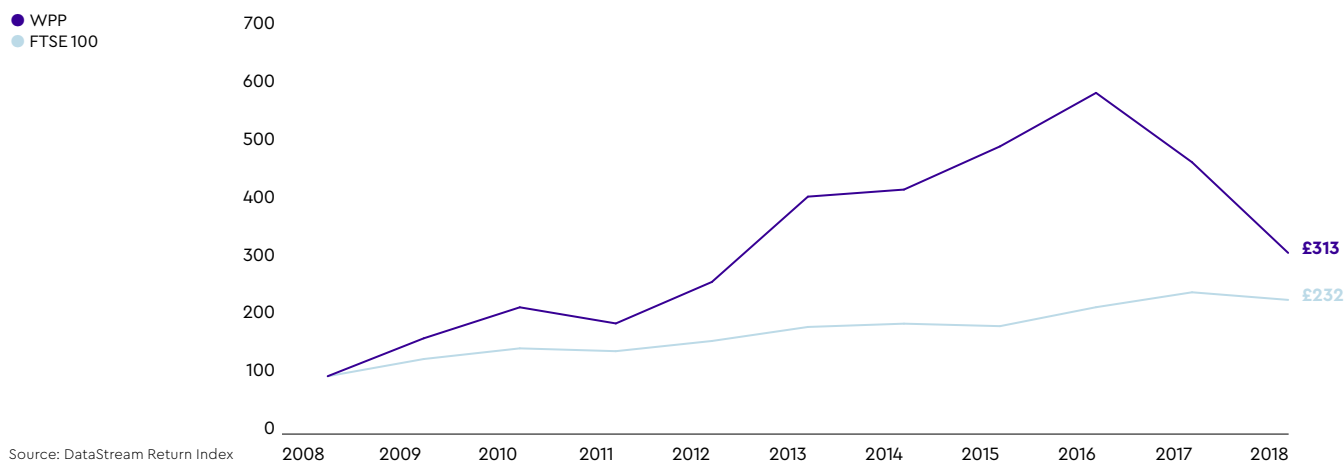
ALIGNING PAY AND PERFORMANCE

As set out in the Directors' Compensation Policy, the Committee's objective is to align variable compensation with the key strategic priorities of WPP, maximising the dynamic between pay and performance.

This dynamic is contingent upon the Committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last 10 years for the CEO. With respect to 2018, the pay for both the current and previous CEO are included, as separate data sets.

HISTORICAL TSR PERFORMANCE¹

Value of hypothetical £100 investment



Source: DataStream Return Index

Measure	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 MSS ⁵	2018 MR ⁵
CEO total compensation (£000) ²	7,199	11,597	11,941	17,543	29,846	42,704	70,409	48,148	13,930	3,085	965
Year-on-year change in CEO total compensation	63%	61%	3%	47%	70%	43%	65%	(32%)	(71%)	(78%)	n/a
Short-term incentive award against maximum	32%	95%	77%	62%	82%	72%	86%	60%	0%	0%	30%
Long-term incentive award against maximum	50%	83%	46%	86%	87%	100%	100%	100%	73%	33%	33%
Change in annual TSR ³	66%	32%	(13%)	38%	56%	3%	18%	19%	(20%)	(33%)	(33%)
Change in five-year TSR ⁴	10%	37%	13%	45%	241%	172%	135%	210%	96%	(1%)	(1%)

Notes

¹ Growth in the value of a hypothetical £100 holding of WPP ordinary shares over 10 years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one-month average of trading day values. Source: DataStream.

² Calculated using the single figure methodology.

³ TSR calculated using a one-month trading day average, consistent with the data shown in the graph.

⁴ TSR calculated using a six-month averaging period, consistent with the calculation methodology under EPSP.

⁵ Sir Martin Sorrell (MSS) resigned on 14 April 2018; Mark Read (MR) was appointed as CEO from 3 September 2018.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in total staff costs, headcount, dividends and share buy-backs.

	2018	2017	% change
Total staff costs	£8,172.6m	£8,319.0m	(1.8)
Headcount – average over year	133,903	134,428	(0.4)
Dividends and share buy-backs	£954.5m	£1,255.7m	(24.0)

RELATIVE CHANGE IN PAY FOR THE CHIEF EXECUTIVE OFFICER

The following required table summarises the change in the CEO's base salary, taxable benefits and annual bonus, compared to that of full-time employees within the Group. The current CEO was appointed in September 2018 and therefore does not have a set of comparative 2017 data over which to compare changes in salary and benefits.

	Base salary	UK Taxable benefits	Annual Bonus
Chief Executive Officer	Not applicable	Not applicable	Not applicable
All employees ^{1,2}	1.2%	0.5%	9.9%

Notes


¹ The all employees numbers for the change in base salary, taxable benefits and annual bonus have been calculated based on the annual average amount received.

² Considering the worldwide structure and size of the Group and given the need to calculate benefits on the basis that an individual is resident in the UK for tax purposes, collating data on all employees was not practicable. As a result, the population for the taxable benefits consists of UK employees only.

CEO PAY RATIO

The new corporate governance regulations require companies to disclose a ratio of the CEO's remuneration relative to the workforce. In view of the appointment of a new CEO during 2018, the Compensation Committee decided any reporting of the ratio of CEO pay to the wider workforce would not be meaningful for 2018. The ratio will be included in the 2019 Compensation Committee report.

NON-EXECUTIVE DIRECTORS' FEES

 <p>NON-EXECUTIVE DIRECTOR POLICY</p>	Base fees reflect the skills, experience and time required to undertake the role	Additional fees reflect additional time required in any additional duties for the Company	To enable the Chairman and Non-Executive Directors to undertake their roles	No element of pay is performance-linked
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The fees due to Non-Executive Directors were reviewed during the year having been previously reviewed on 1 July 2013. The Non-Executive Directors and the Senior Independent Director fees were increased with effect from 1 July 2018. All other fees, Committee Chair and membership fees and the fees of the Chairman remain unchanged. The fees are shown in the table below:

	Fees with effect from 1 July 2018 £000	Fees with effect from 1 July 2013 £000
Chairman	475	475
Non-Executive Director	85	70
Senior Independent Director	30	20
Chairmanship of Audit or Compensation Committee	40	40
Chairmanship of Nomination and Governance Committee	15	15
Member of Audit or Compensation Committee	20	20
Member of Nomination and Governance Committee	10	10

NON-EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

The single figure table below details fee payments received by the Non-Executive Directors while they held a position on the Board. During both 2017 and 2018, the Company met the cost (including National Insurance and income tax, where relevant) of expenses incurred by the Non-Executive Directors in performing their duties of office, in accordance with the policy set out above.

In 2018, the disclosable value of the expenses that would be chargeable to UK income tax totalled £104,899 (including £44,183 of National Insurance and income tax, where relevant).

	Fees £000 2018	Fees £000 2017
Roberto Quarta	475	475
Jacques Aigrain	138	130
Tarek Farahat	98	87
Sir John Hood	118	110
Ruigang Li	88	80
Daniela Riccardi	88	80
Nicole Seligman	130	91
Hugo Shong ¹	48	80
Sally Susman	88	80
Sol Trujillo	98	90

Notes

¹ Hugo Shong retired from the Board on 31 July 2018.

PAST DIRECTORS

REMUNERATION ARRANGEMENT FOR THE FORMER CHIEF EXECUTIVE OFFICER

Sir Martin Sorrell left WPP on 14 April 2018. Under the terms of his employment agreements, he was treated as having retired. The elements of his compensation were treated as follows:

Element	Treatment
Base pay	Paid until date of resignation
Benefits	Allowance estimated up to date of resignation
Pension	Allowance prorated up to date of resignation
Short-term incentive	Ineligible for consideration for STIP in 2018
Long-term incentive	Prorated in line with the plan rules (see following table)

The long-term incentive awards were made under the Executive Performance Share Plan (EPSP) and are subject to performance conditions, as described on page 114.

Plan	Number of shares awarded	Vesting date	Time pro rating %
2014 EPSP	867,756	March 2019	85
2015 EPSP	738,267	March 2020	65
2016 EPSP	656,873	March 2021	45
2017 EPSP	534,428	March 2022	25

PAYMENTS TO PAST DIRECTORS

During 2018, payments were made to past Directors who continued to provide advisory services to the Company. A payment of £30,000 was made to John Jackson in respect of his advisory role to WPP, which enabled the Company to benefit from his considerable knowledge and experience in the communications and marketing services sector. This arrangement was terminated on 31 December 2018. Since his retirement from the Board, Timothy Shriver has been appointed as a consultant advising the Company on certain client relationships. He received a payment of £150,497 in 2018 for his consultancy services.

No payments were made for loss of office to any Director during 2018.

EXECUTIVE DIRECTORS' INTERESTS (AUDITED)

Executive Directors' interests in the Company's ordinary share capital are shown in the following table. Other than as disclosed in this table, no Executive Director had any interest in any contract of significance with the Group during the year. Each Executive Director has a technical interest as an employee and potential beneficiary in shares in the Company held under the Employee Share Ownership Plan Trusts (ESOPs). More specifically, the Executive Directors have potential interests in shares related to the outstanding awards under the EPSP and other share awards. As at 31 December 2018, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 14,820,994 shares in the Company (14,232,910 in 2017).

Director		Total beneficial interests	Shares without performance conditions (unvested) ^{1,2}	Shares with performance conditions (unvested) ^{3,4}	Total unvested shares
Mark Read	At 31 December 2018	139,487	205,309	695,843	901,152
	At 10 April 2019	168,772	179,736	627,669	807,405
Paul Richardson	At 31 December 2018	1,068,240	46,400	1,079,970	1,126,370
	At 10 April 2019	1,068,240	0	875,335	875,335

Notes

¹ For Mark Read shares due pursuant to the 2016 and 2017 Performance Share awards, 2016 and 2017 Leaders awards and 2018 special awards and for Paul Richardson, the 2016 Executive Share award, full details of these awards can be found on page 118. Additional dividend shares will be due on vesting.

² As noted in footnote 1 above, less 2016 Performance Share and 2016 Executive Share awards, which vested on 10 March 2019 and 6 March 2019 respectively (full details can be found on page 118).

³ Maximum number of shares due on vesting pursuant to the outstanding EPSP awards, full details of which can be found on page 113. Additional dividend shares will be due on vesting.

⁴ As noted in footnote 3 above, less the maximum due under the 2014 EPSP award, which vested on 13 March 2019 (full details can be found on page 113).

SHARE OWNERSHIP GUIDELINES

As detailed in the Directors' Compensation Policy, the Executive Directors are required to achieve a minimum level of share ownership of WPP shares. The CEO and Group Finance Director are required to hold shares to the value of 600% and 300% of base salary respectively.

As at 31 December 2018, the CEO held shares to the value of 121% of his base salary. He has seven years in which to reach the required level. At the same date the Group Finance Director significantly exceeded his requirement and held shares to the value of 11.19 times his base salary. In addition, he will be required to hold shares equivalent to his shareholding requirement of 300% of base salary for two years post his retirement from the Group.

NON-EXECUTIVE DIRECTORS' INTERESTS (AUDITED)

Non-Executive Directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table, no Non-Executive Director had any interest in any contract of significance with the Group.

Non-Executive Director	Total interests at 31 December 2018	Total interests at 10 April 2019
Roberto Quarta	87,500	87,500
Jacques Aigrain	13,000	13,000
Tarek Farahat	2,100	2,100
Sir John Hood	3,000	3,000
Ruigang Li	4,000	4,000
Daniela Riccardi	4,100	4,100
Nicole Seligman	8,750	8,750
Hugo Shong ¹	22,915	n/a
Sally Susman	5,000	5,000
Sol Trujillo	10,000	10,000

Notes

¹ Hugo Shong retired from the Board on 31 July 2018. The information disclosed reflects his total interest at this date.

OUTSTANDING SHARE-BASED AWARDS**EXECUTIVE SHARE AWARDS (ESAs) HELD BY EXECUTIVE DIRECTORS**

All Executive Share Awards (ESA) or Performance Share Awards (PSA) granted under the Restricted Stock Plan and its successor, the WPP Stock Plan, are made on the basis of satisfaction of previously determined performance conditions and are subject to continuous employment until the vesting date. Mark Read received ESA and PSA awards prior to his appointment as Executive Director. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of shares/ADRs granted ²	Face value on grant date 000 ³	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ADR price on vesting	Value on vesting 000
Mark Read	2016 PSA	06.06.17	£17.2050	25,573	£440	-	-	10.03.19	-	-
	2017 PSA	12.06.18	£12.3800	38,317	£474	-	-	10.03.20	-	-
Paul Richardson ¹	2015 ESA	07.06.16	\$116.2700	10,837	\$1,260	792	11,629	06.03.18	\$85.8183	\$998
	2016 ESA	06.06.17	\$110.7600	9,280	\$1,028	-	-	06.03.19	-	-
Sir Martin Sorrell	2015 ESA	07.06.16	£15.9850	133,817	£2,139	9,521	143,338	06.03.18	£12.4220	£1,781
	2016 ESA	06.06.17	£17.2050	86,955	£1,496	-	-	06.03.19	-	-

Notes

¹ Paul Richardson's ESAs were granted in respect of ADRs.

² Dividend shares will be due on these awards.

³ Face value has been calculated using the average closing share price for the trading day preceeding the date of grant (as set out in the table).

Mark Read received awards prior to his appointment as CEO under the management incentive plans. In addition, on his appointment as joint-COO, and while the Board decided on the appointment of the next CEO, a special one-off award was made, recognising the importance and scale of the additional responsibilities that were being undertaken. Each award is subject to continuous employment and malus and clawback and were made under the Restricted Stock Plan or the WPP Stock Plan 2018.

		Grant date	Share/ADR price on grant date	No. of shares/ADRs granted ²	Face value on grant date 000 ³	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ADR price on vesting	Value on vesting 000
Mark Read	Leaders 2015	23.12.15	£15.4750	9,693	£150	1,281	10,974	15.11.18	£8.5405	£94
	Leaders 2016	28.11.16	£17.0550	8,795	£150	-	-	15.11.19	-	-
	Leaders 2017	04.12.17	£13.0850	11,463	£150	-	-	15.11.20	-	-
	Special award ¹	12.06.18	£12.3800	121,161	£1,500	-	-	01.05.19 to 01.05.21	-	-

Notes

¹ The special one-off award will vest in three equal parts from 1 May 2019 to 1 May 2021.

² Dividend shares will be due on these awards.

³ Face value has been calculated using the average closing share price for the trading day preceding the date of grant (as set out in the table).

LONG-TERM INCENTIVE PLANS – EXECUTIVE PERFORMANCE SHARE PLAN

The following table summarises all of the awards outstanding under the Executive Performance Share Plan.

	Grant date	Performance period	Shares/ADR price on grant date	Maximum number of nil cost options over shares/ADRs awarded ²	During 2018			Maximum number of nil cost options over shares/ADRs at 31 December 2018
					Options vested/(lapsed)	Additional dividend shares	Options exercised	
Mark Read	04.06.14	01.01.14–31.12.18	£12.9080	68,174	-	-	-	68,174
	09.06.15	01.01.15–31.12.19	£15.1720	65,910	-	-	-	65,910
	28.11.16	01.01.16–31.12.20	£17.0520	58,644	-	-	-	58,644
	04.12.17	01.01.17–31.12.21	£12.9110	106,498	-	-	-	106,498
	06.12.18	01.01.18–31.12.22	£8.604	396,617	-	-	-	396,617
Paul Richardson ¹	04.06.14	01.01.14–31.12.18	\$107.9960	40,927	-	-	-	40,927
	09.06.15	01.01.15–31.12.19	\$115.8800	37,970	-	-	-	37,970
	28.11.16	01.01.16–31.12.20	\$105.9309	41,536	-	-	-	41,536
	04.12.17	01.01.17–31.12.21	\$86.9138	36,933	-	-	-	36,933
	06.12.18	01.01.18–31.12.22	\$55.2631	58,628	-	-	-	58,628
Sir Martin Sorrell ²	04.06.14	01.01.14–31.12.18	£12.9080	867,756	-	-	-	867,756
	09.06.15	01.01.15–31.12.19	£15.1720	738,267	-	-	-	738,267
	28.11.16	01.01.16–31.12.20	£17.0520	656,873	-	-	-	656,873
	04.12.17	01.01.17–31.12.21	£12.9110	534,428	-	-	-	534,428

Notes

¹ Paul Richardson's EPSP awards were granted in respect of ADRs.

² Sir Martin Sorrell's EPSP awards will be prorated to reflect retirement treatment as outlined on page 116.

³ Dividend shares will be due on these awards.

Full details of the 2018 EPSP award, including performance measures and targets, can be found on page 114.

IMPLEMENTATION OF REWARD POLICY FOR MANAGEMENT OUTSIDE THE BOARD

As part of its review of the Directors' Compensation Policy during 2019, the Committee will look at how it engages with the wider workforce on compensation and ensure that there is alignment between the policy for Executive Directors and the wider workforce. The Committee places significant value on the views of employees and will seek to ensure that there are appropriate mechanisms in place to capture them.

The Company uses share-based compensation programmes to incentivise and retain employees, recruit new talent and to encourage a strong ownership culture among employees. The use of the core share plans in 2018 is described below.

WPP STOCK PLAN 2018 (WSP)

The WSP replaced the Restricted Stock Plan (RSP) in 2018. Programmes making awards under the RSP now make awards under the WSP and the plan operates in a similar way. The Executive Directors do not participate in any aspect of the WSP except for the deferred share bonus award. All awards granted under the WSP are subject to malus and clawback conditions.

The WPP Leaders, Partners and High Potential programme made awards under the WSP to about 1,800 of our key executives in 2018. Awards vest three years after grant, provided the participant is still employed within the Group. In addition, senior executives have part of their annual bonus paid in the form of executive or performance share awards that vest two years after grant.

WPP SHARE OPTION PLAN 2015

During 2018, the WPP Share Option Plan 2015 was used to make awards to over 53,000 employees. By 31 December 2018, options under this plan, and its predecessor, the Worldwide Ownership Plan, had been granted to approximately 179,000 employees over 90 million shares since March 1997.

While the Share Option Plan provides the authority to make executive option awards, in addition to all employee awards, no awards were granted in 2018. The Executive Directors do not participate in this plan.

SHARE INCENTIVE DILUTION FOR 2008 TO 2018

The share incentive dilution level, measured on a 10-year rolling basis, was at 3.4% at 31 December 2018 (2017: 3.3%). It is intended that awards under all plans, other than share options, will all be satisfied with purchased shares held either in the ESOPs or in treasury.



Sir John Hood

Chairman of the Compensation Committee

on behalf of the Board of Directors of WPP plc

10 April 2019